

Assessor Parcel No(s): 232-720-03,
232-521-07, 232-522-05, 232-522-03,
232-523-11, 232-523-15, 232-524-10,
232-524-09, 232-524-05, 232-524-03,
232-532-02, 232-532-01, 232-531-05,
232-531-03, 234-201-07, 234-201-08
and 234-201-11

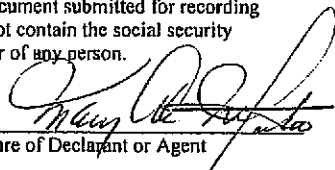
WHEN RECORDED RETURN TO:
Mail Tax Statements to Grantor
First Independent Bank of Nevada
Commercial Lending
5335 Kietzke Lane
Reno, NV 89511

176997-MI

Space Above This Line For Recorder's Use Only

DEED IN LIEU OF FORECLOSURE

Pursuant to NRS Section 239B.030,
the Undersigned hereby affirms that
this document submitted for recording
does not contain the social security
number of any person.


Signature of Declarant or Agent

NOTICE: GRANTOR NAMED HEREIN DECLARES THAT THIS DEED IN LIEU OF FORECLOSURE IS FREELY AND FAIRLY MADE IN CANCELLATION OF A CERTAIN INDEBTEDNESS MORE PARTICULARLY DESCRIBED HEREIN AND THERE ARE NO AGREEMENTS, ORAL OR WRITTEN, EXCEPT AS CONTAINED IN THIS DEED IN LIEU OF FORECLOSURE WITH RESPECT TO THE REAL PROPERTY DESCRIBED HEREIN.

RECITALS:

A. Pursuant to the terms and provisions of a Business Loan Agreement dated August 7, 2007 (the "Loan Agreement"), SOMERSETT DEVELOPMENT COMPANY LTD., a Nevada limited liability company ("SOMERSETT DEVELOPMENT"), as Borrower, made, executed and delivered a PROMISSORY NOTE dated August 7, 2007 (the "Promissory Note"), in the original principal amount of TWO MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS (\$2,150,000.00) payable to FIRST INDEPENDENT BANK OF NEVADA, as

Lender, secured by a REVOLVING CREDIT DEED OF TRUST SECURITY AGREEMENT AND ASSIGNMENT OF RENTS of even date therewith (the "Deed of Trust"), to FIRST CENTENNIAL TITLE COMPANY, as Trustee, and FIRST INDEPENDENT BANK OF NEVADA ("FIRST INDEPENDENT BANK"), as "Lender" or "Beneficiary," recorded August 8, 2007, as Document No. 3563198, Official Records of Washoe County, Nevada (the "Loan").

B. Payment of the Promissory Note was guaranteed by a written Commercial Guaranty (the "Guaranty") dated August 7, 2007, made, executed and delivered by SOMERSETT LLC, a Nevada limited liability company ("SOMERSETT LLC").

C. Hereinafter, the Loan Agreement, Promissory Note, Deed of Trust, Guaranty and all other documents related to the Loan Agreement may collectively be referred to as the "Loan Documents."

D. The real property ("Real Property") now encumbered by the Deed of Trust is described as:

All that certain real property situate in the County of Washoe, State of Nevada, more particularly described by Exhibit "A" attached hereto, and by reference, made a part hereof.

E. The present principal balance of the Promissory Note, as of the date hereof, is DOLLARS (\$ 1,758,759) (the "Principal Balance"). Interest ("Interest") has accrued, and continues to accrue, on the Principal Balance pursuant to the terms and provisions of the Promissory Note. Interest on the Promissory Note has been paid to June 7, 2009.

F. As of July 27, 2009, there are no delinquent real property taxes ("Property Taxes") with respect to the Real Property.

G. The fair market value of the Real Property, as of Dec. 7, 2009, is one million DOLLARS (\$ 1,000,000).

H. SOMERSETT DEVELOPMENT is in default ("Default") under the terms and provisions of the Promissory Note for failure to pay, when due, Interest payments required by the Promissory Note. The Default also constitutes a default under the other Loan Documents. By reason of the Default, FIRST INDEPENDENT BANK has elected to accelerate payment of the Promissory Note, including the Principal Balance and accrued Interest. SOMERSETT DEVELOPMENT and FIRST INDEPENDENT BANK have, in good faith, thoroughly and completely discussed possible alternatives for payment of the Principal Balance and Interest as required by the Promissory Note and obligations created by the other Loan Documents. SOMERSETT DEVELOPMENT desires to convey the Real Property to FIRST INDEPENDENT BANK in exchange for the cancellation of the Promissory Note and any and all obligations under the other Loan Documents.

FOR GOOD AND VALUABLE CONSIDERATION, as herein set forth, and other consideration, the receipt of which is hereby acknowledged, SOMERSETT DEVELOPMENT COMPANY LTD, a Nevada limited liability company, does hereby grant and convey to FIRST INDEPENDENT BANK OF NEVADA, all right, title and interest in and to the Real Property, more particularly described by Exhibit "A" attached hereto and, by reference, made a part hereof. Title to the Real Property is hereby warranted by SOMERSETT DEVELOPMENT COMPANY LTD against all persons whomsoever subject to the matters set forth herein. It is further warranted and covenanted by SOMERSETT DEVELOPMENT COMPANY LTD, in executing this DEED IN LIEU OF FORECLOSURE, and agreed by FIRST INDEPENDENT BANK OF NEVADA:

1. The consideration for the execution of this DEED IN LIEU OF FORECLOSURE consists of:

(a) The full and absolute release of SOMERSETT DEVELOPMENT and SOMERSETT LLC, their respective principals, members, managers, representatives, successors and assigns, from any and all liability under the Promissory Note, the Deed of Trust, the Guaranty and all other Loan Documents, and all obligations related thereto including, without limitation, the payment of the Principal Balance, and Interest, together with accrued Interest, and further including any possible deficiency between the total obligations of the Promissory Note, the Deed of Trust and all other Loan Documents and the present fair market value of the Real Property, together with the release and waiver by FIRST INDEPENDENT BANK to commence an action for a deficiency judgment pursuant to Chapter 40, Section 40.451 through 40.459, inclusive, of the Nevada Revised Statutes.

(b) The full and absolute release of SOMERSETT LLC from and under the Loan Agreement and Guaranty.

2. The total consideration, set forth above in Paragraph 1, for the execution of this DEED IN LIEU OF FORECLOSURE includes the fair and reasonable value of SOMERSETT DEVELOPMENT'S interest in the Real Property which is one million DOLLARS (\$ 1,000,000.00).

3. This DEED IN LIEU OF FORECLOSURE, given for the express consideration set forth above in Paragraph 1, is executed voluntarily and not as a result of duress or threats of any kind, and is a bona fide conveyance on the part of SOMERSETT DEVELOPMENT to FIRST INDEPENDENT BANK, and is not given to hinder, delay or defraud the rights of creditors, or contravene the bankruptcy laws of the United States.

4. This DEED IN LIEU OF FORECLOSURE is not given as security for the payment or repayment of any money or indebtedness, except as expressly provided above, and there is no agreement or understanding, oral or written, between SOMERSETT DEVELOPMENT and FIRST INDEPENDENT BANK, or any other person whomsoever, relative to the conveyance of the Real Property by SOMERSETT DEVELOPMENT, or to a sale or conveyance to anyone else for the benefit of SOMERSETT DEVELOPMENT or the division

of proceeds realized upon the sale, or other disposition, of any part of the Real Property by FIRST INDEPENDENT BANK subsequent to the execution, and recording, of this DEED IN LIEU OF FORECLOSURE, except to the extent required of FIRST INDEPENDENT BANK in payment to any participating lender in connection with the original loan evidenced by the Promissory Note and the Deed of Trust.

5. The actual possession of the Real Property conveyed by this DEED IN LIEU OF FORECLOSURE has been surrendered and delivered to FIRST INDEPENDENT BANK and SOMERSETT DEVELOPMENT intends, by this DEED IN LIEU OF FORECLOSURE, to vest the absolute and unconditional title to the Real Property in FIRST INDEPENDENT BANK and to forever estop and bar SOMERSETT DEVELOPMENT, its principals, members, managers, representatives, successor or assigns, including any person or entity claiming through SOMERSETT DEVELOPMENT, from having or claiming any right, title or interest of any nature whatsoever, either in law or equity, in possession, or expectancy, in and to the Real Property or any part thereof.

6. SOMERSETT DEVELOPMENT hereby represents to FIRST INDEPENDENT BANK that, to the best of SOMERSETT DEVELOPMENT's knowledge, (a) SOMERSETT DEVELOPMENT is in substantial compliance in all material respects with all applicable federal and state laws, rules and regulations relating to the storage, existence, release, emission, discharge, generation, processing, removal, disposition, handling or transportation of hazardous substances from, under, into, or on the Real Property, and (b) no investigations, inquiries, orders, hearings, actions or other proceedings by or before any governmental agency are pending or have been threatened in connection with the matters described in (a) above.

7. SOMERSETT DEVELOPMENT hereby acknowledges that the interest of FIRST INDEPENDENT BANK in the Real Property pursuant to the terms of the Deed of Trust, shall not merge with the interest of FIRST INDEPENDENT BANK herein. It is the express intention of SOMERSETT DEVELOPMENT and FIRST INDEPENDENT BANK that such interest of FIRST INDEPENDENT BANK as beneficiary under the Deed of Trust, and the interest of the FIRST INDEPENDENT BANK under this Deed shall not merge, but shall be and remain at all times separate and distinct, notwithstanding any union of said interests in FIRST INDEPENDENT BANK at any time, and that the Deed of Trust shall remain at all times a valid and continuous lien on the Real Property, unless and until the Deed of Trust is reconveyed by the Trustee under a recorded instrument of reconveyance.

[Remainder of page intentionally left blank.]

EXHIBIT "A"
Legal Description

PARCEL 1:

Lots 319, 325, 327, 338, 342, 348, 349, 352, 357, 364 and 366 of AREA 3 – PHASE 1 @ SOMERSETT, a planned unit development, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on June 9, 2004 as Document No. 3051316 and Tract Map No. 4353, Official Records.

APNS: 232-521-07, 232-522-03 & 05, 232-523-11 & 15, 232-524-03 & 05, 232-532-02 & 01, 232-531-05 & 03

PARCEL 1A:

A parcel of land being a portion of Lot 344 of Subdivision Tract Map 4353, File Number 3051316, of the Official Records of Washoe County, Nevada, located within the East Half of Section 2, Township 19 North, Range 18 East, MDM, being more particularly described as follows:

Beginning at the Southeast corner of said Lot 344 from which the Northwest corner of said Section 2 bears North 09°54'19" East, a distance of 3085.64 feet;
Thence along the Southwesterly boundary of said Lot 344 from a tangent which bears North 28°52'00" West, along a circular curve to the left with a radius of 52.00 feet and a central angle of 91°34'49" an arc length of 83.12 feet;
Thence along a tangent circular curve to the right with a radius of 20.00 feet and a central angle of 84°06'11" an arc length of 29.36 feet;
Thence along a tangent circular curve to the left with a radius of 213.50 feet and a central angle of 16°57'48" an arc length of 63.21 feet;
Thence along a tangent circular curve to the right with a radius of 241.50 feet and a central angle of 38°55'10" an arc length of 164.04 feet;
Thence North 14°23'17" West a distance of 29.97 feet to the Northwest corner of said Lot 344;
Thence departing said Southwesterly boundary South 87°28'59" East a distance of 246.16 feet to a point on the Easterly boundary of said Lot 344;
Thence along said Easterly boundary South 01°38'00" West a distance of 221.73 feet to the Point of Beginning.

Said parcel contains an area of approximately 38,542 square feet.
Reference is also hereby made to Record of Survey Map No. 4703.
The above legal description was taken from prior Document No. 3372117.

APN: 232-524-09

Legal Description Continued:

PARCEL 1B:

A parcel of land being all of Lot 345 and a portion of Lot 344 of Subdivision Tract Map 4353, File Number 3051316, of the Official Records of Washoe County, Nevada, located within the East Half of Section 2, Township 19 North, Range 18 East, MDM, being more particularly described as follows:

Beginning at the Northeast corner of said Lot 345 from which the Northwest corner of said Section 2 bears North $09^{\circ}52'05''$ East a distance of 2678.51 feet;

Thence along the Easterly boundary of said Lot 345 South $24^{\circ}05'14''$ West a distance of 157.87 feet to the Southeast corner of said Lot 345;

Thence along the Easterly boundary of said Lot 344 South $01^{\circ}38'00''$ West a distance of 35.00 feet;

Thence departing said Easterly boundary North $87^{\circ}28'59''$ West a distance of 246.16 feet to the Southwest corner of said Lot 345;

Thence along the Westerly boundary of said Lot 345 North $14^{\circ}23'17''$ West a distance of 75.55 feet;

Thence along a tangent circular curve to the right with a radius of 186.50 feet and a central angle of $18^{\circ}43'42''$ an arc length of 60.96 feet;

Thence along a tangent circular curve to the left with a radius of 613.50 feet and a central angle of $01^{\circ}05'50''$ an arc length of 11.75 feet to the Northwest corner of said Lot 345;

Thence along the Northerly boundary of said Lot 345 with a non-tangent line North $70^{\circ}04'13''$ East a distance of 196.92 feet;

Thence from a tangent which bears South $19^{\circ}55'47''$ East;

along a circular curve to the left with a radius of 52.00 feet and a central angle of $128^{\circ}28'23''$ an arc length of 116.60 feet;

thence with a non-tangent line South $58^{\circ}24'11''$ East a distance of 66.17 feet to the Point of Beginning.

Said parcel contains an area of approximately 55,063 square feet.

Reference is also hereby made to Record of Survey Map No. 4703.

The above legal description was taken from prior Document No. 3372117.

APN: 232-524-10

Legal Description Continued:

PARCEL 2:

Lots 425, 426 and 429 of UNIT 4B-4E @ SOMERSETT, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on January 14, 2005, as File No. 3157139, Tract Map No. 4436.

APNS: 234-201-07, 08 & 11

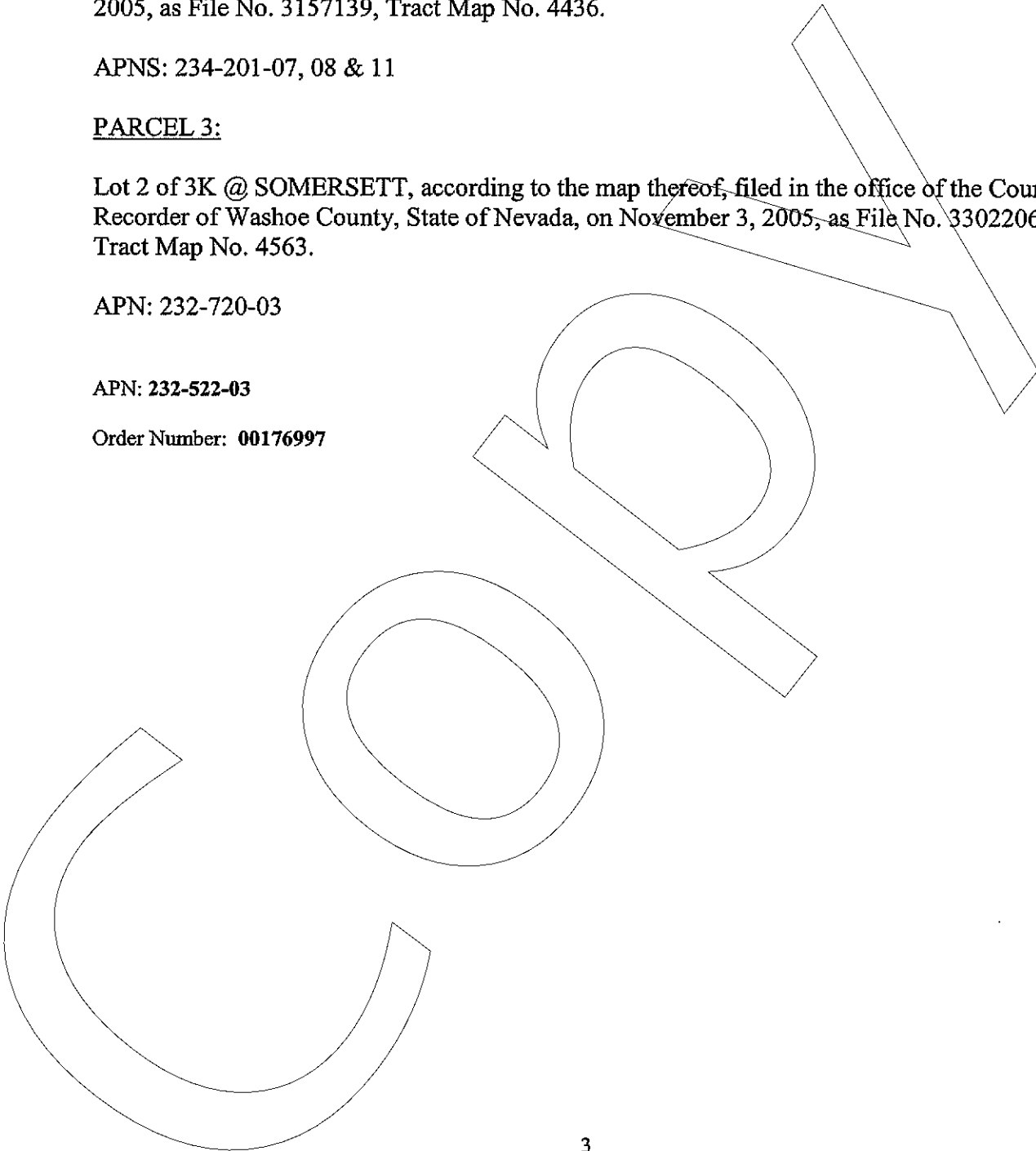
PARCEL 3:

Lot 2 of 3K @ SOMERSETT, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on November 3, 2005, as File No. 3302206, Tract Map No. 4563.

APN: 232-720-03

APN: 232-522-03

Order Number: **00176997**



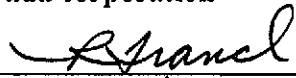
IN WITNESS WHEREOF, THE PARTIES HERETO HAVE MADE, EXECUTED AND DELIVERED THIS DEED IN LIEU OF FORECLOSURE THIS 3rd DAY OF DECEMBER 2009.

SOMERSETT DEVELOPMENT COMPANY LTD.,
a Nevada limited liability company

By: **SMITH REALTY FINANCE, a Nevada corporation, dba SR Inc., a Nevada corporation, Manager**

By: 
G. BLAKE SMITH,
President and Secretary

FIRST INDEPENDENT BANK OF NEVADA
a Nevada corporation

By: 
Name: Robert Francel
Its: SVP - CCO

Y

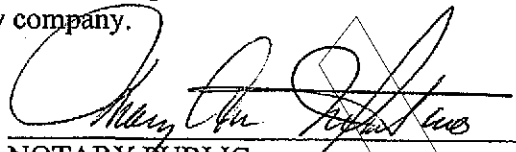
Q

O

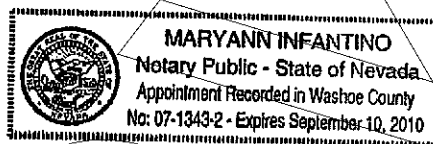
C

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

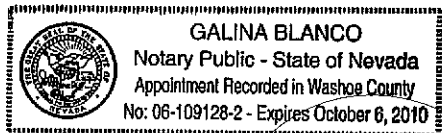
This instrument was acknowledged before me on DECEMBER 31, 2009, by G. BLAKE SMITH, as President and Secretary of Smith Realty Finance, a Nevada corporation, dba SR Inc., a Nevada corporation, Manager of SOMERSETT DEVELOPMENT COMPANY LTD, a Nevada limited liability company.


NOTARY PUBLIC

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)


MARYANN INFANTINO
Notary Public - State of Nevada
Appointment Recorded in Washoe County
No: 07-1343-2 - Expires September 10, 2010

This instrument was acknowledged before me on 12-31, 2009, by R. Francl, as SVP-CCO of FIRST INDEPENDENT BANK OF NEVADA, a Nevada corporation.


GALINA BLANCO
Notary Public - State of Nevada
Appointment Recorded in Washoe County
No: 06-109128-2 - Expires October 6, 2010


NOTARY PUBLIC



WASHOE COUNTY RECORDER

OFFICE OF THE RECORDER
KATHRYN L. BURKE, RECORDER

1001 E. NINTH STREET
POST OFFICE BOX 11130
RENO, NEVADA 89520-0027
PHONE (775) 328-3661
FAX (775) 325-8010

LEGIBILITY NOTICE

The Washoe County Recorder's Office has determined that the attached document may not be suitable for recording by the method used by the Recorder to preserve the Recorder's records. The customer was advised that copies reproduced from the recorded document would not be legible. However, the customer demanded that the document be recorded without delay as the parties rights may be adversely affected because of a delay in recording. Therefore, pursuant to NRS 247.120 (3), the County Recorder accepted the document conditionally, based on the undersigned's representation (1) that a suitable copy will be submitted at a later date (2) it is impossible or impracticable to submit a more suitable copy.

By my signing below, I acknowledge that I have been advised that once the document has been microfilmed it may not reproduce a legible copy.

Julio M. Moreno
Signature

12/31/09
Date

Julio M. Moreno
Printed Name