

09-08-1998

FORM PTO-1334
(Rev. 3-93)
OMB No. 0651-0011 (exp. 4-94)



3 SHEET
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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

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100824054

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Sonoma-Cutrer Vineyards, Inc., a California corporation *MAD 8-31-98*

- Individual(s)
 - General Partnership
 - Corporation-State
 - Other _____
- Association
 - Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Deed of Trust attached
- Merger
- Change of Name

Execution Date: August 6, 1998

2. Name and address of receiving party(ies)

The Equitable Life Assurance
Name: Society of the United States

Internal Address: _____

Street Address: 1290 Avenue of the Americas

City: New York State: NY ZIP: 10104

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

See attached Exhibit "A."

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Lend Lease Agri-Business, Inc.

Internal Address: _____

Street Address: 3203 West March Lane Ste 110

City: Stockton State: CA ZIP: 95219

6. Total number of applications and registrations involved: _____

5

7. Total fee (37 CFR 3.41).....\$ 140.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Steven A. Parker
Name of Person Signing

Steven A. Parker
Signature

August 26, 1998
Date

Total number of pages including cover sheet, attachments, and document: _____

Mail documents to be recorded with required cover sheet information to:

00000166
TTT
40.00
100.00

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SCHEDULE "B"
PERSONAL PROPERTY LIST
Loan No. F-194953.03
Sonoma-Cutrer Vineyards, Inc.

Any and all tradenames and tradestyles, whether common law or registered, and whether registered with the State of California or any state or the federal government or any other government; and any and all label, designs or other copyrighted materials whether common law or registered, and whether registered with the State of California or any state or the federal government or any other government or any other government; and all other intellectual property used by debtor in connection with labeling, marketing, merchandising and sale of wine, grapes and grapejuice or related products, including but not limited to the following:

<u>Trademark</u>	<u>Serial Number</u>	<u>Date of Filing</u>	<u>Registration Number</u>	<u>Date Registered</u>
Russian River Ranches	73-766,274	11-29-1988	1,587,070	March 13, 1990
Sonoma-Cutrer	73-766,273	11-29-1988	1,551,205	August 8, 1989
Cutrer Vineyard	73-766,270	11-29-1988	1,589,250	March 27, 1990
Le Pierres Vineyard	73-747,932	08-23-1988	1,564,947	November 7, 1989
Focus on Chardonnay	73-725,041	04-28-1988	1,532,375	March 28, 1989

<u>MAKE PUMP</u>	<u>SERIAL NUMBER</u>	<u>COLUMN SIZE</u>	<u>TYPE</u>	<u>MAKE MOTOR</u>	<u>SERIAL NUMBER</u>	<u>RATED H.P.</u>	<u>TYPE</u>
Fiese&Firsten	A-1909	10	Turb.	Unkn.	Unkn.	50	Elec.
Byron-Jackson	236943	8	Turb.	Westinghouse	8-SV-M14011	30	Elec.
Peerless	F19043	10	Turb.	G.E.	HJJ801440	75	Elec.
Berkely	7061376	Unkn.	Cent.	US	PR41800170	30	Elec.
Johnston	Unkn.	6	Cent.	US	6234SO7R	60	Elec.
Western	85230B	6	Cent.	GE	PYJ320215	7.5	Elec.
Gould	C9503	Unkn.	Turb.	Perkins	V-8	190	Diesel
Gould	C9503	Unkn.	Turb.	Perkins	V-8	190	Diesel
Gould	C9503	Unkn.	Turb.	Perkins	V-8	190	Diesel
Gould	C9503	Unkn.	Turb.	Perkins	V-8	190	Diesel
Johnson	48224	Unkn.	Gear Drive				
Johnson	48225	Unkn.	Gear Drive				
Johnson	48226	Unkn.	Gear Drive				
Johnson	48227	Unkn.	Gear Drive				

Additional Equipment:

30AF reservoir for irrigation water with solid set irrigation system
104 acres drip irrigation
50AF reservoir
110 acres solid set
110 acres drip irrigation

CONFORMED COPY

Recorded: 8-6-98

Serial # 98-89846

See also County Records

NOT COMPARED

Recorded at Request of:

North American Title Co.

#62216023

When Recorded Mail to:

Lend Lease Agri-Business, Inc.
3203 West March Lane, Suite 110
Stockton CA 95219
Loan No.: F-194953.03

LONG FORM DEED OF TRUST, ASSIGNMENT OF RENTS,

SECURITY AGREEMENT AND

FINANCING STATEMENT (CALIFORNIA)

THIS DEED OF TRUST, made as of the 30TH day of JULY, 1998, by and among SONOMA-CUTRER VINEYARDS, INC., a California corporation and all other persons executing this Deed of Trust, hereinafter called "Trustor", NORTH AMERICAN TITLE COMPANY, a CALIFORNIA corporation whose mailing address is 2755 MENDOCINO AVENUE, SANTA ROSA, CALIFORNIA 95403, ("Trustee"), and THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES ("Beneficiary"), a NEW YORK corporation whose mailing address is 1290 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK, 10104, (Federal Employer I.D. Number: 13-5570651) hereinafter called "Beneficiary":

WITNESSETH:

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, Trustor irrevocably grants, transfers and assigns to Trustee, **IN TRUST, WITH POWER OF SALE**, all of the real property in SONOMA County, California, described in Schedule A attached hereto and made a part hereof;

TOGETHER WITH (1) -0- shares of the capital stock of n/a, and the water rights represented thereby, (2) all easements, rights-of-way and rights appurtenant to said real property or used in connection therewith or as a means of access thereto, (3) all tenements, hereditaments and appurtenances thereto, including all water and water rights appertaining thereto, (4) Trustor's interest as lessor in all leases affecting said real property, (5) all buildings, structures, improvements, fixtures, attachments, appliances, equipment, machinery and other articles now or hereafter erected on, affixed or attached to, or located in or on said real property which are real property, and all substitutions, replacements, additions and accessions thereof or thereto, (6) all rents, issues, profits, royalties, bonuses, income and other benefits derived from or produced by said real property (subject, however, to the assignment of rents and profits to Beneficiary herein), and (7) all right, title, estate, interest, and other claim or demand, including, without limitation, all claims or demands to the proceeds of all insurance now or hereafter in effect with respect to said real property, which Trustor now has or may hereafter acquire in said

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1 REEL: 1778 FRAME: 0089

real property, and all awards made for the taking by condemnation or the power of eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of said real property. Trustor hereby agrees, acknowledges and confirms that any and all vines located on said real property are part of the "real estate" comprising said real property and will remain a part of the real estate throughout the term of the loans made by Beneficiary to Trustor that are secured by this Deed of Trust.

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, Trustor, as debtor, irrevocably grants and assigns to Beneficiary, as secured party, a security interest in all personal property now or hereafter owned by Trustor or in which Trustor now or hereafter has any rights and which is now or hereafter located on or at, or affixed or attached to, or produced from, or used in connection with said real property, and all substitutions, replacements, additions, accessions, products and proceeds of or to said collateral including but not limited to all personal property described in Schedule "B" attached hereto and made a part hereof and all irrigation and frost protection equipment, all wine making equipment, including but not limited to, crushing and pressing equipment now owned or hereafter replaced, wine tanks now owned or hereafter replaced, whether affixed to the security or not, all winery computers, laboratory equipment, office equipment and furniture now owned or hereafter replaced, all intellectual property, specifically including but not limited to all labels, trademarks, copyrights and tradestyles, actually used in marketing of wine and grape products, fixtures, crops growing or to be grown, farm products and inventory, but such lien shall not extend to wine or wine inventory, timber standing or to be cut, and minerals or the like (including oil and gas), including without limitation, all watering and irrigation apparatus, machinery, pumps, motors, generators, pipes and sprinklers, and all proceeds from the sale or other disposal of the collateral. This is a security agreement pursuant to the Uniform Commercial Code and Beneficiary shall have all rights and remedies of a secured party with respect to said collateral under the Uniform Commercial Code, PROVIDED HOWEVER, that nothing in this LONG FORM DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT shall prevent Trustor from obtaining secured crop financing which may include the perfection of a lien by the crop lender on the crops growing or to be grown for a period not to exceed the beginning of the next crop year. If Trustor exercises its right to place a single crop lien on the crops grown or to be grown on the subject property hereunder, such crop lien shall automatically be a first superior lien to the lien on such crop created hereby without the need for any consent or subordination from Beneficiary.

Trustor warrants to Beneficiary that, except for the security interest created hereby, Trustor owns good title to said collateral and, as to said collateral hereafter acquired, Trustor will own good title to said collateral, free and clear of all liens, security interests, encumbrances and adverse claims of any kind whatsoever. Trustor agrees that all of said collateral which is erected on, affixed or attached to, or located in or on said real property shall be deemed to be real property and a part of said real property. No fixtures or equipment (including watering and irrigation apparatus) shall be removed from said real property without the prior written consent of Beneficiary, except that Trustor shall have the right, without such consent, to remove and dispose of free from the security interest hereof such fixtures and equipment as may from time to time become worn out or obsolete, provided that Trustor shall, simultaneously with or prior to such removal, replace such removed fixtures or equipment with replacement fixtures or equipment having a value, quality and utility at least equal to the removed fixtures or equipment. Trustor shall, at Trustor's expense, execute and deliver to Beneficiary such financing and continuation statements covering said collateral as Beneficiary may from time to

real property, and all awards made for the taking by condemnation or the power of eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of said real property. Trustor hereby agrees, acknowledges and confirms that any and all vines located on said real property are part of the "real estate" comprising said real property and will remain a part of the real estate throughout the term of the loans made by Beneficiary to Trustor that are secured by this Deed of Trust.

FOR VALUABLE CONSIDERATION, receipt of which is acknowledged, Trustor, as debtor, irrevocably grants and assigns to Beneficiary, as secured party, a security interest in all personal property now or hereafter owned by Trustor or in which Trustor now or hereafter has any rights and which is now or hereafter located on or at, or affixed or attached to, or produced from, or used in connection with said real property, and all substitutions, replacements, additions, accessions, products and proceeds of or to said collateral including but not limited to all personal property described in Schedule "B" attached hereto and made a part hereof and all irrigation and frost protection equipment, all wine making equipment, including but not limited to, crushing and pressing equipment now owned or hereafter replaced, wine tanks ~~and barrels~~ ^{TC} now owned or hereafter replaced, whether affixed to the security or not, all winery computers, laboratory equipment, office equipment and furniture now owned or hereafter replaced, all intellectual property, specifically including but not limited to all labels, trademarks, copyrights and tradestyles, actually used in marketing of wine and grape products, fixtures, crops growing or to be grown, timber standing or to be cut, and minerals or the like (including oil and gas), including without limitation, all watering and irrigation apparatus, machinery, pumps, motors, generators, pipes and sprinklers, and all proceeds from the sale or other disposal of the collateral. This is a security agreement pursuant to the Uniform Commercial Code and Beneficiary shall have all rights and remedies of a secured party with respect to said collateral under the Uniform Commercial Code, PROVIDED HOWEVER, that nothing in this LONG FORM DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT shall prevent Trustor from obtaining secured crop financing which may include the perfection of a lien by the crop lender on the crops growing or to be grown for a period not to exceed the beginning of the next crop year. If Trustor exercises its right to place a single crop lien on the crops grown or to be grown on the subject property hereunder, such crop lien shall automatically be a first superior lien to the lien on such crop created hereby without the need for any consent or subordination from Beneficiary.

Trustor warrants to Beneficiary that, except for the security interest created hereby, Trustor owns good title to said collateral and, as to said collateral hereafter acquired, Trustor will own good title to said collateral, free and clear of all liens, security interests, encumbrances and adverse claims of any kind whatsoever. Trustor agrees that all of said collateral which is erected on, affixed or attached to, or located in or on said real property shall be deemed to be real property and a part of said real property. No fixtures or equipment (including watering and irrigation apparatus) shall be removed from said real property without the prior written consent of Beneficiary, except that Trustor shall have the right, without such consent, to remove and dispose of free from the security interest hereof such fixtures and equipment as may from time to time become worn out or obsolete, provided that Trustor shall, simultaneously with or prior to such removal, replace such removed fixtures or equipment with replacement fixtures or equipment having a value, quality and utility at least equal to the removed fixtures or equipment. Trustor shall, at Trustor's expense, execute and deliver to Beneficiary such financing and continuation statements covering said collateral as Beneficiary may from time to

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time request. All agreements of Trustor herein, and all rights of Beneficiary herein, relating to said real property shall apply to said collateral whether or not expressly referred to herein. This Deed of Trust is a financing statement and covers goods included in said collateral which are or are to become fixtures and is to be recorded in the real estate records. Trustor is the record owner of said real property.

FOR THE PURPOSE OF SECURING: (1) Payment and performance of each agreement of Trustor in this Deed of Trust, (2) payment of the entire indebtedness evidenced by the Promissory Note (the ".03 Note") of even date herewith in the principal sum of NINE MILLION ONE HUNDRED THOUSAND and No/100 Dollars (\$9,100,000.00), executed by Trustor (3) payment of the entire indebtedness evidenced by an Adjustable Interest Rate Promissory Note dated June 19, 1992 made by Trustor for the benefit of Beneficiary in the original principal amount of THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00), he (".02 Note"), each of such promissory notes made for the benefit of Beneficiary or order, and all modifications, amendments, replacements, substitutions, extensions and renewals of any thereof (Items 2 and 3 hereinafter collectively known as the "Promissory Notes"), (4) performance of all of the obligations, covenants and warranties of the Trustor in accordance with any other document executed by Trustor in connection herewith or in connection with the Promissory Notes, and (5) payment of all sums advanced by Beneficiary to protect the security of this Deed of Trust, said real property or said collateral with interest thereon at the rate per annum after default or maturity set forth in said Promissory Notes.

A. To protect the security of this Deed of Trust, Trustor agrees:

1. To pay when due all indebtedness evidenced by said Promissory Notes; to keep said real property in good condition and repair; not to remove or demolish any building, structure or improvement thereon; to complete or restore promptly and in good and workmanlike manner any building, structure or improvement which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to pay when due all debts that are now or may become liens against said real property, and not to suffer any lien of any kind to attach thereto which may take precedence over the lien of this Deed of Trust, and not to create any lien on said real property junior hereto unless the person entitled to the benefits thereof shall have agreed that the time for the payment of the indebtedness hereby secured and the manner of payment or amount thereof and the benefits of the security afforded hereby may, without consent of such person and without any obligation to give notice of any kind to such person, be modified, amended, replaced, substituted, extended, renewed, accelerated, suspended or refunded on any terms whatsoever without in any manner affecting the priority of the lien hereby created, as security for the payment of all indebtedness secured hereby; to comply with all laws affecting said real property or requiring any alterations or improvements to be made thereon; not to commit, suffer or permit any act upon said real property in violation of law that materially adversely affects the real property covered by this deed of trust or of any covenants, conditions or restrictions affecting said real property; not to commit or permit waste thereof, nor to do or suffer to be done any act whereby the value of any part of said real property may be lessened; to operate all lands, whether improved pastures, orchards, grazing, timber or crop lands, in a good and husbandman-like manner in accordance with accepted principles of sound agricultural and forestry practices; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said real property may reasonably be necessary, and to take all

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reasonable precautions to control wind and water erosion; to fertilize improved pastures, if any, where necessary to maintain a good stand of desirable grasses; to protect orchards and timber, if any, by reasonable precautions against loss or damage by fire, including maintenance of appropriate fire breaks; and neither to remove nor permit the removal of any timber, oil, gas, mineral, stone, rock, clay, fertilizer, gravel or top soil without the prior written consent of Beneficiary. Beneficiary shall have the right to inspect said real property at such reasonable times and intervals as Beneficiary may desire to determine Trustor's compliance with the agreements in the Deed of Trust.

2. (a) To provide, maintain and deliver to Beneficiary property insurance covering said real property and said collateral insuring against all risks of physical loss or damage, with loss payable to Beneficiary, in such amount for each risk and in such company and in such form as shall be satisfactory to Beneficiary. Beneficiary shall have the right to receive all proceeds of insurance payable on account of any loss, damages or destruction. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine and such application shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(b) In the event that Trustor desires to repair, restore, or rebuild the destroyed or damaged improvements covered by such insurance, Beneficiary shall make such insurance proceeds, net of all costs and expenses, including attorneys', appraisers' and engineers' fees incurred by Beneficiary in connection with collection of such proceeds, available to Trustor to pay the costs of such repair, restoration or rebuilding, conditioned on the following: (i) no Event of Default or event which with the giving of notice or passage of time (or both) would mature into an Event of Default then exists; (ii) Trustor delivers written notice to Beneficiary within thirty (30) days of the casualty that Trustor desires to repair, restore or rebuild; and (iii) Trustor immediately commences and diligently and continuously pursues to prompt completion the repair of all damage and destruction and restoration of said collateral to a condition equal to or better than the condition of said collateral before the casualty. Beneficiary shall have the right, at Beneficiary's option, to hold all insurance proceeds pending completion of repairs and restoration and disburse the same from time to time as work progresses subject to such disbursement procedures, terms and conditions as Beneficiary may establish. Such procedures, terms and conditions may include, without limitation, the following:

(1) Beneficiary's prior approval of all contractors, architects and engineers retained by Trustor for such work;

(2) Beneficiary's prior approval of plans and specifications prepared by a licensed architect, of hard and soft cost budgets for such work and of all changes to the foregoing;

(3) Delivery to Beneficiary of evidence satisfactory to Beneficiary that all permits, licenses and approvals required for the work have been obtained and are in full force and effect;

(4) Delivery to Beneficiary prior to each disbursement of insurance proceeds of such affidavits and certificates as to such matters as Beneficiary

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may request, including, without limitation, certificates of the approved architect or engineer that (i) all of the work completed has been done in compliance with the approved plans and specifications, if any, (ii) such disbursement is justly required to reimburse such Trustor for payments by Trustor to, or are justly due to, contractors, subcontractors, materialmen, laborers, engineers, architects or other persons rendering services or materials for the work, (iii) the amount of such disbursement, when added to all sums previously disbursed by Beneficiary, does not exceed the value of the work done to the date of such certificate, (iv) the amount of insurance proceeds held by Beneficiary after such disbursement (without taking into account any holdbacks) will be sufficient on completion of the work to pay for the same in full;

(5) Delivery to Beneficiary prior to each disbursement of insurance proceeds of waivers or releases of lien for work completed and title searches confirming that there has not been filed with respect to the real property any mechanics' or other lien or instrument for the retention of title in respect of any part of the work not discharged of record;

(6) Retention of such holdbacks out of each disbursement for work performed as Beneficiary may deem advisable pending completion of the work;

(7) Depositing with Beneficiary such sums in excess of undisbursed net insurance proceeds (exclusive of holdbacks) as Beneficiary may from time to time determine are required to complete the work;

(8) Delivery of performance bonds and labor and material payment bonds issued by sureties acceptable to Beneficiary on such terms and in such amounts as Beneficiary shall determine;

(9) Delivery of evidence satisfactory to Beneficiary that all tenants will continue to be bound under their terms of their leases for the remainder of the terms thereof as if no loss, damage or destruction of the real property had occurred; and

(10) Delivery when the work has been completed of a copy of any certificate or certificates required by law to render occupancy of the improvements legal.

(c) Trustor acknowledges and agrees that the rights granted Beneficiary in this Section in the event of any loss, damage or destruction of the collateral or any part thereof or interest therein constitute reasonable protections of Beneficiary's security therein and that Trustor's agreement to comply with such terms, conditions and procedures as Beneficiary may impose in return for its agreement to apply net insurance proceeds for repair and restoration constitutes consideration to Beneficiary for waiving its right hereunder to apply such proceeds to reduction of the indebtedness secured hereby. Beneficiary shall have the right, but not the obligation, to apply any proceeds held by it to cure any default by Trustor under the Loan Documents. Beneficiary shall have no obligation to release any insurance proceeds, even after agreeing to apply the same to the repair and restoration of the collateral or after work thereon

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has commenced, following the occurrence of any Event of Default under this Deed of Trust, in which event Beneficiary shall have the right to apply the same to any indebtedness secured hereby in such order as Beneficiary may determine. Excess insurance proceeds, if any, remaining after the completion of any repair and restoration being paid for out of net insurance proceeds (and after the payment by Trustor of the portion of the costs and expenses thereof equal to the amount of any deductible under Trustor's insurance policy) shall be applied to any indebtedness secured hereby in such order as Beneficiary may determine.

(d) Nothing herein shall excuse Trustor from operating and maintaining the collateral following such casualty in accordance with this Deed of Trust or from promptly repairing all damage and restoring the collateral to a condition equal to or better than the condition of the collateral before the casualty, regardless of whether or not there are insurance proceeds available for such purposes or whether the amount of such insurance proceeds are sufficient therefor. Neither the application by Beneficiary of any such insurance proceeds to the indebtedness secured hereby or the release of the same to Trustor for the repair and restoration of the collateral or otherwise shall cure or waive any default or Event of Default under this Deed of Trust or invalidate any act done pursuant to any notice of default given pursuant thereto.

(e) Notwithstanding any loss, damage or destruction of the collateral or any part thereof or interest therein or the application of any insurance proceeds realized thereby to the indebtedness secured hereby, Trustor shall continue to pay the Note in accordance with the terms thereof and perform all the other obligations under this Deed of Trust until the entire indebtedness secured hereby has been paid in full. No loss, damage or destruction shall be deemed to reduce any indebtedness secured by this Deed of Trust or stay the accrual of interest thereon except to the extent insurance proceeds are actually received by Beneficiary and Beneficiary has given written notice to Trustor of the application of such proceeds to the reduction of the indebtedness.

(f) If, following the occurrence of any loss, damage or destruction to the collateral or any part thereof or interest therein but prior to the receipt by Beneficiary of any of the proceeds thereof, the collateral shall be sold on foreclosure of this Deed of Trust, Beneficiary shall have the right to receive all insurance proceeds payable on account of such loss, damage or destruction and apply such proceeds to any deficiency found to be due upon such sale, with legal interest thereon, whether or not a deficiency judgment on this Deed of Trust shall have been sought or recovered or denied, and to all costs and expenses, including attorneys' fees, incurred by Beneficiary in connection with the collection of such proceeds.

3. To appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee and to pay all costs and expenses, including cost of evidence of title and reasonable attorneys' fees, in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear.

4. To pay when due all taxes and assessments affecting said real property, including assessments on appurtenant water stock, and all encumbrances, charges and liens, with interest, on said real property or any part thereof which appear to be prior or superior hereto, and all costs, fees and expenses of Trustee and this trust.

5. If Trustor fails to make any payment or to do any act in accordance with this Deed of Trust, then Beneficiary or Trustee, without notice to or demand upon Trustor and without releasing Trustor from any obligation hereunder, shall have the right, but no duty, to make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, including specifically, without limiting their general powers, the right to enter upon and take possession of said real property, to make additions, alterations, repairs and improvements to said real property which either of them may consider necessary or proper to keep said real property in good condition and repair, to appear and participate in any action or proceeding affecting or which may affect said real property, the security hereof, or the rights or powers of Beneficiary or Trustee hereunder, to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of either of them may affect or appears to affect the security hereof or may be prior or superior hereto, and in exercising such powers, to pay necessary expenses, including employment of attorneys or other necessary or desirable consultants. Trustor shall, immediately upon demand therefor by Beneficiary, pay to Beneficiary all amounts expended by Beneficiary and all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing rights and powers, including, without limitation, costs of evidence of title, court costs, appraisals, surveys and reasonable attorneys' fees, together with interest thereon from the date of expenditure at the rate per annum after default or maturity set forth in said Promissory Notes.

6. If said Promissory Notes and this Deed of Trust, or any of them, are placed in the hands of an attorney for collection or foreclosure or other legal proceedings, Trustor shall pay all reasonable attorneys' fees for any services rendered by such attorney to Beneficiary in connection therewith and all expenses incurred, including costs of suit and evidence of title, together with interest thereon from the date of expenditure at the rate per annum after default or maturity set forth in said Promissory Notes. Trustor shall pay the maximum charge allowed by law for any statement regarding the obligations secured hereby required of Beneficiary.

B. It is mutually agreed that:

1. All awards of damages or compensation now or hereafter made in connection with any taking by eminent domain or condemnation for public use of or injury to said real property or any part thereof, are hereby assigned and shall be paid to Beneficiary, who may apply or release such awards or compensation received by Beneficiary in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance. Trustor agrees to execute such further assignments of any such awards or compensation as Beneficiary may require.

2. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to prompt payment when due of all other sums so secured or to declare a default for failure so to pay.

3. Without affecting the liability of any person, including Trustor, for the payment of any indebtedness secured hereby or the lien of this Deed of Trust upon said real property for the full amount of the indebtedness then remaining unpaid, Beneficiary may from time to time and without notice do any one or more of the following: substitute or release any person now or hereafter liable for payment of such indebtedness or any part thereof; extend the

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time or otherwise alter the terms of payment of any such indebtedness; accept additional security therefor of any kind; or substitute or release any property or any portion thereof securing such indebtedness without, as to the remainder of the security, in any way impairing or affecting the liens and priority herein created.

4. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of the Deed of Trust and said Promissory Notes for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said real property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

5. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said Promissory Notes to Trustee for cancellation, and upon payment of Trustee's fees, Trustee shall reconvey, without warranty, the real property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

6. Trustor absolutely and irrevocably assigns and transfers to Beneficiary all rents, issues, profits, royalties, bonuses, income and other benefits derived from or produced by said real property (all of the foregoing are herein the "rents and profits"). Trustor hereby gives to and confers upon Beneficiary the right, power and authority to collect said rents and profits. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary at any time and from time to time, either with or without taking possession of said real property, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Trustor or Beneficiary, for all said rents and profits and apply the same to the indebtedness secured hereby. Trustor shall, nevertheless, have the right to collect and retain said rents and profits as the same become due and payable but only before the occurrence of a default under this Deed of Trust and as long as no such default exists. The assignment of said rents and profits is intended to be a present and absolute assignment from Trustor to Beneficiary and not merely the creation of a security interest. Beneficiary's right to collect said rents and profits is not contingent upon Beneficiary's taking possession of said real property. Upon the occurrence of a default under this Deed of Trust, and as long as any such default shall remain uncured, Beneficiary may, without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the value of said real property, or any part thereof, in its own name sue for or otherwise collect said rents and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The collection of said rents and profits, or the entering upon and taking possession of said real property, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default.

7. The occurrence of any of the following shall be a default under this Deed of Trust: failure to pay any indebtedness secured hereby when due; failure to perform any agreement of Trustor herein when due; Trustor commences a voluntary case under the federal

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Bankruptcy Code as now or hereafter in effect, or any successor thereto; an involuntary case under such Bankruptcy Code is commenced against Trustor and is not controverted or, if controverted, is not dismissed within sixty (60) days after the commencement of such case; a receiver, trustee, custodian or similar official is appointed for, or takes charge of, said real property, said collateral, or all or substantially all of the property of Trustor; Trustor commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency, liquidation or similar law of any jurisdiction now or hereafter in effect relating to Trustor; any such proceeding is commenced against Trustor and is not controverted or, if controverted, is not dismissed within sixty (60) days after commencement; Trustor is adjudicated insolvent or bankrupt; any order of relief or other order approving any such case or proceeding is entered; Trustor makes a general assignment for the benefit of creditors; the occurrence of any breach, default or event of default by Trustor under any instrument or agreement evidencing or securing any indebtedness or obligation owed by Trustor pursuant to that certain Loan and Security Agreement to short term lenders or any other successor lead lender, individually or as an agent for any other lender, or any substitute therefor, replacement thereof or successor thereto (collectively the "Credit Agreements"), such breach, default or event of default is not cured by Trustor within ten (10) days after such occurrence, and such other lender has also declared its indebtedness due and payable or there has occurred a breach of, or a default under any said Promissory Notes or any other provision of this Deed of Trust. Upon the occurrence of a default under this Deed of Trust, and as long as any such default exists, Beneficiary shall have the right to declare all indebtedness secured hereby to be immediately due and payable, and such indebtedness shall thereupon become immediately due and payable, without any presentment, demand, protest or notice of any kind, all of which are expressly waived by Trustor. **Any prepayment penalty that exists, as set forth in the Promissory Notes, shall be applicable upon default under this Deed of Trust.**

8. Upon the occurrence of a default under this Deed of Trust, and as long as any such default exists, Beneficiary shall have the right to commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof; exercise and enforce any or all of the rights and remedies available to a secured party under the Uniform Commercial Code; or deliver to Trustee a written declaration of default and demand for sale pursuant to the power of sale herein. If Beneficiary elects to foreclose this Deed of Trust by such power of sale, Beneficiary shall deposit with Trustee this Deed of Trust, said Promissory Notes and evidence of expenditures secured hereby and a written notice of default and election to sell, which notice Trustee shall cause to be recorded as may then be required by law. Trustee shall, without demand on Trustor, after recordation of such notice of default and election to sell and after lapse of such time as may then be required by law, and after notice of sale has been given as may then be required by law, sell said real property (and said collateral, if requested by Beneficiary, as agent for Beneficiary) at the time and place of sale fixed by Trustee in said notice of sale, either as a whole or in separate parcels or items as determined solely by Beneficiary and in such order as Beneficiary may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said real property (or said collateral) by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time and place fixed by the preceding postponement. Trustor waives, and relinquishes to Beneficiary, all rights to direct the order in which said real property and said collateral shall be sold or to require that said real property or said collateral be sold in separate parcels or items. Trustee shall deliver to such purchaser

Trustee's deed and, if applicable, bill of sale conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed or bill of sale of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale. After deducting all costs, fees and expenses of Trustee and this Trust, including cost of evidence of title in connection with the sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under this Deed of Trust, not then repaid, with accrued interest at the rate per annum after default or maturity set forth in said Promissory Notes; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

9. Upon the occurrence of a default under this Deed of Trust, and as long as any such default exists, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the adequacy of the security or the then value of said real property or the interest of Trustor therein, shall have the right to have a receiver of said real property appointed by any court having jurisdiction, and Trustor hereby irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases. Every right, power and remedy granted to Trustee or Beneficiary shall be cumulative and not exclusive, and each such right, power and remedy may be exercised from time to time and as often and in such order as may be deemed expedient by Trustee or Beneficiary, and the exercise of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy.

10. Beneficiary may from time to time substitute in such manner as may be provided by law a successor or successors to any Trustee named herein or acting hereunder, which successor Trustee shall thereupon succeed, without conveyance from the predecessor, to all of Trustee's powers, duties, authority and title; or, in the absence of any such law providing for the substitution of trustees in deeds of trust, Beneficiary may, with like effect, make such substitution from time to time by instrument in writing executed and acknowledged by Beneficiary and recorded in the county or counties in which said real property is situated. Said instrument shall contain the name of the original Trustor, Trustee and Beneficiary, the book and page where this Deed of Trust is recorded, and the name of the new Trustee.

11. Trustor hereby waives the right to assert any statute of limitations as a bar to the enforcement of this Deed of Trust or to any action brought to enforce said Promissory Notes or any obligation secured by this Deed of Trust. Notwithstanding the existence of any other liens in said real property or security interests in said collateral held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the said real property or said collateral shall be subjected to the remedies provided herein. Beneficiary shall have the right to determine the order in which the indebtedness secured hereby is satisfied from the proceeds realized upon the exercise of the remedies provided herein. Trustor, any party who consents to this Deed of Trust, and any party who now or hereafter acquires a lien or security interest in said real property or said collateral and who has actual or constructive notice of this Deed of Trust hereby expressly waives and relinquishes any and all rights to demand or require the marshaling of liens or the marshaling of assets by Beneficiary in connection with the exercise of any of the remedies provided herein or permitted by applicable law. Trustor expressly waives and relinquishes any and all rights and remedies

Trustor may have or be able to assert by reason of laws relating to the rights and remedies of sureties or guarantors.

12. The invalidity of any provision of this Deed of Trust shall not affect the remaining provisions of this Deed of Trust or any part thereof and this Deed of Trust shall be construed as if such invalid provision, if any, had not been inserted herein.

13. The trust hereby created shall be irrevocable by Trustor.

14. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their respective heirs, personal representatives, successors and assigns. The term Beneficiary means the original Beneficiary hereunder or any future owner and holder, including pledgees, of said Promissory Notes. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine or the neuter and the singular number includes the plural. All obligations of each Trustor hereunder are joint and several.

15. If Trustor, or any successor or assign, sells, conveys, alienates, leases (other than to tenants in the ordinary course of business with no option to purchase), assigns, transfers or encumbers, or contracts to sell, convey, alienate, lease (other than to tenants in the ordinary course of business with no option to purchase), assign, transfer or encumber, all or any part of said real property or any interest in said real property, or if more than forty-nine percent (49%) of the capital or voting stock or partnership or other beneficial interest of Trustor is sold, conveyed, alienated, assigned, transferred, or encumbered, whether any of the foregoing events occurs in any manner, directly or indirectly, whether voluntary, involuntary or by operation of law, without the prior written consent of Beneficiary which shall not be unreasonably withheld, then, and in any such event, all indebtedness secured by this Deed of Trust shall become immediately due and payable at the election of Beneficiary, without notice. Trustor shall give reasonable written notice to Beneficiary of any transfer of said real property or other event described in this paragraph prior to any such transfer or event. Trustor shall furnish in writing to Beneficiary all reasonable information concerning any transfer of said real property or other such event that is requested by Beneficiary, including, without limitation, the name and address of the transferee, financial statements of the transferee, a full description of the business of the transferee, and the complete terms of the transfer. Notwithstanding the foregoing, so long as it does not result in a default of the financial covenants as described in Paragraphs 19-21, this paragraph shall not be deemed to be violated by the following actions: (i) an initial public offering of equity interests in the Trustor and any later transactions on public exchanges in compliance with applicable law; (ii) any transfers among existing shareholders, (iii) any acquisition of shares in the corporation by the corporation, (iv) issuance of new shares to the existing shareholders.

16. a. As used in this Deed of Trust, the following definitions shall apply:

1) "Environmental Laws" shall mean all federal, state and local laws, ordinances, rules and regulations now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, or industrial hygiene or environmental conditions, or protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, and

includes the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. section 6901, et seq., the Clean Water Act, 33 U.S.C. section 1251, et seq., the Hazardous Substance Account Act, California Health and Safety Code section 25100, et seq., the Medical Waste Management Act, California Health and Safety Code section 25015, et seq., and the Porter-Cologne Water Quality Control Act, California Water Code section 13000, et seq.

2) "Hazardous Substances" shall mean any substance or material described as a toxic or hazardous substance, waste or material or a pollutant or contaminant, or words of similar import, in any of the Environmental Laws, and includes asbestos, petroleum (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), petroleum products, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive matter, medical waste, and chemicals which may cause cancer or reproductive toxicity.

3) "Person" shall mean any natural person, any organization or legal entity of any kind, and any government or governmental agency or authority of any kind, including the US. Environmental Protection Agency, the California Environmental Protection Agency, and the California Department of Toxic Substances Control.

4) "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, including continuing migration, of Hazardous Substances into or through soil, surface water or groundwater.

- b. Trustor shall not use, produce, process, manufacture, generate, treat, handle, store, or dispose of any Hazardous Substances in, on or under said real property, or use said real property for any such purposes, or Release any Hazardous Substances into any air, soil, surface water or groundwater comprising said real property, or permit any Person using or occupying said real property or any part thereof to do any of the foregoing. The preceding sentence shall not prohibit the ordinary use of Hazardous Substances normally used in the operation or maintenance of properties similar to said real property, provided the amount of such Hazardous Substances does not exceed the quantity necessary for the normal operation and maintenance of said real property in the ordinary course of business and the use, storage and disposal of such Hazardous Substances strictly comply with all applicable Environmental Laws. Trustor shall comply, and shall cause all persons using or occupying said real property or any part thereof to comply, with all

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Environmental Laws applicable to said real property, or the use or occupancy thereof, or any operations or activities therein or thereon. Trustor shall obtain all permits, licenses and approvals required by all applicable Environmental Laws for the use and occupancy of, and all operations and activities in, said real property, comply fully with all such permits, licenses and approvals, and keep all such permits, licenses and approvals in full force and effect. Immediately after Trustor obtains any information indicating that any Hazardous Substances may be present or any Release or threatened Release of any Hazardous Substances may have occurred in, on or under said real property (or any nearby real property which could migrate to said real property) or that any violation of any Environmental Laws may have occurred at said real property, Trustor shall give written notice thereof to Beneficiary with a reasonably detailed description of the event, occurrence or condition in question. Trustor shall immediately furnish to Beneficiary copies of all written communications received by Trustor from any Person (including notices, claims or citations that any Release or threatened Release of any Hazardous Substances or violation of any Environmental Laws has actually or allegedly occurred) or given by Trustor to any Person concerning any past or present Release or threatened Release of any Hazardous Substances in, on or under said real property (or any nearby real property which could migrate to the said real property) or any past or present violation of any Environmental Laws at said real property. If Beneficiary obtains any information that Beneficiary believes in good faith indicates a reasonable possibility that any Hazardous Substances may be present or any Release or threatened Release of any Hazardous Substances may have occurred in, on or under said real property (or any nearby real property which could migrate to said real property) or any violation of any Environmental Laws may have occurred at said real property, then Trustor shall, at the expense of Trustor, promptly after a request by Beneficiary, have a qualified environmental engineer investigate the presence, Release or threatened Release of such Hazardous Substances and the existence of such violation of Environmental Laws and prepare and submit to Beneficiary a written report containing the findings and conclusions resulting from such investigation. The environmental engineer who will prepare the report, the scope of the investigation to be undertaken (which may include soil and groundwater sampling) and the methodology to be used shall be subject to the prior written approval of Beneficiary. Beneficiary (and its representatives) shall have the right, at all reasonable times and after reasonable prior notice (except no such notice shall be required in an emergency) to inspect said real property and every part thereof and to review all books, records and files of Trustor relating to any past or present Release or threatened Release of any Hazardous Substances in,

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on or under said real property or any past or present violation of any Environmental Laws at said real property, and Trustor shall give Beneficiary access to said real property for such purposes. Trustor shall promptly furnish in writing to Beneficiary all information concerning any past or present Release or threatened Release of any Hazardous Substances in, on or under said real property or any past or present violation of any Environmental Laws at said real property that is requested from time to time by Beneficiary. Trustor acknowledges that all inspections and reviews undertaken by Beneficiary are solely for the benefit and protection of Beneficiary and agrees that Beneficiary shall have no duty to Trustor with respect to Hazardous Substances or Environmental Laws as a result of any such inspections or reviews.

- c. If any Release or threatened Release of any Hazardous Substances in, on or under said real property exists or occurs, Trustor shall immediately give written notice of the condition to Beneficiary, and Trustor shall promptly clean up and remove all Hazardous Substances and restore said real property (the "Remediation Work"). Trustor shall comply with the orders and directives of all Persons having jurisdiction over said real property or the Remediation Work. Trustor shall submit to Beneficiary, for Beneficiary's prior written approval, complete plans and specifications for all Remediation Work to be done by Trustor before any Remediation Work is performed, except in an emergency. Such plans and specifications shall be prepared by a qualified environmental engineer approved in writing by Beneficiary, and in compliance with all applicable Environmental Laws and other applicable laws, ordinances, rules and regulations. Trustor shall obtain all required permits, licenses and approvals for the Remediation Work, prosecute the Remediation Work diligently, and complete the Remediation Work in a timely manner. Trustor shall pay for all Remediation Work, including the cost of plans and specifications, utilities, permits, fees, taxes and insurance premiums in connection therewith. Trustor shall, on demand, pay to Beneficiary all direct costs and reimburse Beneficiary for all expenses incurred by Beneficiary in connection with any review, approval or inspection by Beneficiary relating to the Remediation Work, together with interest thereon from the date of expenditure until paid at the annual interest rate after maturity set forth in said Promissory Notes. Under no circumstances shall Beneficiary be liable to Trustor for any damage, loss, cost or expense incurred by Trustor on account of any plans and specifications for the Remediation Work, the performance of any Remediation Work or any delay in completion of any Remediation Work. Trustor shall furnish to Beneficiary, promptly upon receipt or preparation, copies of all reports, studies, analyses, investigations, contracts, correspondence, claims, complaints, pleadings and other

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information and communications received or prepared by Trustor at any time in connection with any Remediation Work, or any past or present Release or threatened Release of any Hazardous Substances in, on or under said real property (or any nearby real property which could migrate to said real property), or any past or present violation of any Environmental Laws at said real property, or the necessity for or adequacy of any Remediation Work.

- d. Trustor shall indemnify and defend Beneficiary (and its directors, officers, employees, agents and representatives) against and hold Beneficiary (and its directors, officers, employees, agents and representatives) harmless from all claims, demands, liabilities, losses, damages, costs and expenses in any way arising from, relating to or connected with the existence, location, nature, use, generation, manufacture, storage, disposal, handling, or past, present or future Release or threatened Release of any Hazardous Substances in, on or under said real property, or any past, present or future violation of any Environmental Laws at said real property, or any breach of any representation or warranty made by Trustor in this Deed of Trust, or any failure to perform any obligation of Trustor in accordance with this Deed of Trust. The foregoing indemnification shall include all expenses of investigation and monitoring, costs of containment, abatement, removal, disposal, repair, cleanup, restoration and remedial work, penalties, fines, attorneys' fees and disbursements, and other response costs. If Trustor fails to perform any obligation of Trustor in accordance with this Deed of Trust, Beneficiary shall have the right, but no obligation, to perform such obligation on behalf of Trustor. Trustor shall, on demand, pay to Beneficiary all sums expended by Beneficiary in the performance of any such obligations of Trustor, together with interest thereon from the date of expenditure until paid at the annual interest rate after maturity set forth in said Promissory Notes. If any event of default occurs under this Deed of Trust, Beneficiary shall have the right, but no obligation, at the expense of Trustor, to have a comprehensive environmental assessment of said real property, including soil and groundwater sampling and in scope satisfactory to Beneficiary, prepared by an engineer selected by Beneficiary, in order to ascertain whether any Hazardous Substances are present or any Release or threatened Release of Hazardous Substances has occurred in, on or under said real property (or any nearby real property which could migrate to said real property) or any violation of any Environmental Laws exists at said real property. Trustor shall, on demand, pay to Beneficiary all sums expended by Beneficiary in connection with any such comprehensive environmental assessment, together with interest thereon from the date of expenditure until paid at the annual interest rate after maturity set forth in said Promissory Notes.

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- e. The obligations of Trustor under this paragraph 16 are separate from and in addition to the obligations to pay the indebtedness evidenced by said Promissory Notes and to perform the other obligations under this Deed of Trust. The liability of Trustor under this paragraph 16 shall not be limited to or measured by the amount of the indebtedness owed under said Promissory Notes or this Deed of Trust or the value of said real property. Trustor shall be fully and personally liable for all obligations of Trustor under this paragraph 16 and a separate action may be brought and prosecuted against Trustor under this paragraph 16. The liability of Trustor under this paragraph 16 shall not be subject to any limitations set forth in said Promissory Notes or elsewhere in this Deed of Trust on personal liability for the payment of the indebtedness evidenced by said Promissory Notes, or the remedies of Beneficiary for enforcement of the obligations under said Promissory Notes or this Deed of Trust, or the recourse of Beneficiary for satisfaction of such obligations. Trustor agrees that no action for the enforcement of or recovery of damages under this paragraph 16 shall constitute an action within the meaning of California Code of Civil Procedure section 726, which shall not apply to this paragraph 16, and no judgment against Trustor in any action pursuant to this paragraph 16 shall constitute a money judgment or a deficiency judgment within the meaning of California Code of Civil Procedure sections 580a, 580b, 580d or 726. This paragraph 16 and the obligations of Trustor hereunder shall survive, and remain in full force and effect after, any reconveyance of this Deed of Trust or any foreclosure of this Deed of Trust (whether by judicial action, exercise of the power of sale, deed in lieu of foreclosure, or otherwise) with respect to any past, present or future Release or threatened Release of any Hazardous Substances in, on or under said real property, or any past, present or future violation of any Environmental Laws at said real property which occurred, or the onset of which occurred, before such reconveyance or foreclosure, and Beneficiary shall have the right to enforce this paragraph 16 after any such reconveyance or foreclosure. This paragraph 16 shall not affect, impair or waive any rights or remedies of Beneficiary or any obligations of Trustor with respect to Hazardous Substances created or imposed by Environmental Laws (including Beneficiary's rights of reimbursement or contribution under Environmental Laws). The remedies in this paragraph 16 are cumulative and in addition to all remedies provided by law.

17. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Beneficiary or Trustee is a party unless brought by Trustee.

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18. Trustor hereby expressly, irrevocably, fully and forever releases, waives, and relinquishes any and all right to trial by jury and to receive punitive or exemplary damages from Beneficiary (or shareholder, director, officer, employee, agent, representative, partner or participant or subsidiary of Beneficiary) in any claim, demand, action, suit, proceeding, or cause of action in which Trustor and Beneficiary are parties, which in any way (directly or indirectly) arises out of, results from or relates to any of the following, in each case whether now existing or hereafter arising and whether based upon contract or tort or any other legal basis: This Deed of Trust and said Promissory Notes, or any of them; any past, present or future act, omission, conduct or activity with respect to this Deed of Trust and said Promissory Notes, or any of them; any transaction, event or occurrence contemplated by this Deed of Trust and said Promissory Notes, or any of them; the performance of any obligation or the exercise of any right under this Deed of Trust and said Promissory Notes, or any of them; or the enforcement of this Deed of Trust and said Promissory Notes, or any of them. Trustor agrees that this Deed of Trust constitutes written consent that trial by jury shall be waived in any such claim, demand, action, suit, proceeding or other cause of action pursuant to California Code of Civil Procedure section 631 and agrees that Beneficiary shall have the right at any time to file this Deed of Trust with the clerk or judge of any court in which any such claim, demand, action, suit, proceeding or other cause of action may be pending as statutory written consent to waiver of trial by jury in accordance with California Code of Civil Procedure Section 631.

19. After each fiscal quarter of each fiscal year of Trustor, Trustor shall provide beneficiary with quarterly Financial Statements (consisting of a balance sheet, the related statement of income and expenses, changes in shareholder's equity and cash flows for such quarter to be prepared in accordance with Generally Accepted Accounting Principals ("GAAP")) within 45 days after each quarter together with a certified statement by the chief financial officer of Trustor (or such other officer of Trustor reasonably acceptable to Beneficiary) which will state that Trustor is in compliance with all of the terms, covenants and conditions of this loan transaction and the Credit Agreements and certifying that all of the representations and warranties of Trustor contained in this instrument and all loan instruments in connection herewith are true and correct in all material aspects on and as of the date of the certificate. Trustor shall notify Beneficiary within twenty-four (24) hours of an event of default and/or loan acceleration under the Credit Agreements.

20. For each year of the term of this loan, the Trustor shall provide Financial Statements audited by an independent certified public accounting firm acceptable to Beneficiary and of a recognized national reputation within 120 days after the end of the fiscal year of Trustor. Simultaneously with the delivery of the annual Financial Statements, Trustor shall deliver a certificate of the Chief Financial Officer of Trustor (or such other officer of the Trustor reasonably acceptable to Beneficiary) accompanied by supporting financial worksheets in form reasonable acceptable to Beneficiary, certifying that Trustor has complied with the financial covenants contained in this instrument.

21. It shall be an event of default hereunder for the audited Financial Statements referenced in this instrument to show that the following financial requirements are not satisfied (all terms not defined in this instrument are to have the meanings granted under GAAP) and Trustor represents and warrants that the following financial requirements shall be satisfied at all times during the term of this loan:

- a. Current Ratio to be maintained at not less than 1.20 : 1. (Current Ratio means Current Assets/Current Liabilities).
- b. Profitability. Trustor must maintain a positive net income before taxes and extraordinary items as of the end of each quarter accounting period on a fiscal year-to-date basis.
- c. The Trustor shall not declare or pay any dividends on any of its shares, if that action would result in a default of any covenant hereunder.

22. Trustor agrees and acknowledges that this Deed of Trust is given as security for payment of the Promissory Notes and as security for performance under the terms and conditions of that certain Long Form Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement (California) dated June 19, 1992 and recorded July 2, 1992 as instrument No. 199200810922 Official Records, Sonoma County, California executed by Trustor in favor of Beneficiary (the "Other Deed of Trust"). In the event Trustor shall fail to comply with all the terms, provisions and conditions of the Other Deed of Trust so as to constitute a default thereunder, such failure on the part of Trustor shall constitute a default under this Deed of Trust and shall entitle Beneficiary at its option, to exercise any and all rights and remedies given Beneficiary in the event of a default hereunder without apportionment or allocation of any of the property encumbered by this Deed of Trust or the Other Deed of Trust and without regard as to whether or not Beneficiary exercises its rights under the Other Deed of Trust and vice versa. The enforcement of this Deed of Trust and/or the Other Deed of Trust, whether by court action or otherwise, shall not prejudice or in any way limit or preclude the enforcement of this Deed of Trust or the Other Deed of Trust or any other documents executed by Trustor in connection herewith.

23. (i) Trustor is not an employee benefit plan as defined in Section 3 (3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which is subject to Title 1 of ERISA nor a plan as defined in Section 4975(e)(1) of the Internal Revenue Service Code of 1986, as amended (each of the foregoing hereinafter referred to collectively as "Plan"); (ii) Trustor's assets do not constitute "plan assets" of one or more such Plans within the meaning of Department of Labor Regulation Section 2510.3-101; (iii) Trustor will not transfer or convey the property to a Plan or to a person or entity whose assets constitute such "plan assets", and Trustor will not be reconstituted as a Plan or as an entity whose assets constitute "plan assets"; (iv) Trustor will not enter into any space leases affecting the property where the tenant thereunder is a Plan or an entity whose assets constitute such "plan assets"; and (v) with respect to the indebtedness secured by this Deed of Trust, Trustor is acting on its own behalf and not on account of or for the benefit of any Plan..

24. The following schedules are annexed hereto and made a part hereof: Schedule "A", Legal Description and Schedule "B", Personal Property List.

25. Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the following address as provided by law:

Signature of Trustor:

Sonoma-Cutrer Vineyards, Inc., a California corporation, Trustor

By: Theodore R. Elliott
Theodore R. Elliott

Its: Executive Vice President

By: _____

Its: _____

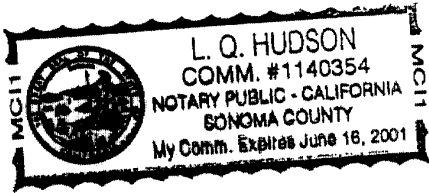
Street Address
4401 Slusser Road
Windsor, CA 95492

TIN#: 94-2207717

STATE OF CALIFORNIA)
) SS.
COUNTY OF Sonoma)

On August 3, 1998, before me, the undersigned, a Notary Public in and for the State of California, personally appeared Theodore R. Elliott, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he or she executed the within instrument in his or her authorized capacity and that, by his or her signature on the within instrument, the person or entity upon behalf of which he or she acted executed the within instrument.

WITNESS my hand and official seal.



Notary Public (Signature)

(SEAL)

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Schedule "A" Legal Description
F-194953.03
Sonoma Cutrer Vineyards, Inc.

The land referred to herein is situated in the State of California, County of SONOMA, UNINCORPORATED AREA, described as follows:

TRACT A:

PARCEL ONE: (AKA WINERY)

PARCEL A:

THE WEST HALF OF THE NORTHWEST ONE-QUARTER OF SECTION 35, TOWNSHIP 8 NORTH, RANGE 9 WEST, M.D.B. & M.

PARCEL B:

AN EASEMENT FOR ROADWAY AND UTILITY PURPOSES ACROSS THE SOUTH 50 FEET OF THE EAST ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SECTION 35, TOWNSHIP 8 NORTH, RANGE 9 WEST, M.D.B. & M.

A.P. NO. 057-070-031

PARCEL TWO: (AKA QUARTERHORSE)

A PORTION OF THE RANCHO EL MOLINO, LYING IN THE TOWNSHIP OF RUSSIAN RIVER AND BEING THE EAST HALF OF SECTION 34, TOWNSHIP 8 NORTH, RANGE 9 WEST, M.D.M. AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE EAST LINE OF THE RANCHO EL MOLINO AT THE SOUTHWEST CORNER OF SECTION 35, TOWNSHIP 8 NORTH, RANGE 9 WEST, M.D.M.; AND RUNNING THENCE WEST 40 CHAINS; THENCE NORTH 80 CHAINS; THENCE EAST 40 CHAINS TO THE EAST LINE OF THE SAID RANCHO EL MOLINO; AND THENCE SOUTH ALONG SAID RANCHO LINE, 80 CHAINS TO THE POINT OF COMMENCEMENT.

EXCEPTING THEREFROM THAT PORTION THEREOF AS DESCRIBED IN DEED TO KLINEMAN ASSOCIATES, INC. RECORDED DECEMBER 28, 1972, IN BOOK 2723 OF OFFICIAL RECORDS, PAGE 15, SERIAL NO. N-11070, SONOMA COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION AS DESCRIBED IN THE DEED FROM MILTON P. SESSIONS AND MARGARET M. SESSIONS, HIS WIFE TO MILTON P. SESSIONS RECORDED JANUARY 24, 1964, IN BOOK 2017 OF OFFICIAL RECORDS, PAGE 587, SERIAL NO. H-74019, SONOMA COUNTY RECORDS.

A.P. NO. 057-070-025

PARCEL THREE: (AKA CUTRER)

PARCEL A:

ALL THAT REAL PROPERTY SITUATE, LYING AND BEING IN THE COUNTY OF SONOMA, STATE OF CALIFORNIA, AND FURTHER DESCRIBED AS BEING PORTIONS OF SECTIONS 34 AND 35, TOWNSHIP 8 NORTH, RANGE 9 WEST, M.D.B. & M., AND PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 34, SAID CORNER BEING THE NORTHWEST CORNER OF THE 9.15 ACRE PARCEL DESCRIBED IN BOOK 713 AT PAGE 237, OFFICIAL RECORDS OF SONOMA COUNTY; THENCE SOUTH $88^{\circ} 13' 57''$ WEST 1193.45 FEET TO A 1/2" DIAMETER IRON PIN SET IN A PICKET FENCE LINE; THENCE SOUTH $0^{\circ} 50'$ WEST 105.51 FEET ALONG SAID PICKET FENCE TO A 1/2" DIAMETER IRON PIN SET; THENCE LEAVING SAID PICKET FENCE NORTH $87^{\circ} 27' 16''$ WEST ALONG A WIRE FENCE 1464.32 FEET TO A 1/2" DIAMETER IRON PIN SET IN A PICKET FENCE MARKING THE WESTERLY LINE OF THE EAST HALF OF SAID SECTION 34; THENCE SOUTH $0^{\circ} 09' 00''$ WEST ALONG SAID WESTERLY LINE 2541.37 FEET TO A 1/2" DIAMETER IRON PIPE FOUND MARKING THE SOUTHWEST CORNER OF THE LANDS OF SESSIONS, DESCRIBED IN BOOK 2017 AT PAGE 584, OFFICIAL RECORDS OF SONOMA COUNTY; THENCE SOUTH $89^{\circ} 26' 11''$ EAST ALONG THE SOUTHERLY LINE OF SAID LANDS OF SESSIONS 2638.97 FEET TO A 1" DIAMETER IRON PIPE WITH BRASS CAP MARKED L.S. 2307; THENCE NORTH $0^{\circ} 32' 38''$ EAST ALONG THE EASTERLY LINE OF SAID LANDS OF SESSIONS 1548.38 FEET, MORE OR LESS, TO THE SOUTHWESTERLY CORNER OF THE LANDS DESCRIBED IN BOOK 713, PAGE 237, OFFICIAL RECORDS OF SONOMA COUNTY; THENCE NORTH $79^{\circ} 48'$ EAST ALONG THE SOUTHERLY LINE OF SAID PARCEL AND ALONG THE CENTER OF A CREEK 376.78 FEET, MORE OR LESS; THENCE NORTH $0^{\circ} 32' 19''$ EAST ALONG THE EASTERLY LINE OF SAID PARCEL 352.86 FEET, MORE OR LESS, TO AN IRON PIPE FOUND; THENCE CONTINUING NORTH $0^{\circ} 32' 19''$ EAST ALONG SAID EASTERLY LINE 676.73 FEET TO AN IRON PIPE FOUND MARKING THE NORTHEASTERLY CORNER OF SAID PARCEL; THENCE WEST ALONG THE NORTHERLY LINE OF SAID PARCEL 370.10 FEET TO THE POINT OF BEGINNING.

PARCEL B:

A NON-EXCLUSIVE EASEMENT FOR ROADWAY PURPOSES 50.00 FEET IN WIDTH, LYING 25.00 FEET EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE NORTHEAST CORNER OF THE 9.15 ACRE PARCEL DESCRIBED IN BOOK 713 AT PAGE 237, OFFICIAL RECORDS OF SONOMA COUNTY; THENCE WEST ALONG THE NORTHERLY LINE THEREOF, 35.90 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH $44^{\circ} 12' 39''$ EAST 178.56 FEET; THENCE ON A CURVE TO THE RIGHT WITH A RADIUS OF 100.00 FEET THROUGH A CENTRAL ANGLE OF $65^{\circ} 54' 40''$ FOR A DISTANCE OF 115.04 FEET.

PARCEL C:

A NON-EXCLUSIVE EASEMENT FOR ROADWAY PURPOSES IN WIDTH THE LESSER OF (A) 50.00 FEET OR (B) THE DISTANCE BETWEEN THE TWO EXISTING FENCES PRESENTLY BOUNDING THE ROADWAY, CONTINUING FROM THE END OF THE ABOVE DESCRIBED EASEMENT AND FOLLOWING THE CENTERLINE OF THE EXISTING ROAD TO THE EXISTING COUNTY ROAD KNOWN AS SLUSSER ROAD.

PARCEL D:

BEING A PORTION OF THE LANDS OF THOMAS A. NUNES, JR. AND CAROLE J. NUNES, AS DESCRIBED IN THAT DEED RECORDED IN BOOK 3014 OF OFFICIAL RECORDS, PAGE 189, SONOMA COUNTY RECORDS, SAID PORTION BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE LANDS OF BEN L. STEELE, ET UX., AS DESCRIBED IN THAT DEED RECORDED IN BOOK 713 OF OFFICIAL RECORDS; PAGE 237, SONOMA COUNTY RECORDS; THENCE ALONG THE NORTHERLY LINE OF THE LANDS OF NUNES ABOVE MENTIONED EAST, 1901.16 FEET, MORE OR LESS, TO A POINT ON THE EASTERLY LINE OF THE SAID LANDS OF NUNES; THENCE ALONG SAID LINE SOUTHEASTERLY 30.00 FEET, MORE OR LESS, TO A POINT ON A LINE WHICH LIES SOUTH 30.00 FEET, MEASURED AT RIGHT ANGLES FROM THE NORTHERLY LINE OF SAID LANDS OF NUNES; THENCE ALONG SAID LINE WEST 1905 FEET, MORE OR LESS, TO A POINT IN THE WESTERLY LINE OF SAID LANDS OF NUNES, SAID LINE ALSO BEING THE EASTERLY LINE OF THE LANDS OF STEELE ABOVE MENTIONED; THENCE ALONG SAID COMMON LINE NORTH, 30.00 FEET TO THE POINT OF BEGINNING.

A.P. NO. 057-070-045, 046 AND 037

TRACT B: (AKA LES PIERRES)

PARCEL ONE:

LOT 1, BLOCK 3, AS NUMBERED AND DESIGNATED UPON THE MAP OF TRACT NO. 290, KINROSS SUBDIVISION, ETC., FILED NOVEMBER 30, 1962, IN BOOK 91 OF MAPS, PAGES 26 AND 27, SONOMA COUNTY RECORDS.

PARCEL TWO:

LOT 2, BLOCK 3, AS NUMBERED AND DESIGNATED UPON THE MAP OF TRACT NO. 290 KINROSS SUBDIVISION, ETC., FILED NOVEMBER 30, 1962, IN BOOK 91 OF MAPS, PAGES 26 AND 27, SONOMA COUNTY RECORDS.

PARCEL THREE:

COMMENCING AT AN IRON PIPE LOCATED ON THE WESTERLY LINE OF THE COUNTY ROAD LEADING FROM EL VERANO TO PETALUMA, WHICH BEARS SOUTH 79° 35' WEST 30 FEET FROM THE NORTHEAST CORNER OF LOT 7 IN BLOCK A IN SUBDIVISION NO. 1, AS SHOWN UPON THE MAP OF A.W. LEHRKE'S SUBDIVISION NO. 1, 2 AND 3 OF T.B. CARMODY RANCH, SONOMA VALLEY, SONOMA COUNTY, CALIFORNIA, A PORTION OF PETALUMA RANCHO, FILED OCTOBER 11, 1911, IN BOOK 21 OF MAPS, PAGE 28, SONOMA COUNTY RECORDS, AND RUNNING THENCE NORTH 10° 19' WEST ALONG THE WEST LINE OF THE SAID COUNTY ROAD 2394.72 FEET TO AN IRON PIPE LOCATED ON THE SOUTH LINE OF LOT 5 IN BLOCK C AS SHOWN UPON THE AMENDED MAP OF THE TOWN OF EL VERANO ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SONOMA IN BOOK 19 OF MAPS, PAGE 25; THENCE ALONG THE SOUTHERLY LINE, NORTH 79° 41' WEST 738.70 FEET TO AN IRON PIPE MONUMENT; THENCE LEAVING SAID SOUTHERLY LINE OF THE TOWN OF EL VERANO, SOUTH 78° 30' WEST, 1628.0 FEET TO A POINT; THENCE NORTH 64° 30' WEST, 142.5 FEET, MORE OR LESS, TO THE NORTHEAST CORNER OF THE LANDS CONVEYED TO THOMAS G. VELLA BY DEED DATED SEPTEMBER 30, 1943, AND RECORDED NOVEMBER 23, 1943, IN BOOK 598 OF OFFICIAL RECORDS, PAGE 15, SONOMA COUNTY RECORDS; THENCE ALONG THE EASTERLY LINE OF SAID LANDS OF THOMAS G. VELLA, DESIGNATED BY A STONE FENCE, AND THE EXTENSION OF SAID EASTERLY LINE THEREOF, SOUTH 9° 54' EAST, 2631.38 FEET TO AN IRON PIPE LOCATED ON THE NORTHERLY LINE OF LOT 7 IN BLOCK C OF THE A.W. LEHRKE'S SUBDIVISION HEREINABOVE REFERRED TO; THENCE ALONG SAID LINE NORTH 79° 44' EAST 29.49 FEET TO AN IRON PIPE; THENCE CONTINUING ALONG THE NORTHERLY LINE OF THE SAID SUBDIVISION, NORTH 79° 59' EAST 727.30 FEET TO AN IRON PIPE, AND NORTH 79° 35' EAST 1566.60 FEET TO THE POINT OF COMMENCEMENT.

EXCEPTING THEREFROM THAT PORTION DESCRIBED IN DEED TO ARNOLD E. WALTERS AND HARRIETTE M. WALTERS, HIS WIFE, DATED JULY 21, 1964 AND RECORDED JULY 22, 1964, IN BOOK 2060 OF OFFICIAL RECORDS, PAGE 922, SONOMA COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION LYING WITHIN KINROSS SUBDIVISION, FILED NOVEMBER 30, 1962, IN BOOK 91 OF MAPS, PAGES 26, 27 AND 28, SONOMA COUNTY RECORDS.

PARCEL FOUR:

BEGINNING AT A POINT IN FOWLER CREEK AT THE SOUTHWEST CORNER OF LOT 1, BLOCK C, AS THE SAME IS SHOWN AND DELINEATED UPON THE AMENDED MAP OF THE TOWN OF EL VERANO, SONOMA COUNTY, CALIFORNIA, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SONOMA COUNTY ON JANUARY 23, 1907, IN BOOK 19 OF MAPS, PAGE 25; THENCE ALONG THE SOUTHERN BOUNDARY LINE OF SAID BLOCK C, SOUTH 80° 55' EAST 2105.10 FEET TO A POINT WHICH BEARS SOUTH 80° 55' EAST 704.30 FEET FROM AN IRON PIN MARKING THE CORNER OF LOTS 2, 3 AND 5 OF SAID BLOCK C; THENCE SOUTH 78° 30' WEST, 1628.0 FEET TO A POINT; THENCE NORTH 64° 30' WEST 142.5 FEET TO A POINT; THENCE SOUTH 77° 51' WEST, 371.2 FEET TO A POINT IN THE EAST LINE OF COUNTY ROAD; THENCE ALONG SAME NORTH 1° 32' WEST 686.0 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN KINROSS SUBDIVISION FILED NOVEMBER 30, 1962, IN BOOK 91 OF MAPS, PAGES 26, 27 AND 28, SONOMA COUNTY RECORDS.

PARCEL FIVE:

BEGINNING AT A FOUND 1/2 INCH IRON BAR ON THE WESTERLY LINE OF THE COUNTY ROAD LEADING FROM EL VERANO TO PETALUMA (ARNOLD DRIVE) WHICH BEARS SOUTH 79° 35' WEST 30.0 FEET FROM THE NORTHEAST CORNER OF LOT 7 IN BLOCK A, SUBDIVISION NO. 1, AS SHOWN UPON THE MAP ENTITLED, "MAP OF A.W. LEHRKE'S SUBDIVISION NO. 1, 2 AND 3 OF T.B. CARMODY RANCH, SONOMA VALLEY, SONOMA COUNTY, CALIFORNIA, A PORTION OF PETALUMA RANCHO", RECORDED OCTOBER 11, 1911, IN BOOK 21 OF MAPS, PAGE 28, SONOMA COUNTY RECORDS; RUNNING THENCE ALONG THE WESTERLY LINE OF SAID COUNTY ROAD, NORTH 10° 19' WEST, 1126.86 FEET; THENCE LEAVING SAID ROAD LINE AND RUNNING SOUTH 79° 41' WEST, 2314.98 FEET TO A POINT IN A STONE FENCE; THENCE ALONG SAID STONE FENCE, SOUTH 9° 54' 40" EAST, 1124.01 FEET TO A FOUND 1/2 INCH IRON BAR, BEING ON THE NORTHERLY LINE OF LOT 7 IN BLOCK C OF THE A.W. LEHRKE'S SUBDIVISION, HEREINABOVE MENTIONED; THENCE ALONG THE NORTHERLY LINE OF SAID SUBDIVISION NORTH 79° 34' 40" EAST 29.44 FEET TO A FOUND 1/2 INCH IRON BAR; THENCE CONTINUING ALONG SAID LAST MENTIONED LINE, NORTH 80° 01' 36" EAST, 726.63 FEET TO A 1/2 INCH IRON BAR; THENCE NORTH 79° 37' 54" EAST, 1566.88 FEET TO THE POINT OF BEGINNING.

PARCEL SIX:

BEING A PORTION OF THE KINROSS SUBDIVISION, FILED NOVEMBER 30, 1962, IN BOOK 91 OF MAPS, PAGES 26, 27 AND 28, SONOMA COUNTY RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

TRADEMARK

REEL: 1778 FRAME: 0114

BEGINNING AT A CONCRETE MONUMENT AT THE INTERSECTION OF THE WESTERLY LINE OF ARNOLD DRIVE WITH THE NORTHERLY LINE OF FOWLER CREEK ROAD, AS SHOWN UPON SAID MAP OF KINROSS SUBDIVISION; THENCE NORTH 75° 22' 50" WEST AND ALONG THE NORTHERLY LINE OF SAID FOWLER CREEK ROAD, 383.58 FEET TO A 1/2 INCH IRON PIPE AT THE MOST EASTERLY CORNER OF LOT 1, BLOCK 1 OF SAID KINROSS SUBDIVISION; THENCE NORTH 23° 22' 50" WEST AND ALONG THE EASTERLY LINE OF SAID LOT 1 OF BLOCK 1 OF KINROSS SUBDIVISION, 132.41 FEET TO A 1/2 INCH IRON PIPE; THENCE SOUTH 79° 42' 14" EAST, 403.59 FEET TO AN IRON PIPE ON THE WESTERLY LINE OF SAID ARNOLD DRIVE; THENCE SOUTH 10° 19' EAST AND ALONG THE WESTERLY LINE OF SAID ARNOLD DRIVE, 148.62 FEET TO THE TRUE POINT OF BEGINNING.

A.P. NOS. 142-190-005 (PARCELS ONE THROUGH FIVE); 052-681-007 (PARCEL SIX)

**Sonoma-Cutrer Vineyards
Stainless Steel Tanks**

mnfct'r	location	date	jacket?	size	number	storage
mueller	gcc	4/1/97	no	700	4	2,800
mueller	gcc	4/1/97	no	950	8	7,600
mueller	gcc	4/1/97	no	1,100	6	6,600
mueller	gcc	4/1/97	no	1,250	6	7,500
mueller	gcc	4/1/97	no	2,500	1	2,500
mueller	gcc	4/1/97	no	3,600	1	3,600
mueller	gcc	4/1/97	no	6,700	1	6,700
					<u>27</u>	<u>10,300</u>
mueller	winery	10/1/81	yes	4,779	10	47,790
mueller	winery	through	yes	4,921	5	24,605
mueller	winery	7/1/87	yes	3,717	6	22,302
mueller	winery		yes	3,526	3	10,578
mueller	winery		yes	1,580	1	1,580
mueller	winery		yes	4,330	10	43,300
mueller	winery		yes	3,925	6	23,550
mueller	winery		yes	6,142	5	30,710
mueller	winery		yes	1,218	4	4,872
mueller	winery		yes	12,817	4	51,268
mueller	winery		yes	25,759	2	51,518
mueller	winery		no	3,600	1	3,600
mueller	gcc fill tank		no	2,500	1	2,500
mueller	gcc fill tank		no	2,600	1	2,600
mueller	gcc		no	3,700	1	3,700
					<u>60</u>	<u>324,473</u>
mueller	EX pinot	10/1/97	no	1,225	1	1,225
					<u>88</u>	<u>335,998</u>

TRADEMARK

REEL: 1778 FRAME: 0116

