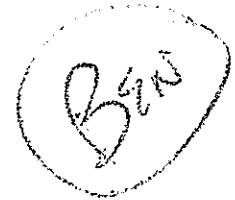




JIM GIBBONS, Governor

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION

District II
310 Galletti Way
Sparks, Nevada 89431
December 24, 2008



SUSAN MARTINOVICH, PE., Director

John Serpa
DGD Development Co.
PO Box 1724
Carson City, NV 89702

RECEIVED
DEC 29 '08

Re: Permit No. 106170-8

Dear Permittee:

The Department has issued your permit with the additional conditions listed on pages two, three and four of the attached permit. A Copy of the "Terms and Conditions Relating to Right-of-Way Occupancy Permits" booklet regarding the general provisions and requirements is enclosed. It is the Permittee's responsibility to obtain any additional permits and/or approval from the other governmental agencies as may be required by Federal law, State law, or local ordinances.

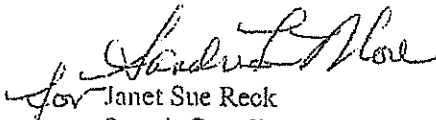
You as the Permittee are required to comply with the terms and conditions listed in the booklet, as well as the additional conditions stated on the permit. A copy of the permit is required to be posted at the job site. Work will be suspended if the permit is not at the job site as required.

Also enclosed, is a second original signature copy of the encroachment permit, which must be recorded with the County Recorder's Office and returned to NDOT, District II, 310 Galletti Way, Sparks, NV 89431, Attn: Permit Office. Please be sure to sign the front of the permit before having it recorded.

Please make a note that as of January 1, 2002 all Category 1 & 2 Traffic Control Devices used on NDOT roadways must be National Cooperative Highway Research Program (NCHRP) Report 350 compliant. Non-compliance will result in the immediate closure of the project site.

If you have any questions or need additional information, contact the permit office at 834-8330.

Sincerely,


for Janet Sue Reck
Permit Coordinator

JSR/slm

Attachment

cc: Bill Bowman
Permit File
Read File

OF WORK WILL BE DONE

Fee — Permit No. 106170
 Milepost US50 0016A District 2
 District No.: 106170-8
 Applicant: JOHN SERPA
 Type of Work: MODIFY EXIST.
 APPROACH
 FOR DEPARTMENT USE ONLY

APPLICATION AND PERMIT FOR OCCUPANCY OF
 NEVADA DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY
 (Under the provisions of NRS 408.423, 408.210 and NAC 408)

1. Location where excavation, construction, installation and/or occupancy is proposed
 Highway 50 @ the Carson City/Lyon County Line

Local name of Highway

Street address or nearest cross street

2. Describe in detail the type and scope of work; capacity or size of facility; stages and time frame for development; scheduled dates for start and completion. Attach 4 sets of detailed plans or drawings.

Realign the existing approach Rt at approximate station "L1" 44+80 (original permit #2-147-81 station 290+30). Install 88' @ 18" CMP in the US50 ditch line (see attached plan). This approach is to be adjusted to provide AASHTO intersection sight distance for left turn exiting traffic from this approach. This work will be done on an NDOT Stewardship project for the reconstruction of the V&T Railroad and the contract will be advertised, awarded and administered by the Commission for the Reconstruction of the V&T Railway. NDOT will provide a resident engineer for oversight. The contract special provisions shall include all conditions contained in this permit and also require the contractor to submit traffic control plans for District II approval prior to commencing work in the US-50 right-of-way. The TCP shall be tied to each specific phase of work within NDOT right-of-way.

3. PERMITTEE hereby acknowledges that he has read and received a copy of the specific Terms and Conditions Relating to Right-of-Way Occupancy Permits issued by the State of Nevada Department of Transportation, and accepts said terms and conditions and any additional terms and conditions stated in this permit.

4. SPECIFIC TERMS AND CONDITIONS APPURTENANT TO THIS PERMIT ARE LISTED ON PAGE 2.

5. THE PERMIT SHALL BE SIGNED AND RETURNED TO THE DISTRICT OFFICE.

John Serpa

Name of PERMITTEE

DGD DEVELOPMENT CO

P.O. Box 1724

Address

CARSON CITY NV 89702

City, State, Zip

(775) 882-7754 ()

Phone No. / Fax No.

COPY

Signature of PERMITTEE

Title

Phone No.

Date of Application

Permittee's I.D. No. or Parcel No.

STATE OF NEVADA
2008 MAY 28 AM 10:47
DEPARTMENT OF TRANSPORTATION
RENO DISTRICT II OFFICE

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ADDITIONAL TERMS AND CONDITIONS

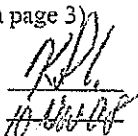
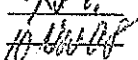
1. On US-50, at HES "L1"45+18 (CC 16.42/13.04) rt., realign and upgrade existing approach in accordance with plans dated May, 2008. All work on this permit shall be performed in conjunction with the V & T Railway Reconstruction Project - Phase 2C, Permit No. 104907.
2. In the event the right-of-way encumbered by this permitted encroachment is needed for future highway purposes, PERMITTEE agrees to modify, adjust, remove, or relocate the encroachment authorized herein to accommodate the highway need at no cost to the Department.
3. In the event of forecasted inclement weather conditions, PERMITTEE shall insure that permit activities are ceased and the NDOT right of way has been prepared and is safe for weather related maintenance activities and motorists.
4. It shall be understood by PERMITTEE that this approach may sometime in the future be reduced to a right-in/right-out only configuration. PERMITTEE agrees to accept this condition and also agrees to not hold the Department of Transportation responsible for any costs or damages that may result from this change. PERMITTEE shall have this encroachment permit recorded through the County Recorders Office. A conformed copy shall be returned to NDOT.
5. PERMITTEE agrees to indemnify, defend and save harmless the State of Nevada and its officers, agents, and employees against any and all liability, loss, damage, cost, and expense which it or they may incur, suffer, or be required to pay by reason of death, disease, or bodily injury to any person or persons, or injury to, destruction of, or loss of use of any property, including property belonging to the State of Nevada, arising out of or incident to activities contemplated by this permit, and proximately caused, in whole or in part, by any act or omission of the PERMITTEE, or its contractors, agents, or the employees of any one or all of them, or by the officers, agents, or employees of the State of Nevada, unless it is established by the PERMITTEE that the proximate cause was the willful misconduct or gross negligence of the officers, agents, or employees of the State of Nevada. Costs and expenses will include but are not limited to, the amount of the judgment, court costs, litigation expenses, expert witness fees, and reasonable attorney fees.
6. PERMITTEE shall contact the permit office at (775) 834-8330 two (2) working days prior to construction and two (2) working days prior to any lane closures on the State's Right-of-Way.

TRAFFIC CONTROL AND SAFETY

7. All traffic control shall conform to the "Manual on Uniform Traffic Control Device," chapter 6, and 2007 Nevada Standard Plans. **Traffic shall not be impacted more than 20 minutes. Failure to adhere to this condition will result in immediate suspension of work in the right of way.**
8. All Category 1 & 2 Traffic Control Devices used on NDOT roadways shall be National Cooperative Highway Research Program (NCHRP) Report 350 compliant. PERMITTEE and/or contractor shall have manufacturer's certificates of compliance available at the project site.
9. All traffic control devices are subject to being rated by the Permit Inspector for conformance to the current American Traffic Safety Services Association (ATSSA) publication "Quality Standards for Work Zone Traffic Control Devices" which is available from the American Safety Services Association, 5440 Jefferson Davis Highway, Fredericksburg, VA 22407, Phone: (703) 898-5400. Any device determined by the Inspector to not meet these quality standards shall be replaced with an acceptable device.
10. All vertical drop-offs 3" or greater that are within clear zone shall be protected by an NDOT approved method.
11. The hours of work will be from 7:00 a.m. to 3:30 p.m., daily, Monday through Friday provided all thru lanes of traffic are unrestricted by work in progress.

(Continued on page 3)

Initial
Date

PERMITTEE: John Serpa

PERMIT NO. 106170

DISTRICT NO. 106170-8

(Continued from page 2)

12. Eastbound lane closures will NOT be allowed between the hours of 3:00 pm and 7:00 pm, daily, Monday through Friday.
13. No work shall be allowed in the NDOT Right of Way from 6:00 am the working day before a holiday thru 7:00 pm the working day after a holiday unless prior written approval has been given by NDOT.
14. No lane closures will be allowed the working day before, during, and the working day after scheduled special events.
15. Any deviation from the NDOT approved Traffic Control Plans shall require prior written acceptance by NDOT District II. *PERMITTEE shall submit all requests and plans to the District II Permits Office.*

CONSTRUCTION PRACTICES

16. All work within NDOT right-of-way shall be in compliance with the Americans with Disabilities Act (ADA).
17. All work within NDOT right-of-way shall conform to the *State of Nevada Department of Transportation Standard Specifications for Road and Bridge Construction*, 2001 Edition and the *State of Nevada Department of Transportation Standard Plans for Road and Bridge Construction*, 2007 Edition.
18. A complete permit package including NDOT accepted traffic control plans shall be available at the job site at all times during construction. All contractors and subcontractors connected with work on this project shall have a complete copy of this permit with NDOT approved plans at the site at all times or the work will be closed down until a copy is made available.
19. All permanent paving shall meet the specifications set forth in section 402.03.05 and 403.03.04 - Surface Tolerances, of the *State of Nevada Department of Transportation Standard Specifications for Road and Bridge Construction*, current edition.
20. PERMITTEE shall implement Best Management Practices to minimize Erosion and discharge of sediments and pollutants into and from NDOT right-of-way during construction. The Department's Construction Site Best Management Practices Handbook or local criteria shall be consulted for guidance.

SITE MAINTENANCE DURING CONSTRUCTION

21. PERMITTEE shall be responsible for maintaining the integrity of the roadway surface. Dust, dirt, mud, gravel, etc. carried onto the roadway surface shall be cleaned off on a regular basis (at least once a day or as requested by NDOT personnel). Failure to comply may result in the Nevada Department of Transportation having the roadway cleaned and the cost for the clean-up billed to PERMITTEE.
22. PERMITTEE shall return all highway appurtenances disturbed or destroyed to a condition equal to or better than the original and in accordance with NDOT Standard Plans and Specifications.
23. PERMITTEE shall not store equipment, materials or spoils in NDOT right-of-way outside of normal working hours.

This Right-of-Way Occupancy Permit is granted to the PERMITTEE in accordance with the provisions of Chapter 408 N.R.S. and subject to the TERMS AND CONDITIONS stipulated to perform the work described.

Dated this 10 day of November, 20 08

STATE OF NEVADA, DEPARTMENT OF TRANSPORTATION

By


Director or District Engineer

Ownership History for Parcel # 008-611-31

Current Owners	
Name	From
MADDOX, C B P O BOX 70577 RENO, NV 89570-0577	2008

Prior Owners		
Name	From	To
SERPA, JOHN C P O BOX 1724 CARSON CITY, NV 89702	1979	2008

NOTE: This is not a complete history and should not be used in place of a title search.

Close Window

Document History for Parcel # 008-611-31

Type	Description/Name	Doc #	Sfx	Date	Cost	Book	Page(s)
DEE	DEED			00/00/0000		314	604
DEE	DEED			00/00/0000		260	547
DEE	DEED			00/00/0000		254	130 - 132
DEE	DEED			00/00/0000		235	317
DEE	DEED			00/00/0000		199	315
DEE	DEED			00/00/0000		120	13
DEE	DEED			00/00/0000		107	435
DEE	DEED			00/00/0000		93	276
LLA	-03 & -20 LOT LINE ADJUSTMENT	247832		04/28/2000			
R/S	#2367 RECORD OF SURVEY MAP #	247971		05/01/2000			
EAS	OVERHEAD ELECTRIC POWERLINE EASEMENT DEED	254995		11/17/2000			
AGR	RIGHT-OF-WAY ACQUISITION AGR AGREEMENT	380073		06/06/2008			
DEE	R/W FOR V & T RAILWAY RECONSTR. DEED	380074		06/06/2008			
EAS	PERMANENT EXCLUSIVE SLOPE EAS EASEMENT DEED	380078		06/06/2008			
GBS	GRANT BARGAIN SALE DEED	385344		12/29/2008	44,000		
DEE	NOT A TRUE ARMS-LENGTH SALE DEED	385344		12/29/2008	44,000		
R/S	#2712 RECORD OF SURVEY MAP #	390494		06/11/2009			

NOTE: This is not a complete history and should not be used in place of a title search.

Close Window

Ownership History for Parcel # 008-611-33

Current Owners	
Name	From
MADDOX, C B P O BOX 70577 RENO, NV 89570-0577	2008

Prior Owners		
Name	From	To
SERPA, JOHN C P O BOX 1724 CARSON CITY, NV 89702-0000	1982	2008

NOTE: This is not a complete history and should not be used in place of a title search.

Close Window

Document History for Parcel # 008-611-33

Type	Description/Name	Doc #	Sfx	Date	Cost	Book	Page(s)
DEE	DEED			02/01/1982		314	604
DEE	DEED			00/00/0000		279	119
DEE	DEED			00/00/0000		254	130 - 137
DEE	DEED			00/00/0000		251	150
CTS	CONTRACT OR AGREEMENT OF SALE			00/00/0000		153	566
DEE	DEED			00/00/0000		135	44
DEE	DEED			00/00/0000		93	272
AGR	RIGHT-OF-WAY ACQUISITION AGR AGREEMENT	380073		06/06/2008			
DEE	R/W FOR V & T RAILWAY RECONSTR. DEED	380075		06/06/2008			
EAS	PERMANENT EXCLUSIVE SLOPE EAS EASEMENT DEED	380079		06/06/2008			
GBS	GRANT BARGAIN SALE DEED	385345		12/29/2008	70,143		
DEE	NOT A TRUE ARMS-LENGTH SALE DEED	385345		12/29/2008	70,143		
R/S	#2712 RECORD OF SURVEY MAP #	390494		06/11/2009			

NOTE: This is not a complete history and should not be used in place of a title search.

Close Window

Ownership History for Parcel # 008-611-35

Current Owners	
Name	From
MADDOX, C B P O BOX 70577 RENO, NV 89570-0577	2008

Prior Owners		
Name	From	To
SERPA, JOHN C P O BOX 1724 CARSON CITY, NV 89702	1982	2008

NOTE: This is not a complete history and should not be used in place of a title search.

Close Window

Document History for Parcel # 008-611-35

Type	Description/Name	Doc #	Sfx	Date	Cost	Book	Page(s)
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DEE	DEED			00/00/0000		279	119
DEE	DEED			00/00/0000		254	134 - 137
DEE	DEED			00/00/0000		199	315
DEE	DEED			00/00/0000		135	44
DEE	DEED			00/00/0000		132	665
DEE	DEED			00/00/0000		131	332
DEE	DEED			00/00/0000		120	13
AGR	RIGHT-OF-WAY ACQUISITION AGR AGREEMENT	380073		06/06/2008			
DEE	R/W FOR V & T RAILWAY RECONSTR. DEED	380076		06/06/2008			
EAS	PERMANENT EXCLUSIVE SLOPE EAS EASEMENT DEED	380080		06/06/2008			
EAS	TEMP EXCLUSIVE CONST ACC ROAD EASEMENT DEED	380081		06/06/2008			
DEE	NOT A TRUE ARMS-LENGTH SALE DEED	385346		12/29/2008			
R/S	#2712 RECORD OF SURVEY MAP #	390494		06/11/2009			

NOTE: This is not a complete history and should not be used in place of a title search.

Close Window

Ownership History for Parcel # 008-611-37

Current Owners	
Name	From
MADDOX, C B P O BOX 70577 RENO, NV 89570-0577	2008

Prior Owners		
Name	From	To
SERPA, JOHN C P O BOX 1724 CARSON CITY, NV 89702	1979	2008

NOTE: This is not a complete history and should not be used in place of a title search.

Close Window

Document History for Parcel # 008-611-37

Type	Description/Name	Doc #	Sfx	Date	Cost	Book	Page(s)
DEE	DEED			02/01/1982		314	604
DEE	DEED			00/00/0000		259	594
DEE	DEED			00/00/0000		234	297 - 301
DEE	DEED			00/00/0000		153	566
DEE	DEED			00/00/0000		135	44
DEE	DEED			00/00/0000		93	272
AGR	RIGHT-OF-WAY ACQUISITION AGR AGREEMENT	380073		06/06/2008			
DEE	R/W FOR V & T RAILWAY RECONSTR. DEED	380077		06/06/2008			
EAS	PERMANENT EXCLUSIVE SLOPE EAS EASEMENT DEED	380082		06/06/2008			
DEE	NOT A TRUE ARMS-LENGTH SALE DEED	385347		12/29/2008	48,971		
R/S	#2712 RECORD OF SURVEY MAP #	390494		06/11/2009			

NOTE: This is not a complete history and should not be used in place of a title search.

Close Window

ESCROW OFFICE:
STEWART TITLE OF CARSON CITY
111 West Proctor
Carson City, Nevada 89703

STEWART TITLE
of Carson City
111 West Proctor, Carson City, Nevada 89703
Phone (775) 882-6993 Fax (775) 882-2548

PRELIMINARY REPORT

Our Order No. 06010584TM

Today's Date: March 30, 2006

In response to the above referenced application for a policy of title insurance, Stewart Title Guaranty Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of: March 30, 2006 at 7:30 a.m.


TAMMY L. MAY Title Officer

WHEN REPLYING PLEASE CONTACT
Escrow Officer: N/A
Phone: (775) 882-6993

PROPERTY ADDRESS:
HWY 50 EAST
CARSON CITY, NEVADA

Order No. 06010584TM

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A FEE

Title to said estate or interest is vested in:

JOHN C. SERPA, a married man as his sole and separate property

LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of LYON, described as follows:

A parcel of land located in the South 1/2 of the Northeast 1/4 and North 1/2 of the Southeast 1/4 of Section 36, Township 16 North, Range 20 East, M.D.B. & M., in Carson City, Nevada described as follows:

BEGINNING at a point on the County line between Lyon County and Carson City, from which the East one quarter corner of said Section 36 bears S 80°18'12" E., 954.21 feet; thence on a curve to the left, (300 feet from and parallel to the highway right of way) from a tangent bearing of S. 50°05'50" W., with a radius of 4600.00 feet, through an angle of 7°12'36" for a length of 578.86 feet; thence N. 0°59'09" W., 96.78 feet; thence N. 89°34'09" W., 312.94 feet; thence along the Easterly right of way line of Highway 50 on a curve to the right from a tangent bearing of N. 41°14'58" E., with a radius of 4900.00 feet; through an angle of 7°27'03" for a length of 637.20 feet; thence S 61°56'54" E., 322.05 feet along the County line to THE POINT OF BEGINNING.

ASSESSOR'S PARCEL NO. 8-611-14

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions in a Policy of Title Insurance are as follows:

1. This Preliminary Report is intended only as a solicitation of an offer to issue a CLTA policy of Title Insurance. It is not intended for any other purpose and the Company expressly disclaims all liability for any use or purposes other than as stated herein. The Company reserves the right to make further requirements or exceptions in the event issuance of a CLTA policy of title insurance is hereafter requested.
2. Taxes for the fiscal year 2005 - 2006 have been paid full, in the amount of \$906.72. APN: 6-611-14.
3. The lien, if any, of supplemental taxes, assessed pursuant to provisions adopted by the Nevada Legislature, and as disclosed by the Nevada Revised Statutes.
4. Any additional liens which may be levied by reason of said premises being within the boundaries of the Carson City Water, Sanitary Sewer, and Storm Water Utility District.

(Note: FOR SPECIFIC AMOUNTS CALL 887-2355 PRESS 3)

5. Rights of way for any existing roads, trails, canals, ditches, flumes, conduits, pipe, pole or transmission lines on, under, over, through or across said premises.
6. Easements, dedications, reservations, provisions, relinquishments, recitals, building set back lines, certificates, and any other matters as provided for or delineated on the Record of Survey Map No. 714.

Reference is hereby made to said Plat for particulars. If one is not included herewith, one will be furnished upon request.

7. Right-of-way Grant affecting a portion of said land for the purposes stated herein, together with incidental rights thereto,
Purpose : RECONSTRUCTION OF THE V & T RAILWAY
Recorded : January 10, 2005
: as Document No. 330468,
: Official Records of Carson City, Nevada.
8. Subject to any rights and/or provision of the General Highway Act for improvements, repairs and landscaping to the public highway, located along the edge of the herein described property.

Continued on next page

SCHEDULE "B" CONTINUED:
Order No. 06010584TM

9. THIS REPORT MAKES NO REPRESENTATIONS AS TO WATER, WATER RIGHTS, MINERALS OR MINERAL RIGHTS AND NO RELIANCE MAY BE MADE UPON THIS REPORT OR A RESULTING TITLE POLICY FOR SUCH RIGHTS OR OWNERSHIP.

+++++

Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, National Land Title Insurance Company, Arkansas Title Insurance Company, Charter Land Title Insurance Company

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act, (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of **Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, National Land Title Insurance Company, Arkansas Title Insurance Company, Charter Land Title Insurance Company**.

We may collect nonpublic personal information about you from the following sources:

- ~ Information we receive from you, such as on applications or other forms.
- ~ Information about your transactions we secure from our files, or from our affiliates or others.
- ~ Information we receive from a consumer reporting agency.
- ~ Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to non affiliated third parties as permitted by law.

We may also disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- ~ Financial Service Providers such as companies engaged in banking, consumer finance, securities and insurance.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

EXHIBIT "A" (Rev. 12-04-92)
CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY-1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditor's rights laws.

EXCEPTIONS FROM COVERAGE-SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by records of any taxing authority that levies taxes or assessments on real property or by the public records.
 Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2. AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or governmental regulation. This includes building and zoning ordinances and also laws and regulations concerning:

.land use	.land division
.improvements on the land	.environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
 This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

(List of Printed Exceptions and Exclusions Continued on next Page)

EXHIBIT "A" (Continued)

2. The right to take the land by condemning it, unless:
 - .a notice of exercising the right appears in the public records
 - .on the Policy Date
 - .the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
 3. Title Risks:
 - .that are created, allowed, or agreed to by you
 - .that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
 - .that result in no loss to you
 - .that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks.
 4. Failure to pay value for your title.
 5. Lack of a right:
 - .to any land outside the area specifically described and referred to in Item 3 of Schedule AOR
 - .in streets, alleys, or waterways that touch your land
- This exclusions does not limit the access coverage in Item 5 of Covered Title Risks.

**3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
AND
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT - FORM 1 COVERAGE
EXCLUSIONS AND COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant has paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

(List of Printed Exceptions and Exclusions Continued on Next Page)

EXHIBIT "A" (Continued)
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are now shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
- Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

4. AMERICAN LAND TITLE ASSOCIATION OWNERS POLICY (10-17-92)
AND
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental policy power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant has paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured that estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest of the insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest of the insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument or transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Exceptions:

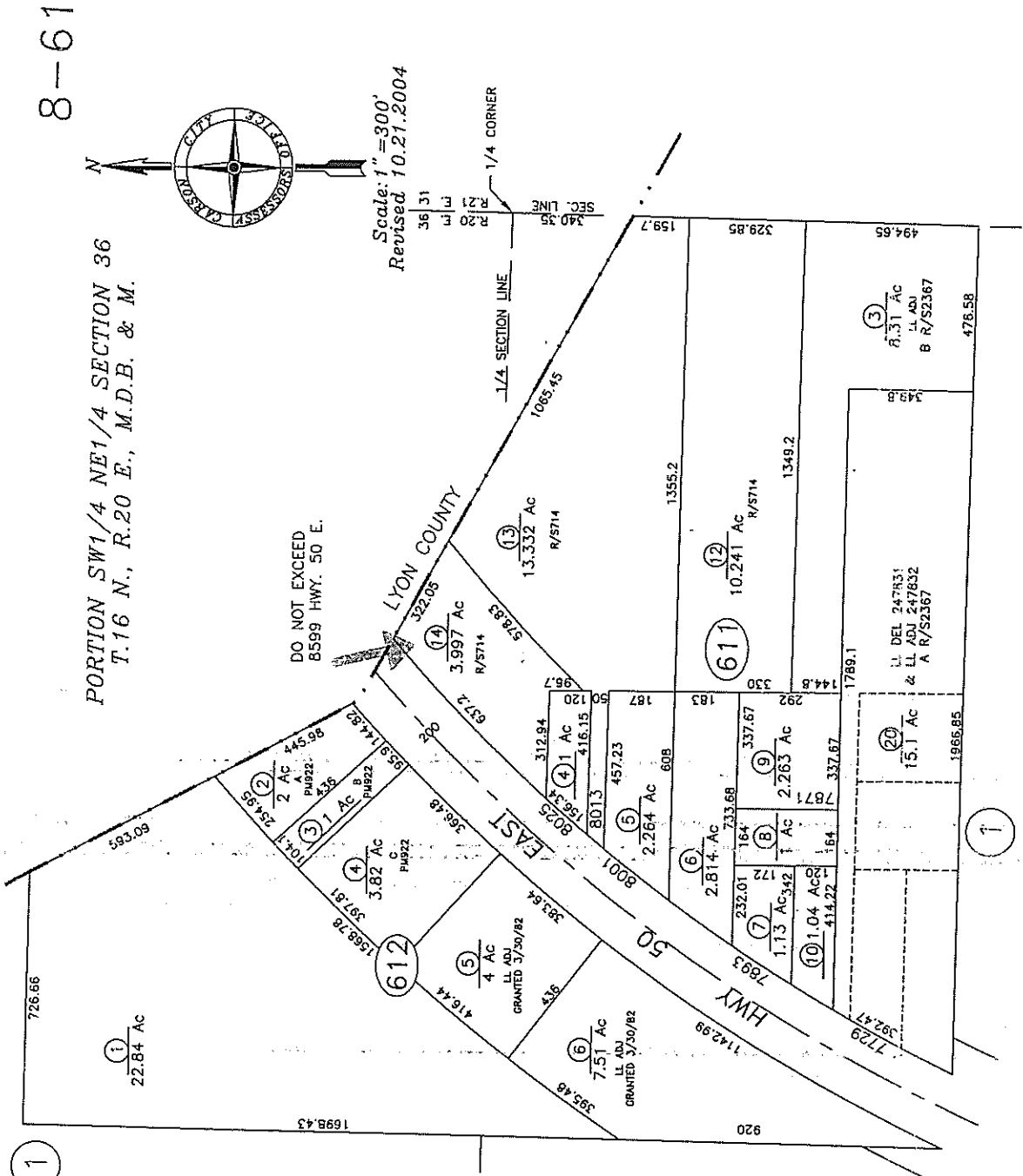
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay cost, attorney's fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
- Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

NOTE: This plat is inserted for
reference purposes only and is not
made a part of the title evidence.
STEWART TITLE OF CARSON CITY

THIS MAP IS PREPARED FOR THE USE OF THE CARSON CITY
ASSESSOR FOR ASSESSMENT AND ILLUSTRATIVE PURPOSES
ONLY. IT DOES NOT REPRESENT A SURVEY, NO LIABILITY
IS ASSUMED AS TO THE SUFFICIENCY OR ACCURACY OF
THE DATA DELINEATED HEREON.
NOTE
SOME PARCELS DELINEATED HEREON MAY NOT
BE PRESENTED IN TRUE SIZE, SHAPE, OR LOCATION
DUE TO DISCREPANCIES BETWEEN LOT LINES.



N1/2 SE1/4 SECTION 36
T.16 N., R.20 E.,
M.D.B. & M.

street name correction

8-61

ESCROW OFFICE:
STEWART TITLE OF CARSON CITY
111 West Proctor
Carson City, Nevada 89703

STEWART TITLE
of Carson City
111 West Proctor, Carson City, Nevada 89703
Phone (775) 882-6993 Fax (775) 882-2548

PRELIMINARY REPORT

Our Order No. 06010585TM

Today's Date: March 30, 2006

In response to the above referenced application for a policy of title insurance, Stewart Title Guaranty Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of: March 30, 2006 at 7:30 a.m.


TAMMY L. MAY Title Officer

PROPERTY ADDRESS:
8013 HWY 50 EAST
CARSON CITY, NEVADA

WHEN REPLYING PLEASE CONTACT
Escrow Officer: N/A
Phone: (775) 882-6993

Order No. 06010585TM

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A FEE

Title to said estate or interest is vested in:

JOHN C. SERPA, a married man as his sole and separate property

LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of CARSON CITY, described as follows:

That portion of the North 1/2 of the Southeast 1/4 and of the South 1/2 of the Northeast 1/4 of Section 36, Township 16 North, Range 20 East, M.D.B. & M, particularly described as follows:

BEGINNING at a point in the East line of said Section 36 from which point the quarter section corner common to said section 36 and to Section 31 in Township 16 North, Range 21 East bears North 0°03'19" East a distance of 340.35 feet; said point being the intersection of the county line between Carson City and Lyon County; thence South 0°03'19" West along said section line a distance of 159.79 feet; thence North 89°53'55" West a distance of 1355.20 feet, to a point in the East line of the property conveyed to Robert R. Burgess, et al, by deed recorded April 13, 1973 in Book 139 of Official Records at Page 96, as Document No. 19074; thence North 0°59'09" West along the East line of said Burgess, et al, property a distance of 187.00 feet more or less, to a point at the Southeast corner of that certain easement 50.0 feet in width as described in the deed recorded November 13, 1972 in Book 132 of Official Records at Page 492, as Document No. 13260; thence North 89°34'09" West along the South line of said easement a distance of 457.28 feet to a point in the Easterly right of way line of U.S. Highway 50; thence along a curve to the right along said right of way line, having a radius of 4900 feet and a central angle of 0°44'52", an arc distance of 63.95 feet; thence South 89°34'09" East a distance of 416.15 feet along the North line of said easement to the Northeast corner thereof; thence North 0°59'09" West a distance of 23.22 feet to a point; thence along a curve to the right 300 feet from and parallel to the Easterly right of way line of said Highway 50, having a radius of 4600 feet and a central angle of 7°12'36", an arc distance of 578.86 feet more or less, to a point on said County Line; thence South 61°56'54" East along said County line a distance of 1065.45 feet more or less to the POINT OF BEGINNING.

ASSESSOR'S PARCEL NO. 8-611-13

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions in a Policy of Title Insurance are as follows:

1. This Preliminary Report is intended only as a solicitation of an offer to issue a CLTA policy of Title Insurance. It is not intended for any other purpose and the Company expressly disclaims all liability for any use or purposes other than as stated herein. The Company reserves the right to make further requirements or exceptions in the event issuance of a CLTA policy of title insurance is hereafter requested.
2. Taxes for the fiscal year 2005 - 2006 have been paid full, in the amount of \$604.33. APN: 6-611-13.
3. The lien, if any, of supplemental taxes, assessed pursuant to provisions adopted by the Nevada Legislature, and as disclosed by the Nevada Revised Statutes.
4. Any additional liens which may be levied by reason of said premises being within the boundaries of the Carson City Water, Sanitary Sewer, and Storm Water Utility District.

(Note: FOR SPECIFIC AMOUNTS CALL 887-2355 PRESS 3)

5. Rights of way for any existing roads, trails, canals, ditches, flumes, conduits, pipe, pole or transmission lines on, under, over, through or across said premises.
6. Easements, dedications, reservations, provisions, relinquishments, recitals, building set back lines, certificates, and any other matters as provided for or delineated on the Record of Survey Map No. 714.

Reference is hereby made to said Plat for particulars. If one is not included herewith, one will be furnished upon request.

7. An easement affecting a portion of said land for the purposes stated herein, together with incidental rights thereto,
Purpose : non-exclusive easment for ingress and egress
Recorded : November 13, 1972
: in Book 132, Page 492, as Document No. 13260,
: Official Records of Carson City, Nevada.
8. Right-of-way Grant affecting a portion of said land for the purposes stated herein, together with incidental rights thereto,
Purpose : RECONSTRUCTION OF THE V & T RAILWAY
Recorded : January 10, 2005
: as Document No. 330468,
: Official Records of Carson City, Nevada.

Continued on next page

SCHEDULE "B" CONTINUED:
Order No. 06010585TM

9. Subject to any rights and/or provision of the General Highway Act for improvements, repairs and landscaping to the public highway, located along the edge of the herein described property.
10. THIS REPORT MAKES NO REPRESENTATIONS AS TO WATER, WATER RIGHTS, MINERALS OR MINERAL RIGHTS AND NO RELIANCE MAY BE MADE UPON THIS REPORT OR A RESULTING TITLE POLICY FOR SUCH RIGHTS OR OWNERSHIP.

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Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, National Land Title Insurance Company, Arkansas Title Insurance Company, Charter Land Title Insurance Company

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act, (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of **Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, National Land Title Insurance Company, Arkansas Title Insurance Company, Charter Land Title Insurance Company.**

We may collect nonpublic personal information about you from the following sources:

- ~ Information we receive from you, such as on applications or other forms.
- ~ Information about your transactions we secure from our files, or from our affiliates or others.
- ~ Information we receive from a consumer reporting agency.
- ~ Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to non affiliated third parties as permitted by law.

We may also disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- ~ Financial Service Providers such as companies engaged in banking, consumer finance, securities and insurance.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

EXHIBIT "A" (Rev. 12-04-92)
CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY-1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, which arises out of the transaction, vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditor's rights laws.

EXCEPTIONS FROM COVERAGE-SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2. AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or governmental regulation. This includes building and zoning ordinances and also laws and regulations concerning:

.land use	.land division
.improvements on the land	.environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
 This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

(List of Printed Exceptions and Exclusions Continued on next Page)

EXHIBIT "A" (Continued)

2. The right to take the land by condemning it, unless:
 - .a notice of exercising the right appears in the public records
 - .on the Policy Date
 - .the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
 3. Title Risks:
 - .that are created, allowed, or agreed to by you
 - .that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
 - .that result in no loss to you
 - .that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks.
 4. Failure to pay value for your title.
 5. Lack of a right:
 - .to any land outside the area specifically described and referred to in Item 3 of Schedule A

OR

 - .in streets, alleys, or waterways that touch your land
- This exclusions does not limit the access coverage in Item 5 of Covered Title Risks.

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92) WITH ALTA ENDORSEMENT - FORM 1 COVERAGE AND AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92) WITH ALTA ENDORSEMENT - FORM 1 COVERAGE EXCLUSIONS AND COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant has paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

(List of Printed Exceptions and Exclusions Continued on Next Page)

EXHIBIT "A" (Continued)
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are now shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (B) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

4. AMERICAN LAND TITLE ASSOCIATION OWNERS POLICY (10-17-92)
AND
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental policy power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant has paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured that estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest of the insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest of the insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument or transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Exceptions:

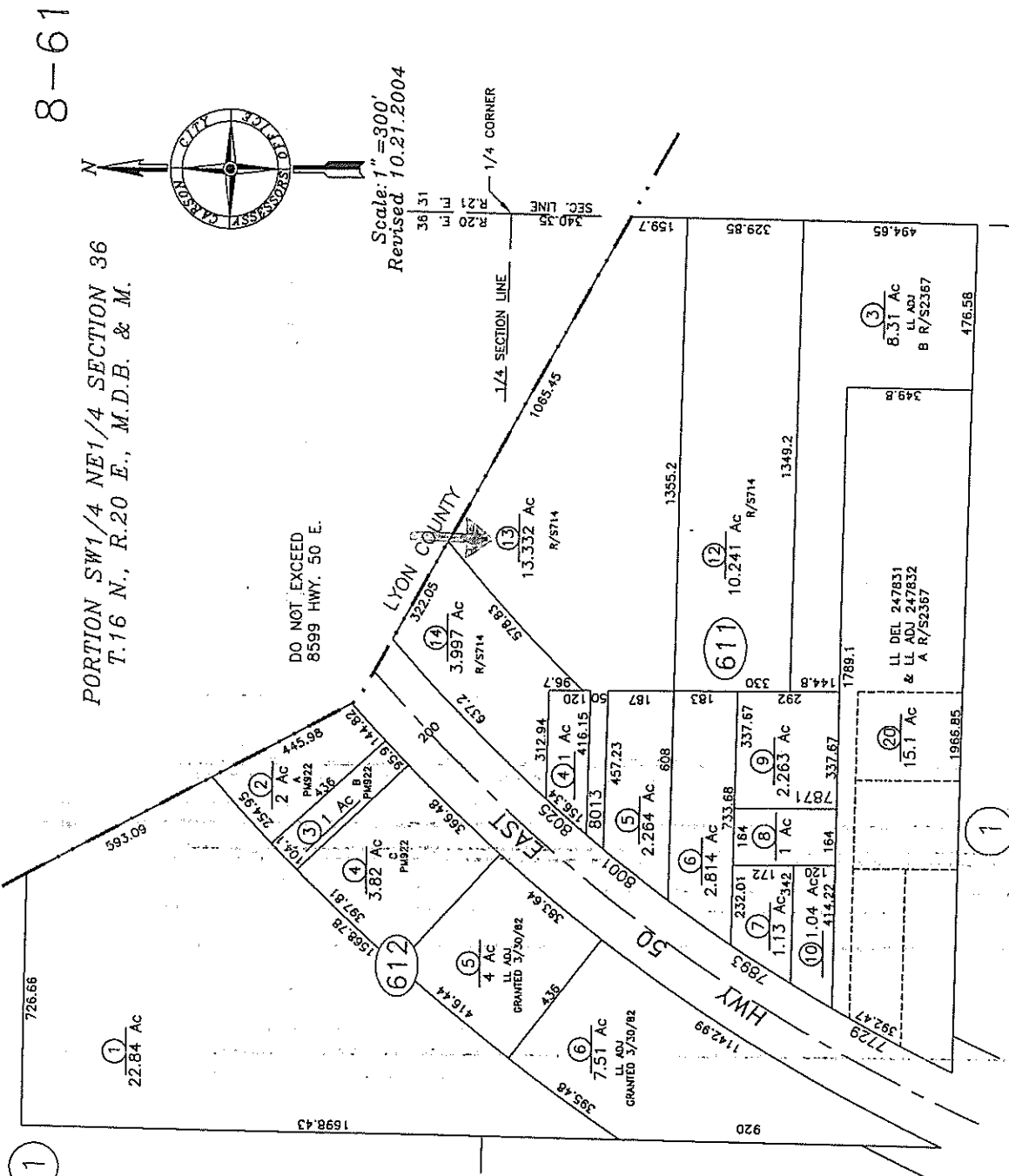
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay cost, attorney's fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

NOTE: This plat is inserted for reference only and is not made a part of the title evidence.

THIS MAP IS PREPARED FOR THE USE OF THE CARSON CITY, NEVADA
 ASSessor FOR ASSESSMENT AND ILLUSTRATIVE PURPOSES ONLY. IT DOES NOT REPRESENT A SURVEY. NO LIABILITY IS ASSUMED AS TO THE SUFFICIENCY OR ACCURACY OF THE DATA DELINEATED HEREON.
 SOME PARCELS DELINEATED HEREON MAY NOT BE PRESENTED IN TRUE SIZE, SHAPE, OR LOCATION DUE TO DISCREPANCIES BETWEEN LOT LINES.



N1/2 SE1/4 SECTION 36
 T.16 N., R.20 E.,
 M.D.B. & M.

street name correction

ESCROW OFFICE:
STEWART TITLE OF CARSON CITY
111 West Proctor
Carson City, Nevada 89703

STEWART TITLE
of Carson City
111 West Proctor, Carson City, Nevada 89703
Phone (775) 882-6993 Fax (775) 882-2548

PRELIMINARY REPORT

Our Order No. 06010586TM

Today's Date: March 30, 2006

In response to the above referenced application for a policy of title insurance, Stewart Title Guaranty Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of: March 30, 2006 at 7:30 a.m.


TAMMY L. MAY Title Officer

PROPERTY ADDRESS:
HWY 50 EAST
CARSON CITY, NEVADA

WHEN REPLYING PLEASE CONTACT Escrow Officer: N/A Phone: (775) 882-6993
--

Order No. 06010586TM

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A FEE

Title to said estate or interest is vested in:

JOHN C. SERPA, a married man as his sole and separate property

Not
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Not
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Not
ed
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Not
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LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of CARSON CITY, described as follows:

That portion of the North 1/2 of the Southeast 1/4 of Section 36, Township 16 North, Range 20 East, M.D.B. & M., particularly described as follows:

BEGINNING at a point in the East line of said Section 36, from which the quarter corner common to said Section 36 and to Section 31, in Township 16 North, Range 21 East, bears North 0°03'19" East, a distance of 500.11 feet; thence South 0°03'19" West along said section line a distance of 329.85 feet to a point at the Northeast corner of the property conveyed to Harry Kuhn and Cozetta A. Kuhn, husband and wife, by deed recorded July 18, 1978 in Book 235 of official Records at Page 317, Document No. 80883; thence North 89°54'08" West along the North line of said Kuhn property a distance of 1349.20 feet to a point in the East line of the property conveyed to Robert Burgess, et al, by deed recorded November 13, 1972 in Book 132 of Official Records at Page 492, as Document No. 13260; thence North 0°59'09" West along the East line of said Burgess, et al, property and the Northerly extension thereof a distance of 330.00 feet thence South 89°53'55" East a distance of 1355.20 feet to the point of beginning.

ASSESSOR'S PARCEL NO. 8-611-12

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions in a Policy of Title Insurance are as follows:

1. This Preliminary Report is intended only as a solicitation of an offer to issue a CLTA policy of Title Insurance. It is not intended for any other purpose and the Company expressly disclaims all liability for any use or purposes other than as stated herein. The Company reserves the right to make further requirements or exceptions in the event issuance of a CLTA policy of title insurance is hereafter requested.
2. The lien, if any, of supplemental taxes, assessed pursuant to provisions adopted by the Nevada Legislature, and as disclosed by the Nevada Revised Statutes.
3. Any additional liens which may be levied by reason of said premises being within the boundaries of the Carson City Water, Sanitary Sewer, and Storm Water Utility District.

(Note: FOR SPECIFIC AMOUNTS CALL 887-2355 PRESS 3)

4. Rights of way for any existing roads, trails, canals, ditches, flumes, conduits, pipe, pole or transmission lines on, under, over, through or across said premises.
5. Easements, dedications, reservations, provisions, relinquishments, recitals, building set back lines, certificates, and any other matters as provided for or delineated on the Record of Survey Map No. 714.

Reference is hereby made to said Plat for particulars. If one is not included herewith, one will be furnished upon request.

6. Right-of-way Grant affecting a portion of said land for the purposes stated herein, together with incidental rights thereto,
Purpose : RECONSTRUCTION OF THE V & T RAILWAY
Recorded : January 10, 2005
: as Document No. 330468,
: Official Records of Carson City, Nevada.
7. The fact that said land does not contain any insurable access to or from any dedicated public road or highway.
8. THIS REPORT MAKES NO REPRESENTATIONS AS TO WATER, WATER RIGHTS, MINERALS OR MINERAL RIGHTS AND NO RELIANCE MAY BE MADE UPON THIS REPORT OR A RESULTING TITLE POLICY FOR SUCH RIGHTS OR OWNERSHIP.

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Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, National Land Title Insurance Company, Arkansas Title Insurance Company, Charter Land Title Insurance Company

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act, (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of **Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, National Land Title Insurance Company, Arkansas Title Insurance Company, Charter Land Title Insurance Company.**

We may collect nonpublic personal information about you from the following sources:

- ~ Information we receive from you, such as on applications or other forms.
- ~ Information about your transactions we secure from our files, or from our affiliates or others.
- ~ Information we receive from a consumer reporting agency.
- ~ Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to non affiliated third parties as permitted by law.

We may also disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- ~ Financial Service Providers such as companies engaged in banking, consumer finance, securities and insurance.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

EXHIBIT "A" (Rev. 12-04-92)
CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY-1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditor's rights laws.

EXCEPTIONS FROM COVERAGE-SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by records of any taxing authority that levies taxes or assessments on real property or by the public records.
 Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2. AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or governmental regulation. This includes building and zoning ordinances and also laws and regulations concerning:

land use	land division
improvements on the land	environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.
 This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

(List of Printed Exceptions and Exclusions Continued on next Page)

EXHIBIT "A" (Continued)

2. The right to take the land by condemning it, unless:
 - .a notice of exercising the right appears in the public records
 - .on the Policy Date
 - .the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
 3. Title Risks:
 - .that are created, allowed, or agreed to by you
 - .that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
 - .that result in no loss to you
 - .that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks.
 4. Failure to pay value for your title.
 5. Lack of a right:
 - .to any land outside the area specifically described and referred to in Item 3 of Schedule A

OR

 - .in streets, alleys, or waterways that touch your land
- This exclusions does not limit the access coverage in Item 5 of Covered Title Risks.

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92) WITH ALTA ENDORSEMENT - FORM 1 COVERAGE AND AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92) WITH ALTA ENDORSEMENT - FORM 1 COVERAGE EXCLUSIONS AND COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant has paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

(List of Printed Exceptions and Exclusions Continued on Next Page)

EXHIBIT "A" (Continued)
EXCEPTIONS FROM COVERAGE

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Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

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AND
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

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 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant has paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured that estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest of the insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest of the insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
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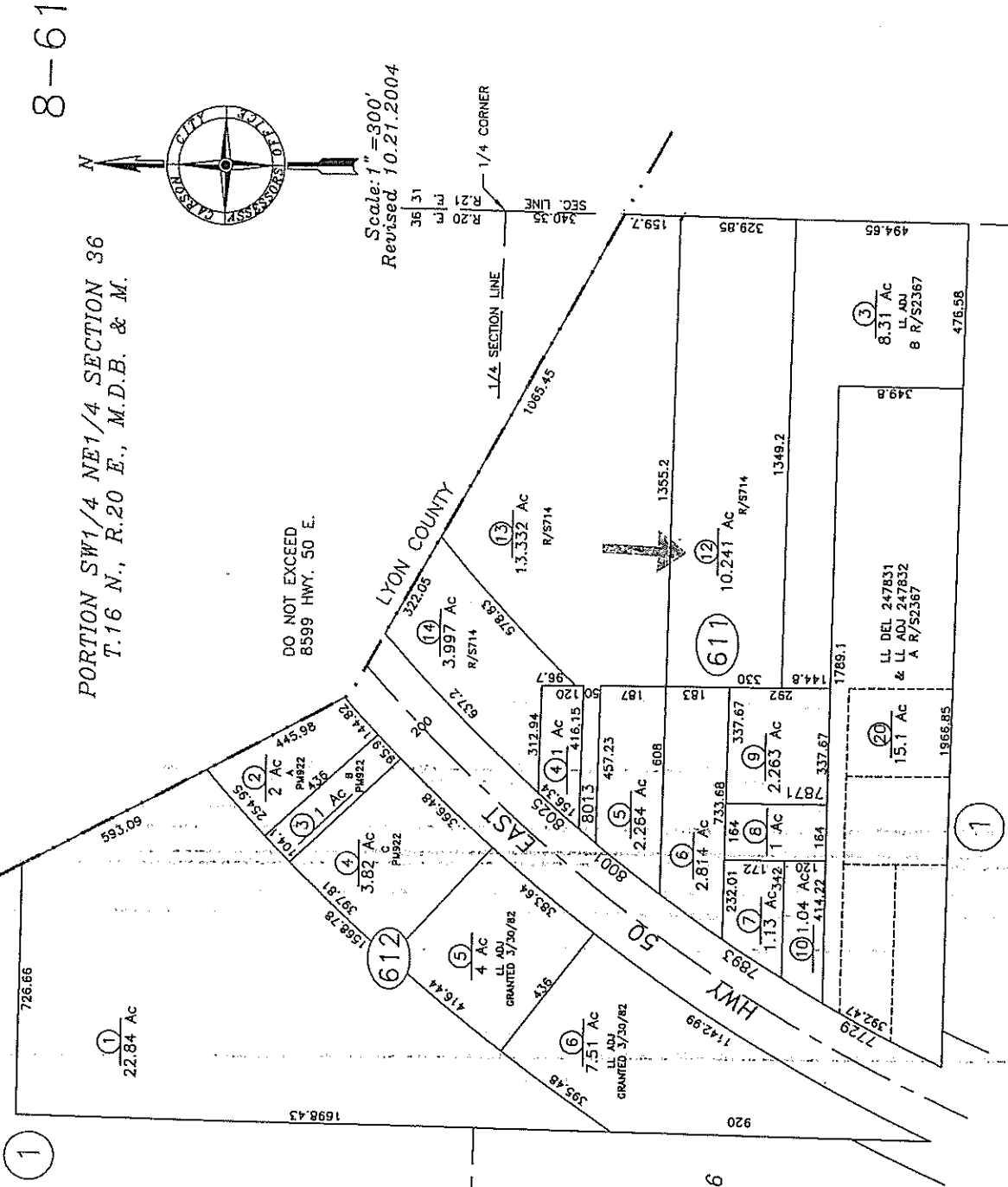
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Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
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5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

NOTE: This plat is inserted for
reference purposes only and is not
made a part of the title evidence.
STANDARD MAP OF CARSON CITY

CARSON CITY, NEVADA
THIS MAP IS PREPARED FOR THE USE OF THE CARSON CITY
ASSESSOR FOR ASSESSMENT AND ILLUSTRATIVE PURPOSES.
ONLY, IT DOES NOT REPRESENT A SURVEY, NO LIABILITY
IS ASSUMED AS TO THE SUFFICIENCY OR ACCURACY OF
THE DATA DELINEATED HEREON.
NOTE
SOME PARCELS DELINEATED HEREON MAY NOT
BE PRESENTED IN TRUE SIZE, SHAPE, OR LOCATION
DUE TO DISCREPANCIES BETWEEN LOT LINES.



N1/2 SE1/4 SECTION 36
T.16 N., R.20 E.,
M.D.B. & M.

street name correction

8-61

ESCROW OFFICE:
STEWART TITLE OF CARSON CITY
111 West Proctor
Carson City, Nevada 89703

STEWART TITLE
of Carson City
111 West Proctor, Carson City, Nevada 89703
Phone (775) 882-6993 Fax (775) 882-2548

PRELIMINARY REPORT

Our Order No. 06010587TM

Today's Date: March 20, 2006

In response to the above referenced application for a policy of title insurance, Stewart Title Guaranty Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.


The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of: March 20, 2006 at 7:30 a.m.


TAMMY MAY, Title Officer

WHEN REPLYING PLEASE CONTACT
Escrow Officer: N/A
Phone: (775) 882-6993

PROPERTY ADDRESS:
HWY 50 EAST
CARSON CITY, NEVADA

Order No. 06010587TM

The estate or interest in the land hereinafter described or referred to covered by this Report is:

A FEE

Title to said estate or interest is vested in:

JOHN C. SERPA, a married man as HIS SOLE AND SEPARATE PROPERTY

LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of CARSON CITY, described as follows:

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE NORTH 1/2 OF THE SOUTHEAST 1/4 OF SECTION 36, TOWNSHIP 16 NORTH, RANGE 20 EAST, M.D.M., CARSON CITY, NEVADA. FURTHER SHOWN ON THAT CERTAIN BOUNDARY LINE ADJUSTMENT RECORDED APRIL 28, 2000 AS DOCUMENT NO. 247832 MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 36, FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 36 BEARS SOUTH $00^{\circ}42'42''$ W, A DISTANCE OF 1323.94 FEET; THENCE ALONG THE NORTH LINE OF THE SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 36, N $89^{\circ}19'04''$ W, A DISTANCE OF 476.58 FEET; THENCE LEAVING SAID NORTH LINE, N $00^{\circ}40'56''$ E, A DISTANCE 349.80 FEET; THENCE N $89^{\circ}19'04''$ W, A DISTANCE OF 869.67; THENCE N $00^{\circ}24'17''$ W, A DISTANCE OF 144.81 FEET; THENCE S $89^{\circ}19'16''$ E, A DISTANCE 1349.20 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 36; THENCE ALONG SAID EAST LINE S $00^{\circ}42'20''$ W, A DISTANCE OF 494.65 FEET TO THE TRUE POINT OF BEGINNING.

FURTHER REFERENCE IS MADE TO ADJUSTED PARCEL ON RECORD OF SURVEY RECORDED MAY 1, 2000 IN BOOK 8 OF MAPS, PAGE 2367 AS DOCUMENT NO. 247971.

ASSESSOR'S PARCEL NO. 8-611-03

At the date hereof, exceptions to coverage in addition to the printed exceptions and exclusions in a Policy of Title Insurance are as follows:

1. This Preliminary Report is intended only as a solicitation of an offer to issue a CLTA policy of Title Insurance. It is not intended for any other purpose and the Company expressly disclaims all liability for any use or purposes other than as stated herein. The Company reserves the right to make further requirements or exceptions in the event issuance of a CLTA policy of title insurance is hereafter requested.
2. Taxes for the fiscal year 2005 - 2006 have been paid full, in the amount of \$376.75. APN: 8-611-03.
3. The lien, if any, of supplemental taxes, assessed pursuant to provisions adopted by the Nevada Legislature, and as disclosed by the Nevada Revised Statutes.
4. Any additional liens which may be levied by reason of said premises being within the boundaries of the Carson City Water, Sanitary Sewer, and Storm Water Utility District.

(Note: FOR SPECIFIC AMOUNTS CALL 887-2355 PRESS 3)

5. Rights of way for any existing roads, trails, canals, ditches, flumes, conduits, pipe, pole or transmission lines on, under, over, through or across said premises.
6. Easements, dedications, reservations, provisions, relinquishments, recitals, building set back lines, certificates, and any other matters as provided for or delineated on the Record of Survey Map Nos. 714 and 2367.

Reference is hereby made to said Plat for particulars. If one is not included herewith, one will be furnished upon request.

7. An easement as reserved in Deed affecting a portion of said land for the purposes stated herein, together with incidental rights thereto,
Purpose : non-exclusive easement for ingress and egress
: and public utilities
Recorded : December 17, 1999
: as Document No. 243396,
: Official Records of Carson City, Nevada.

Continued on next page

SCHEDULE "B" CONTINUED:
Order No. 06010587TM

8. An easement affecting a portion of said land for the purposes stated herein, together with incidental rights thereto,
Granted to : SIERRA PACIFIC POWER COMPANY, a Nevada
: corporation
Purpose : public utilities
Recorded : November 17, 2000
: as Document No. 254995,
: Official Records of Carson City, Nevada.
9. An easement affecting a portion of said land for the purposes stated herein, together with incidental rights thereto,
Granted to : SIERRA PACIFIC POWER COMPANY
Purpose : CONSTRUCTING, ALTERING, MAINTAINING,
: INSPECTING, RECONSTRUCTING AND OPERATING
: SAID UTILITY FACILITIES
Recorded : NOVEMBER 17, 2000
: as Document No. 254995,
: Official Records of CARSON CITY, Nevada.
10. Right-of-way Grant affecting a portion of said land for the purposes stated herein, together with incidental rights thereto,
Purpose : RECONSTRUCTION OF THE V & T RAILWAY
Recorded : January 10, 2005
: as Document No. 330468,
: Official Records of Carson City, Nevada.
11. THIS REPORT MAKES NO REPRESENTATIONS AS TO WATER, WATER RIGHTS, MINERALS OR MINERAL RIGHTS AND NO RELIANCE MAY BE MADE UPON THIS REPORT OR A RESULTING TITLE POLICY FOR SUCH RIGHTS OR OWNERSHIP.

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Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, National Land Title Insurance Company, Arkansas Title Insurance Company, Charter Land Title Insurance Company

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act, (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of **Stewart Title Guaranty Company, Stewart Title Insurance Company, Stewart Title Insurance Company of Oregon, National Land Title Insurance Company, Arkansas Title Insurance Company, Charter Land Title Insurance Company.**

We may collect nonpublic personal information about you from the following sources:

- ~ Information we receive from you, such as on applications or other forms.
- ~ Information about your transactions we secure from our files, or from our affiliates or others.
- ~ Information we receive from a consumer reporting agency.
- ~ Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to non affiliated third parties as permitted by law.

We may also disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- ~ Financial Service Providers such as companies engaged in banking, consumer finance, securities and insurance.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

EXHIBIT "A" (Rev. 12-04-92)
CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY-1990
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy. (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditor's rights laws.

EXCEPTIONS FROM COVERAGE-SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

2. AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)
EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or governmental regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 - .land use
 - .land division
 - .improvements on the land
 - .environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

(List of Printed Exceptions and Exclusions Continued on next Page)

EXHIBIT "A" (Continued)

2. The right to take the land by condemning it, unless:
 - .a notice of exercising the right appears in the public records
 - .on the Policy Date
 - .the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
 3. Title Risks:
 - .that are created, allowed, or agreed to by you
 - .that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
 - .that result in no loss to you
 - .that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks.
 4. Failure to pay value for your title.
 5. Lack of a right:
 - .to any land outside the area specifically described and referred to in Item 3 of Schedule A

OR

 - .in streets, alleys, or waterways that touch your land
- This exclusions does not limit the access coverage in Item 5 of Covered Title Risks.

3. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92) WITH ALTA ENDORSEMENT - FORM 1 COVERAGE AND AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92) WITH ALTA ENDORSEMENT - FORM 1 COVERAGE EXCLUSIONS AND COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant has paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

(List of Printed Exceptions and Exclusions Continued on Next Page)

EXHIBIT "A" (Continued)
EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are now shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
- Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (B) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

4. AMERICAN LAND TITLE ASSOCIATION OWNERS POLICY (10-17-92)
AND
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorney's fees or expenses which arise by reason of:

1. (a) any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental policy power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant has paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured that estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest of the insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest of the insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument or transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay cost, attorney's fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
- Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

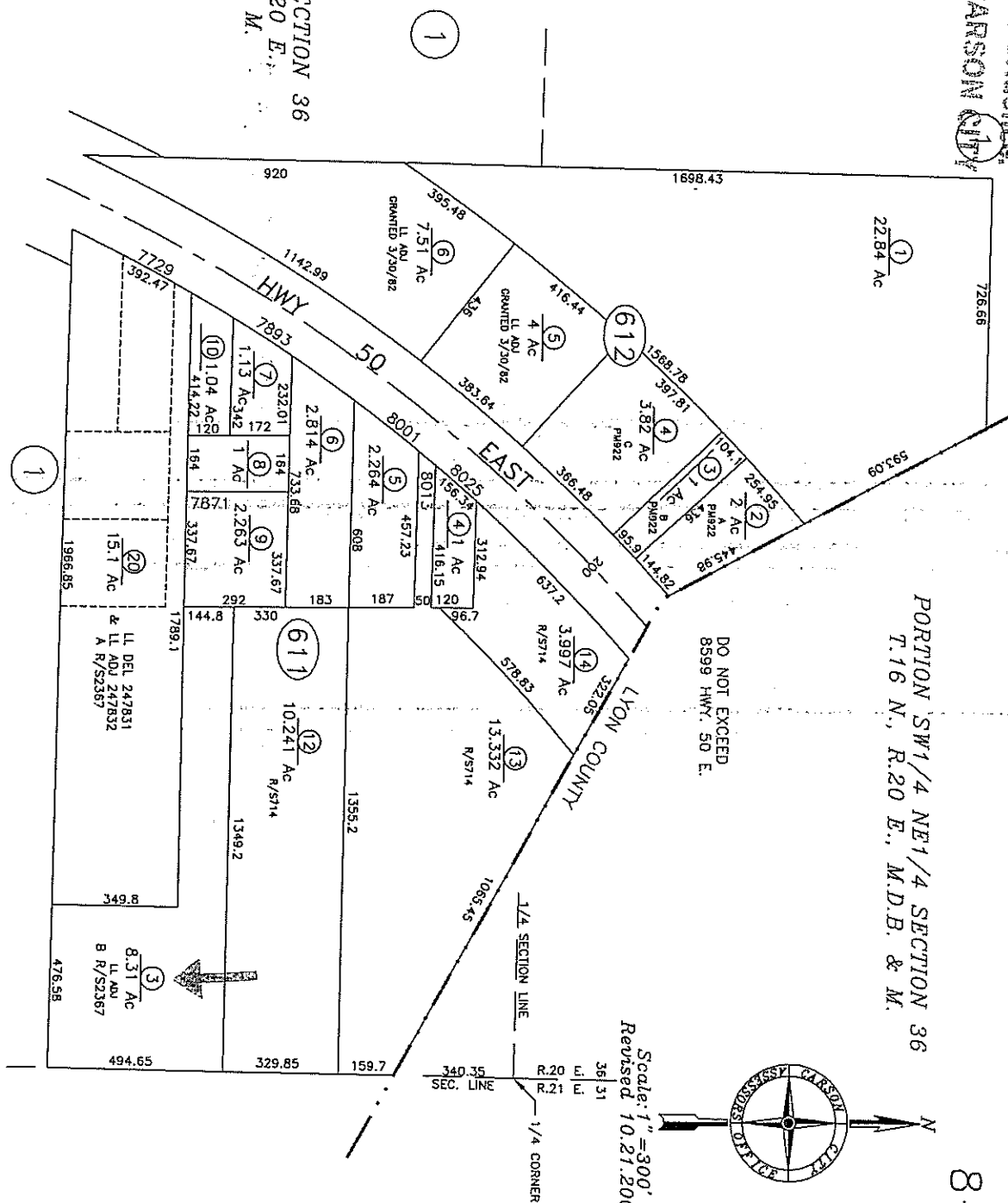
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THIS MAP IS PREPARED FOR THE USE OF THE CARSON CITY ASSESSOR FOR ASSESSMENT AND ILLUSTRATIVE PURPOSES ONLY. IT DOES NOT REPRESENT A SURVEY. NO LIABILITY IS ASSUMED AS TO THE SUFFICIENCY OR ACCURACY OF THE DATA DELINEATED HEREON.

SOME PARCELS DELINEATED HEREON MAY NOT
BE PRESENTED IN TRUE SIZE, SHAPE, OR LOCATION
DUE TO DISCREPANCIES BETWEEN LOT LINES.

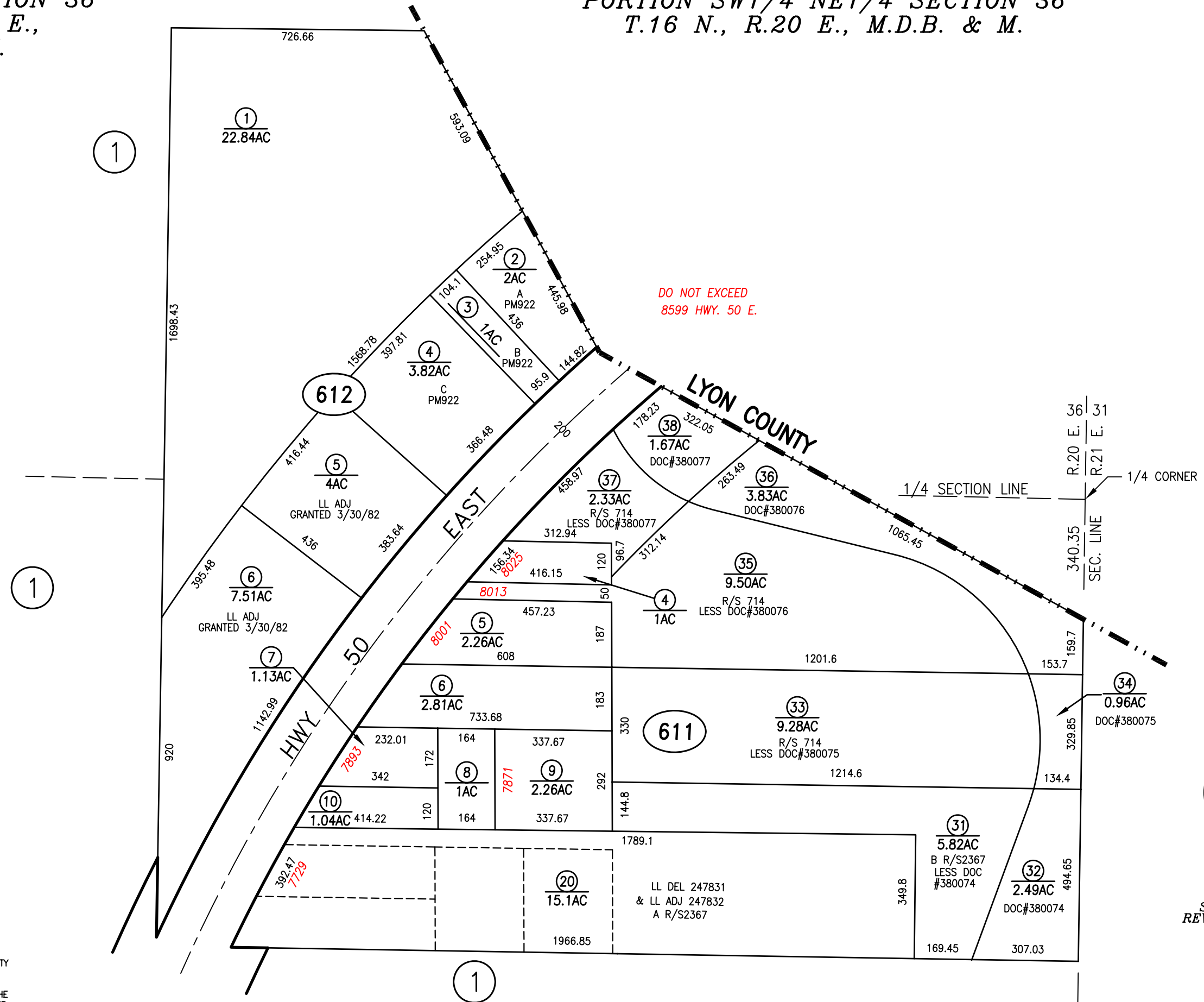
street name correction

N1/2 SE1/4 SECTION 36
T.16 N., R.20 E.,
M.D.B. & M.



PORTION SW1/4 NE1/4 SECTION 36
T.16 N., R.20 E., M.D.B. & M.

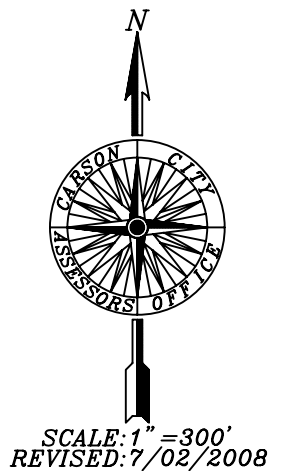
8-61



NOTE
SOME PARCELS DELINEATED HEREON MAY NOT
BE PRESENTED IN TRUE SIZE, SHAPE, OR LOCATION
DUE TO DISCREPANCIES BETWEEN LOT LINES.

CARSON CITY, NEVADA

THIS MAP IS PREPARED FOR THE USE OF THE CARSON CITY
ASSESSOR FOR ASSESSMENT AND ILLUSTRATIVE PURPOSES
ONLY. IT DOES NOT REPRESENT A SURVEY. NO LIABILITY
IS ASSUMED AS TO THE SUFFICIENCY OR ACCURACY OF THE
DATA DELINEATED HEREON. YOU CAN VIEW AND PRINT OUR
MAPS AT NO CHARGE FROM OUR WEBSITE AT
WWW.CARSON-CITY.NV.US

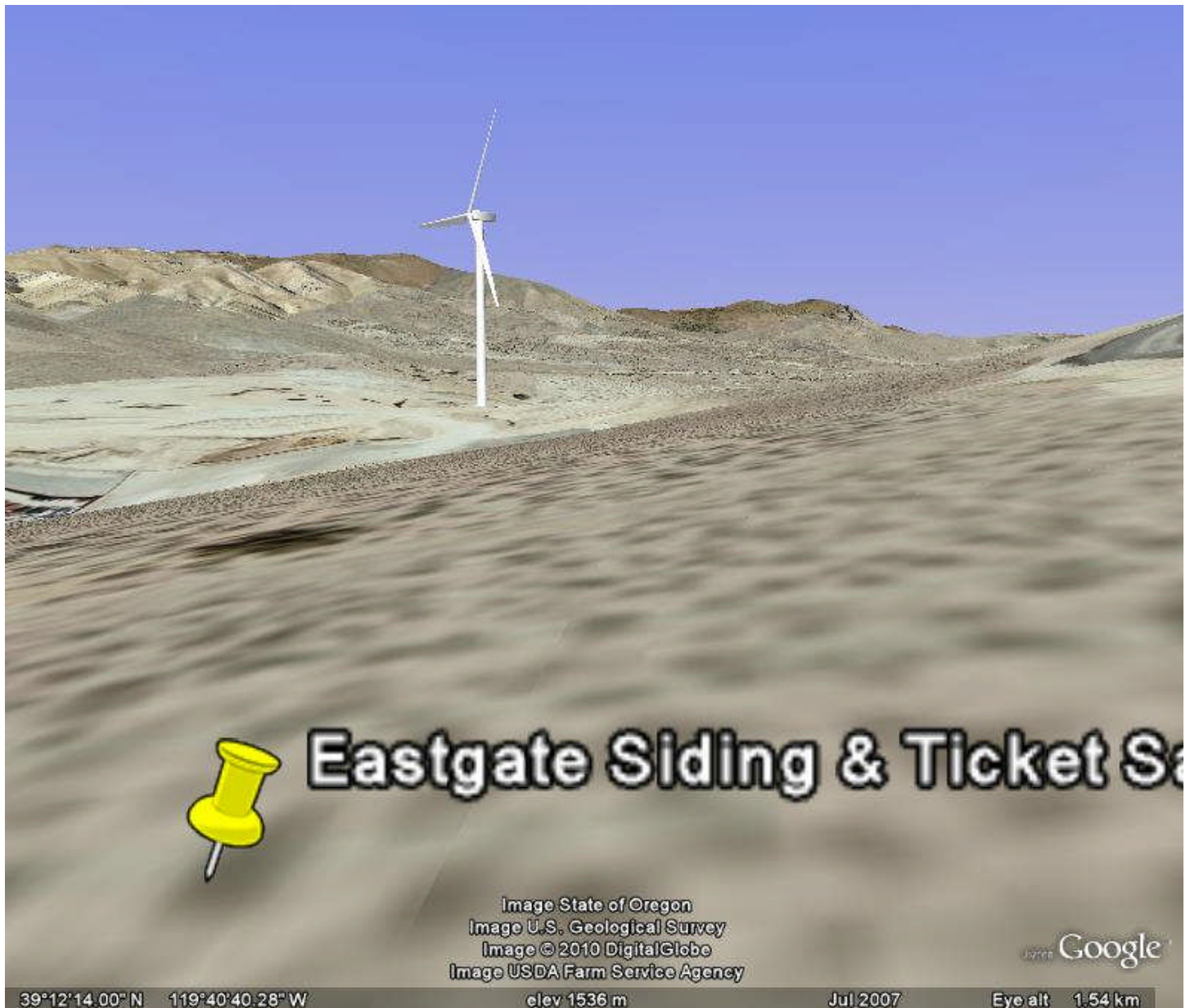




Approximately V&T Bridge Location



Approximate V&T Drako Way Terminal Location



V&T Eastgate Siding & Ticket Sales Location*
Note that this there is now a berm providing visual screening of this pit that now exists in this location but is not reflected in current Google Earth photos and topography.



Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Image U.S. Geological Survey
Image © 2010 DigitalGlobe
Image USDA Farm Service Agency

Google

39°12'02.98" N 119°41'16.00" W

elev 1492 m

Jul 2007

Eye alt 1.50 km

Flint Drive and U.S. Highway 50 Intersection



U.S. Highway 50 and Arrowhead Drive/Deer Run Road Intersection



V&T Approximately Interim Station Location



Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Image U.S. Geological Survey
Image © 2010 DigitalGlobe
Image USDA Farm Service Agency

Google

39°12'16.83" N 119°41'10.80" W

elev 1500 m

Jul 2007

Eye alt 1.50 km

Approximately Pick N Pull Entrance



JIM GIBBONS, Governor

STATE OF NEVADA
DEPARTMENT OF TRANSPORTATION

District II
310 Galletti Way
Sparks, Nevada 89431
December 24, 2008



SUSAN MARTINOVICH, P.E., Director

John Serpa
DGD Development Co.
PO Box 1724
Carson City, NV 89702

RECEIVED
DEC 29 '08

Re: Permit No. 106170-8

Dear Permittee:

The Department has issued your permit with the additional conditions listed on page two, three and four of the attached permit. A Copy of the "Terms and Conditions Relating to Right-of-Way Occupancy Permits" booklet regarding the general provisions and requirements is enclosed. It is the Permittee's responsibility to obtain any additional permits and/or approval from the other governmental agencies as may be required by Federal law, State law, or local ordinances.

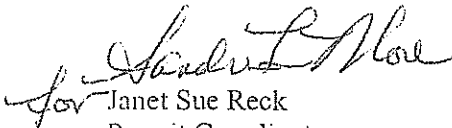
You as the Permittee are required to comply with the terms and conditions listed in the booklet, as well as the additional conditions stated on the permit. A copy of the permit is required to be posted at the job site. Work will be suspended if the permit is not at the job site as required.

Also enclosed, is a second original signature copy of the encroachment permit, which must be recorded with the County Recorder's Office and returned to NDOT, District II, 310 Galletti Way, Sparks, NV 89431, Attn: Permit Office. Please be sure to sign the front of the permit before having it recorded.

Please make a note that as of January 1, 2002 all Category 1 & 2 Traffic Control Devices used on NDOT roadways must be National Cooperative Highway Research Program (NCHRP) Report 350 compliant. Non-compliance will result in the immediate closure of the project site.

If you have any questions or need additional information, contact the permit office at 834-8330.

Sincerely,


for Janet Sue Reck
Permit Coordinator

JSR/slm

Attachment

cc: Bill Bowman
Permit File
Read File

OF WORK WILL BE SUBMITTED

Fee — Permit No. 106170
 Milepost US50 CC16A District 2
 District No.: 106170-8
 Applicant: JOHN SERPA
 Type of Work: MODIFY EXIST.
 APPROACH
 FOR DEPARTMENT USE ONLY

APPLICATION AND PERMIT FOR OCCUPANCY OF
 NEVADA DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY
 (Under the provisions of NRS 408.423, 408.210 and NAC 408)

1. Location where excavation, construction, installation and/or occupancy is proposed
Highway 50 @ the Carson City/Lyon County Line

Local name of Highway

Street address or nearest cross street

2. Describe in detail the type and scope of work; capacity or size of facility; stages and time frame for development; scheduled dates for start and completion. Attach 4 sets of detailed plans or drawings.

Realign the existing approach Rt at approximate station "L1" 44+80 (original permit #2-147-81 station 290+30). Install 88' @ 18" CMP in the US50 ditch line (see attached plan). This approach is to be adjusted to provide AASHTO intersection sight distance for left turn exiting traffic from this approach. This work will be done on an NDOT Stewardship project for the reconstruction of the V&T Railroad and the contract will be advertised, awarded and administered by the Commission for the Reconstruction of the V&T Railway. NDOT will provide a resident engineer for oversight. The contract special provisions shall include all conditions contained in this permit and also require the contractor to submit traffic control plans for District II approval prior to commencing work in the US-50 right-of-way. The TCP shall be tied to each specific phase of work within NDOT right-of-way.

3. PERMITTEE hereby acknowledges that he has read and received a copy of the specific Terms and Conditions Relating to Right-of-Way Occupancy Permits issued by the State of Nevada Department of Transportation, and accepts said terms and conditions and any additional terms and conditions stated in this permit.

4. SPECIFIC TERMS AND CONDITIONS APPURTENANT TO THIS PERMIT ARE LISTED ON PAGE 2.

5. THE PERMIT SHALL BE SIGNED AND RETURNED TO THE DISTRICT OFFICE.

John Serpa

Name of PERMITTEE

DD DEVELOPMENT CO
 P.O. Box 1724

Address

CARSON CITY NV 89702
 City, State, Zip

(775) 882-7754 ()
 Phone No. / Fax No.

COPY

Signature of PERMITTEE

Title

Phone No.

Date of Application

Permittee's I.D. No. or Parcel No.

STATE OF NEVADA
2000 MAY 28 AM 10:47
DEPARTMENT OF TRANSPORTATION
RENO DISTRICT II OFFICE

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ADDITIONAL TERMS AND CONDITIONS

1. On US-50, at HES "L1"45+18 (CC 16.42/13.04) rt., realign and upgrade existing approach in accordance with plans dated May, 2008. All work on this permit shall be performed in conjunction with the V & T Railway Reconstruction Project – Phase 2C, Permit No. 104907.
2. In the event the right-of-way encumbered by this permitted encroachment is needed for future highway purposes, PERMITTEE agrees to modify, adjust, remove, or relocate the encroachment authorized herein to accommodate the highway need at no cost to the Department.
3. In the event of forecasted inclement weather conditions, PERMITTEE shall insure that permit activities are ceased and the NDOT right of way has been prepared and is safe for weather related maintenance activities and motorists.
4. It shall be understood by PERMITTEE that this approach may sometime in the future be reduced to a right-in/right-out only configuration. PERMITTEE agrees to accept this condition and also agrees to not hold the Department of Transportation responsible for any costs or damages that may result from this change. PERMITTEE shall have this encroachment permit recorded through the County Recorders Office. A conformed copy shall be returned to NDOT.
5. PERMITTEE agrees to indemnify, defend and save harmless the State of Nevada and its officers, agents, and employees against any and all liability, loss, damage, cost, and expense which it or they may incur, suffer, or be required to pay by reason of death, disease, or bodily injury to any person or persons, or injury to, destruction of, or loss of use of any property, including property belonging to the State of Nevada, arising out of or incident to activities contemplated by this permit, and proximately caused, in whole or in part, by any act or omission of the PERMITTEE, or its contractors, agents, or the employees of any one or all of them, or by the officers, agents, or employees of the State of Nevada, unless it is established by the PERMITTEE that the proximate cause was the willful misconduct or gross negligence of the officers, agents, or employees of the State of Nevada. Costs and expenses will include but are not limited to, the amount of the judgment, court costs, litigation expenses, expert witness fees, and reasonable attorney fees.
6. PERMITTEE shall contact the permit office at (775) 834-8330 two (2) working days prior to construction and two (2) working days prior to any lane closures on the State's Right-of-Way.

TRAFFIC CONTROL AND SAFETY

7. All traffic control shall conform to the "Manual on Uniform Traffic Control Device," chapter 6, and 2007 Nevada Standard Plans. **Traffic shall not be impacted more than 20 minutes. Failure to adhere to this condition will result in immediate suspension of work in the right of way.**
8. All Category 1 & 2 Traffic Control Devices used on NDOT roadways shall be National Cooperative Highway Research Program (NCHRP) Report 350 compliant. PERMITTEE and/or contractor shall have manufacturer's certificates of compliance available at the project site.
9. All traffic control devices are subject to being rated by the Permit Inspector for conformance to the current American Traffic Safety Services Association (ATSSA) publication "Quality Standards for Work Zone Traffic Control Devices" which is available from the American Safety Services Association, 5440 Jefferson Davis Highway, Fredericksburg, VA 22407, Phone: (703) 898-5400. Any device determined by the Inspector to not meet these quality standards shall be replaced with an acceptable device.
10. All vertical drop-offs 3" or greater that are within clear zone shall be protected by an NDOT approved method.
11. The hours of work will be from 7:00 a.m. to 3:30 p.m., daily, Monday through Friday provided all thru lanes of traffic are unrestricted by work in progress.

(Continued on page 3)

Initial
Date

[Signature]
[Signature]

PERMITTEE: John Serpa
DISTRICT NO. 106170-8

PERMIT NO. 106170

(Continued from page 2)

12. Eastbound lane closures will **NOT** be allowed between the hours of 3:00 pm and 7:00 pm, daily, Monday through Friday.
13. No work shall be allowed in the NDOT Right of Way from 6:00 am the working day before a holiday thru 7:00 pm the working day after a holiday unless prior written approval has been given by NDOT.
14. No lane closures will be allowed the working day before, during, and the working day after scheduled special events.
15. Any deviation from the NDOT approved Traffic Control Plans shall require prior written acceptance by NDOT District II. ***PERMITTEE shall submit all requests and plans to the District II Permits Office.***

CONSTRUCTION PRACTICES

16. All work within NDOT right-of-way shall be in compliance with the Americans with Disabilities Act (ADA).
17. All work within NDOT right-of-way shall conform to the *State of Nevada Department of Transportation Standard Specifications for Road and Bridge Construction*, 2001 Edition and the *State of Nevada Department of Transportation Standard Plans for Road and Bridge Construction*, 2007 Edition.
18. A complete permit package including NDOT accepted traffic control plans shall be available at the job site at all times during construction. All contractors and subcontractors connected with work on this project shall have a complete copy of this permit with NDOT approved plans at the site at all times or the work will be closed down until a copy is made available.
19. All permanent paving shall meet the specifications set forth in section 402.03.05 and 403.03.04 - Surface Tolerances, of the State of Nevada Department of Transportation Standard Specifications for Road and Bridge Construction, current edition.
20. PERMITTEE shall implement Best Management Practices to minimize Erosion and discharge of sediments and pollutants into and from NDOT right-of-way during construction. The Department's Construction Site Best Management Practices Handbook or local criteria shall be consulted for guidance.

SITE MAINTENANCE DURING CONSTRUCTION

21. PERMITTEE shall be responsible for maintaining the integrity of the roadway surface. Dust, dirt, mud, gravel, etc. carried onto the roadway surface shall be cleaned off on a regular basis (at least once a day or as requested by NDOT personnel). Failure to comply may result in the Nevada Department of Transportation having the roadway cleaned and the cost for the clean-up billed to PERMITTEE.
22. PERMITTEE shall return all highway appurtenances disturbed or destroyed to a condition equal to or better than the original and in accordance with NDOT Standard Plans and Specifications.
23. PERMITTEE shall not store equipment, materials or spoils in NDOT right-of-way outside of normal working hours.

This Right-of-Way Occupancy Permit is granted to the PERMITTEE in accordance with the provisions of Chapter 408 N.R.S. and subject to the TERMS AND CONDITIONS stipulated to perform the work described.

Dated this 10 day of November, 20 08

STATE OF NEVADA, DEPARTMENT OF TRANSPORTATION

By 
Director or District Engineer

985 Damonte Ranch Parkway, Suite 100
Reno, NV 89521 U.S.A.
(775) 850-5100 Fax: (775) 850-5115

April 9, 2008

Ken Dorr P.E.
VTRR Project Manager
Manhard Consulting, LTD
3476 Executive Pointe Way #12
Carson City, Nevada 89706

RE: US-50/V&T Crossing Sight Distance

Dear Ken,

I have evaluated the intersection sight distance in accordance with AASHTO criteria for the existing Serpa driveway approach serving the Maddox aggregate extraction operation (Hilltop Pit) as it is impacted by the median pier of the proposed railroad bridge crossing US-50. This is the first approach west of the bridge crossing and is on the south side of US 50. The intersection sight distance for the closest approach east of the crossing is not impacted by the proposed pier due to the horizontal curve of the highway. Also evaluated was the proposed approach layout you provided us that shifts the Serpa driveway approximately 25 feet to the west. This evaluation follows:

Existing Approach

The formula for Intersection Sight Distance ISD is based on the speed of the approaching vehicle. The posted regulatory speed in this area of highway 50 is 45mph. The available sight distance triangle for a vehicle exiting and turning left (northbound to westbound), AASHTO Case B1, in front of westbound vehicles coming from Moundhouse provides a distance of 837-feet. The eye is offset 14.4-feet (27.4-feet from the line of stationing) from the edge of the travel lane as per AASHTO and the object vehicle is in the middle of the inside travel lane. A vehicle in the outside travel lane provides longer sight lines, therefore the inside travel lane controls.

Since the highway is on a vertical curve near this location I also checked the sight distance vertically. The sight distance in this instance was more than 1000-feet so, the sight distance limited by the pier, is the controlling condition.

The spreadsheet below shows that for a 45mph speed the sight distance required for a Single Unit Truck exiting and turning left is 721-feet, which is less than the 837-feet, provided. A Combination Truck would require 853-feet, which is greater than the available distance by approximately 16-feet. I don't know the likelihood or the number of Combination Trucks exiting this approach, but I would expect that a Single Unit Truck

would be the predominant truck type using this approach once aggregate operations cease.

This intersection was also analyzed for a possible third east bound lane in case the highway is widened in the future. The eye offset is an additional 12-feet or 26.4-feet from the existing edge of travel lane. The sight distance for this situation is about 828-feet, which will provide for Single Unit Trucks but is about 25-feet short of the 853-feet needed for the Combination Trucks.

Proposed Approach

Also reviewed was drawing showing the proposed Serpa Driveway Approach Serving the Hilltop Pit you provided us, a copy of which is attached. Under this concept, the existing driveway approach would be shifted approximately 25-feet to the west to provide additional intersection sight distance with respect to the proposed railroad bridge pier for the 45-MPH highway posted speed. This layout utilizes a NDOT Type 5 Approach with the driveway "throat" widened to 30-feet. The transition back to the present driveway centerline is accomplished using reversing 150-foot radius curves.

As we discussed, the proposed approach concept is identical to the layout approved and permitted by NDOT for the Pick-N-Pull access located approximately 780-feet to the west of the Serpa approach. Also noted was the fact that the Pick-N-Pull centerline utilized a 100-foot radius curve to transition to the driveway.

Our review of the proposed approach indicates that the sight distance based on the eye located 14.4-feet from the edge of travel lane (27.4-feet from the line of stationing) is 863-feet. As shown on the attached spreadsheet, 853-feet of sight distance is needed for a Combination Truck to make a left turn in front of oncoming traffic. We also analyzed the sight line assuming that the road is widened by one lane in the future. This would put the location of the eye 26.4-feet from the existing edge of travel lane (39.4-feet from the line of stationing). This situation provides a line of sight of 854-feet, which also exceeds the 853-feet needed for a Combination Truck.

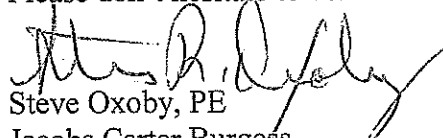
Conclusion

Although the existing Serpa approach meets AASHTO Intersection Sight Distance requirements for most vehicles, it does not meet the requirements for Combination Trucks turning left onto US Highway 50. The proposed approach, however, meets the requirements for Passenger Cars, Single Unit Trucks and Combination Trucks. It should also be noted that the proposed approach layout can be constructed within the existing U.S. 50 Right-of-Way and the existing Serpa roadway easement thereby eliminating the need to acquire additional properties to construct the facility.

When the highway is widened in the future, the proposed intersection will just barely provide adequate sight distance, however, from an access management standpoint, the three existing approaches on the south side of the highway might be combined into one

and served by a local frontage road that would provide an extra margin of safety and would reduce the number of connections to US 50.

Please don't hesitate to contact me if you have any questions.


Steve Oxoby, PE
Jacobs Carter Burgess

EXISTING Intersection Sight Distance for Case B1 (Left turn from stop)

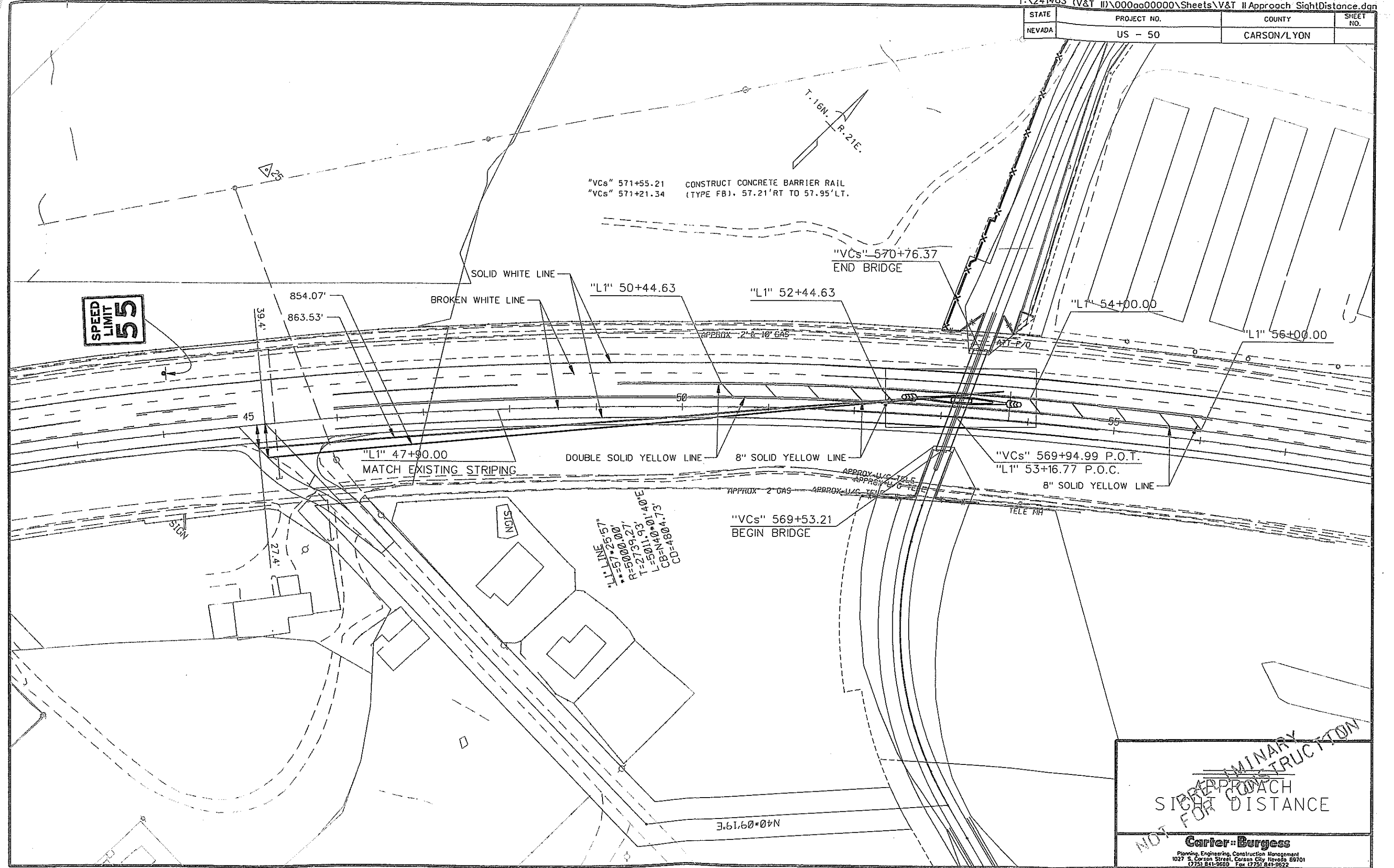
$$\text{Intersection Sight Distance} = 1.47 \times V_{\text{major}} \times t_g$$

V_{major} = the speed on the major road

t_g = time gap 7.5 sec for passenger cars add .5 seconds for each additional lane crossed
9.5 sec for trucks add 0.7 sec for each additional lane crossed
11.5 sec for Combination Trucks add 0.7 sec for each additional lane crossed

Vehicle type =	Combo		Combo		Car		Car		Truck		Truck
Speed of Major Rd (mph) =	45		55		45		55		45		55
t_g (sec) =	11.5		11.5		7.5		7.5		9.5		9.5
Total Lanes crossed =	3		3		3		3		3		3
Added lane time factor (sec) =	0.7		0.7		0.5		0.5		0.7		0.7
ISD =	853.335		1042.97		562.275		687.225		721.035		881.265
Maximum sight Distance Avail w/pier =	837.00		837.00		837.00		837.00		837.00		837.00
Maximum Speed V_{max} =	44.1386		44.1386		66.9868		66.9868		52.2374		52.2374

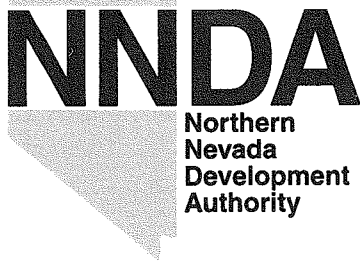
STATE	PROJECT NO.	COUNTY	SHEET NO.
NEVADA	US - 50	CARSON/LYON	



NOT FOR CONSTRUCTION

APPROACH
SIGHT DISTANCE

Carter-Burgess
Planning, Engineering, Construction Management
1027 S. Carson Street, Carson City, Nevada 89701
(775) 841-9600 Fax (775) 841-9522



704 West Nye Lane, Suite 201
Carson City NV 89703
(775) 883-4413 / Fax (775) 883-0494
nnda@nnda.org / www.nnda.org

December 15, 2010

Lee Plemel
Carson City Community Development
201 N Carson St #2
Carson City NV 89701

Dear Mr. Plemel:

This letter is to introduce you to a new potential employer in Carson City, Far West Inc. The company is poised to build a 400 ton-per-hour asphalt plant and aggregate crushing facility in eastern Carson City at the existing pit property adjacent to Pick N Pull. The company will be applying for a Special Use Permit and NNDAA supports this request based on the following.

The asphalt plant will be powered exclusively with clean, renewable energy, through the use of a 2.5 Megawatt Wind Turbine with a natural gas generation set. The use of renewable energy to power the asphalt facility will reduce emissions from that portion of the operation significantly, due to the use of natural gas and wind energy instead of diesel fuel. Additionally, the wind turbine is expected to generate excess power beyond that required to operate the plant and Far West will be able to sell power back into the grid, as well as partner with Carson City or other entities to reduce their overall power costs.

Far West anticipates this new asphalt and aggregate crushing facility will create 10-20 jobs, and while the number of indirect jobs is unknown, it is expected to create other job opportunities through the truck hauling associated with the plant as well as jobs related to construction of the facilities, including the wind turbine.

Not overlooking the sensitivity of such a facility on the aesthetics of the region, it has been determined that views from central Carson City as well as from the V&T Railway alignment are not expected to be significantly impacted by the 225' wind turbine nor the 75' asphalt mix silos. The plant and wind turbine sit in an area shielded from view by natural topography and elevation change in relation to central Carson City, making both difficult, if not impossible to see from as close as the intersection at College Parkway and U.S. Highway 50 East. The area is also significantly depressed in relation to the adjacent V&T Railway, and is further shielded by a visual berm constructed by the V&T Railway Commission to shield this overall area from view.

NNDAA is working to bring Far West to Carson City and helping to ensure the project meets the area's expectations and feels the company has put forth the appropriate efforts to deal with any concerns the city or its residents might have. Because this project will create much needed jobs for the region and has potential to save the City on energy costs, we support the issuance of a special use permit for Far West.

This project will be an important step in bringing companies to the Sierra Region who will create jobs not only for their own business but will have a positive impact on support industries as well. Therefore, NNDAA asks for your favorable support when Far West comes before the Community Development office for permitting and licensing.

Please give me a call if you have any questions or wish to discuss this project further.

Best regards,


Robert C. Hooper
Executive Director

cc: Robert Matthews, Far West Inc.
Teresa Shouppe, NNDAA President

The Sierra Region of Nevada -
the right climate for your business



SOUTHWEST GAS CORPORATION

December 22, 2010

Robert Matthews
Far West Aggregates
8013 US Highway 50
Carson City, NV 89701

Dear Robert:

This "Will Serve" letter confirms that natural gas service can be made available from Southwest Gas Corporation ("Southwest") to the above referenced address, specifically to your asphalt plant under development at the original Hilltop Aggregate Pit property. Southwest's natural gas service is provided, and gas facilities installed or modified, in accordance with the rules and regulations set forth by the Public Utilities Commission of Nevada in our Nevada Gas Tariff.

As we have discussed your property is in very close proximity to Southwest's existing natural gas distribution system, and the Paiute Pipeline Company's high pressure interstate transmission pipeline along Highway 50. Due to the requirements of your proposed gas-fired equipment, however, Southwest will need to install an additional supply tap off the Paiute Pipeline system and replace the existing underground main branch up to your property to assure sufficient pressure and flow capacity to meet your needs. Engineering designs and cost estimates have been initiated for these facility upgrades, with contracts to be provided shortly. When your project is approved for construction we will require a set of your final site plans and verification of your gas-fired equipment selections.

In response to your inquiry on the environmental benefits of selecting natural gas, there is typically a very significant reduction in emissions when using gas-fired equipment instead of the commonly selected fuel oil-fired asphalt plant equipment. The proposed use of on-site electric generation equipment may provide additional efficiency improvement and regional emission reduction benefits as well, particularly if the waste heat from the system can be utilized, and in consideration of the elimination of the electric transmission and distribution system losses associated with grid electricity supplies. The table below summarizes the comparative emission factors for fuel oil and natural gas including carbon dioxide, nitrogen oxides, sulfur oxides, particulate matter and volatile organic compounds. A projected annual emissions comparison is also included, which is based on your plant's estimated annual consumption of 135,000 MMBTU per year.

EMISSION FACTORS AND PROJECTED FAR WEST AGGREGATES ANNUAL EMISSIONS

	<u>No. 6 Fuel Oil</u>		<u>Natural Gas</u>		Projected Annual
	Factor [1] (lbs/MMBTU)	Annual (lbs/year)	Factor [1] (lbs/MMBTU)	Annual (lbs/year)	Reduction Using Natural Gas (lbs/year)
CO ₂	167	22,545,000	120	16,200,000	6,345,000
NO _x	0.17	22,950	0.14	18,900	4,050
SO _x	0.0038	513	0.0006	81	432
PM ₁₀	0.08	10,800	0.0076	1,026	9,774
VOC	0.08	10,800	0.0055	743	10,057

[1] Source: Gas Technology Institute



Robert Matthews
December 22, 2010
-2-

Thank you for the opportunity to serve your energy needs and please call me at (775) 887-2722 if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Stuebe".

Mark Stuebe
Industrial Gas Engineer/Key Account Management
Southwest Gas Corporation