08-12-2002

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Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)

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

Tab settings ⇨⇨⇨

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

1. Name of conveying party(ies):

Harlan Estate Winery, Inc. 07/15/02

- [ ] Individual(s)
- [ ] Association
- [ ] General Partnership
- [ ] Limited Partnership
- [x] Corporation-State California
- [ ] Other

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

2. Name and address of receiving party(ies)

Name: The Prudential Insurance Company of America

Internal Address: Suite 260

Street Address: 2998 Douglas Blvd.

City: Roseville State: CA Zip: 95661

- [ ] Individual(s) citizenship
- [ ] Association
- [ ] General Partnership
- [ ] Limited Partnership
- [x] Corporation-State New Jersey
- [ ] 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

3. Nature of conveyance:

- [ ] Assignment
- [ ] Merger
- [x] Security Agreement
- [ ] Change of Name
- [ ] Other

Execution Date: May 30, 2001

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 1,970,308

Additional number(s) attached [ ] Yes [x] No

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

Name: J. Scott Gerien, Esq.

Internal Address: Owen, Wickersham & Erickson
Suite 1910

Street Address: 455 Market Street

City: San Francisco State: CA Zip: 94105

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....$ 40.00

- [x] Enclosed
- [ ] Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

J. Scott Gerien
Name of Person Signing

Signature

7/12/02
Date

Total number of pages including cover sheet, attachments, and document: 41

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

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

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

1. Name of conveying party(ies):
Harlan II, H. William, dba
Harlan Winery

6-4-01

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

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

2. Name and address of receiving party(ies)
Name: The Prudential Insurance Company of America
Internal Address:
Street Address: 2998 Douglas Blvd., Suite 260
City: Roseville State: CA Zip: 95661
☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☐ Limited Partnership
☒ Corporation-State New Jersey
☐ 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

3. Nature of conveyance:
☒ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☐ Other
Execution Date: May 30, 2001

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
Serial No. 74-402997
B. Trademark Registration No.(s)
1970308
Additional number(s) attached ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: James F. Eastman, Esq.
Internal Address:
Steefel, Levitt & Weiss
Street Address: One Embarcadero Center
30th Floor
City: San Francisco State: CA Zip: 94111

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41) $ 40
☒ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:
(Attach duplicate copy of this page if paying by deposit account)

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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.

James F. Eastman
Name of Person Signing

Signature

May 30, 2001
Date

Total number of pages including cover sheet, attachments, and document: 41

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Steefel, Levitt & Weiss
One Embarcadero Center, 30th Floor
San Francisco, California 94111
Attention: James F. Eastman, Esq.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST, SECURITY AGREEMENT, CROP FILING AND FIXTURE FILING WITH ASSIGNMENT OF RENTS AND PROCEEDS, LEASES AND AGREEMENTS

THIS DEED OF TRUST, SECURITY AGREEMENT, CROP FILING AND FIXTURE FILING WITH ASSIGNMENT OF RENTS AND PROCEEDS, LEASES AND AGREEMENTS (this "Deed of Trust") is made as of May 30, 2001 by **HARLAN ESTATE WINERY, INC.**, a California corporation ("HEW") and **H. WILLIAM HARLAN II and DEBORAH BECK HARLAN**, husband and wife as community property (collectively, "Harlan"), each having a mailing address at Building 106, Montgomery, The Presidio, San Francisco, California 94129 (HEW, together with Harlan, each individually and both collectively referred to herein as, "Trustor"), First American Title Company of Napa, having offices at 1700 Second Street / P.O. Box 388, Napa, California 94559 ("Trustee"), and **THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**, a New Jersey corporation, having offices at 2998 Douglas Boulevard, Suite 260, Roseville, California 95661 ("Beneficiary").

WITNESSETH:

Trustor HEREBY IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO Trustee, IN TRUST, WITH POWER OF SALE, for the benefit of Beneficiary, all of Trustor's right, title and interest now owned or hereafter acquired in and to the following property, together with the Personalty (as hereinafter defined), all of which is hereinafter collectively defined as the "Property":

A. That certain real property (the "Land") located in the County of Napa, California as more particularly described on Exhibit A attached hereto (including, without limitation, any fee and/or leasehold interest therein);

B. All Improvements (as hereinafter defined) and all appurtenances, easements, rights and privileges of the Land, including all minerals, oil, gas and other hydrocarbon substances thereon or therein, air rights, water, and Water Rights (whether riparian, appropriative, or pursuant to state or federal entitlements or allotments, or otherwise and whether or not appurtenant) in or

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hereafter relating to or used in connection with the Land, and development rights, and any land lying in the streets, roads or avenues adjoining the Land or any part thereof;

C. All Fixtures (as hereinafter defined), whether now or hereafter installed, being hereby declared to be for all purposes of this Deed of Trust a part of the Land;

D. All Easement Agreements (as hereinafter defined) and all other rights of ingress, egress, reciprocal agreements and other appurtenances relating to the Land; and

E. The Rents and Proceeds (as hereinafter defined), whether by sale or otherwise;

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may determine: (i) payment of the Indebtedness (as hereinafter defined); and (ii) payment (with interest as provided) and performance by Trustor of the Obligations (as hereinafter defined). Notwithstanding the foregoing, or any other term contained herein or in the Loan Documents, none of Trustor's obligations under or pursuant to the Hazardous Substances Remediation and Indemnification Agreement of even date herewith executed by Trustor in favor of Beneficiary (the "Hazardous Substances Agreement") shall be secured by the lien of this Deed of Trust.

ARTICLE 1

DEFINITIONS

Certain Defined Terms: As used in this Deed of Trust the following terms shall have the following meanings:

1.1. Application: The First Mortgage Loan Application dated March 20, 2001, executed by Trustor (referred to as "Applicant" therein), which Application includes the mortgage loan conditions attached thereto.

1.2. Approved Crops: As defined in Paragraph 4.2.B hereof.

1.3. Approved Line of Credit: As defined in Paragraph 4.2.B hereof.

1.4. Auxiliary Lender: As defined in Paragraph 4.2.B hereof.

1.5. Collateral: As defined in Paragraph 7.1 hereof.

1.6. Costs: As defined in Paragraph 9.21 hereof.

1.7. Easement Agreements: Any and all ingress or egress easements or agreements, water agreements, reciprocal easements or operating agreements or other appurtenances, easements or real property rights or interests relating to the Land, whether now owned or hereafter acquired.

1.8. Event of Default: As defined in Paragraph 6.1 hereof.

1.9. Fixtures: Any and all property affixed to the Land and/or located upon or within the Improvements which are so related to the Land that an interest in such property arises under

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applicable real estate or real property law, including, without limitation, any Improvements and/or any items set forth in the Inventory which become so related or attached to the Land.

1.10. Foreclosure Date: The date the lien of this Deed of Trust shall be foreclosed or title to the Property shall be transferred pursuant to a deed-in-lieu thereof.

1.11. Hazardous Substances Agreement: As defined in the Securing paragraph of this Deed of Trust.

1.12. Impositions: All real estate and personal property and other taxes and assessments, and any and all other charges, expenses, water standby charges, water district assessments, payments, claims, mechanics' or material suppliers' liens or assessments of any nature that at any time prior to or after the execution of the Loan Documents may be assessed, levied, imposed, or become a lien upon the Property or the rent or income received therefrom, or any use or occupancy thereof.

1.13. Improvements: All (i) building improvements ("Buildings") and fixtures now or hereafter located on the Land, including, without limitation, all buildings, houses, sheds, warehouses, storage facilities and other buildings, (ii) irrigation and drainage equipment located on or used in connection with the Land, including, without limitation, wells, pumps, motors, engines, gearheads, sprinklers, drip irrigation systems, tow lines, hand lines, irrigation pipe, drainage pipe, culverts and well casings, (iii) enclosures of the Land or any part thereof, including, without limitation, fences, gates, shuts, posts, poles, barbed wire and electric wire, (iv) crop protection equipment and apparatus located on or used in connection with the Land, including, without limitation, frost protection equipment and wind machines, (v) electric, gas and water lines and equipment located on the Land, including, without limitation, transformers, circuit breakers, switch boxes, fuse and breaker panels, regulators, cut on/off valves, wiring and pipe, and (vi) trees, vines and other permanent plantings (whether Fructus Naturales or Fructus Industriales (Emblements)), whether mature or immature, now or hereafter growing on the Land, together with all trellises, wires, endposts, and stakes relating thereto.

1.14. Indebtedness: The indebtedness evidenced by the Note (including, without limitation, any Prepayment Premium due thereunder) and all other amounts due from Trustor to Beneficiary evidenced or secured by the Loan Documents, plus interest on all such amounts as provided in the Loan Documents.

1.15. Inventory: The personal property described in Exhibit B attached hereto.

1.16. Laws and Restrictions: All laws, regulations, orders, codes, ordinances, rules, statutes and policies, restrictive covenants and other title encumbrances, permits and approvals, leases and other rental agreements, relating to the development, occupancy, ownership, management, use, and/or operation of the Property or otherwise affecting the Property or Trustor.

1.17. Leases: Any and all leasehold interests, including subleases and tenancies following attornment, now or hereafter affecting or covering any part of the Property.

1.18. Loan: The loan from Beneficiary to Trustor evidenced by the Note.

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1.19. Loan Administration Agreement: The Loan Administration Agreement dated as of even date herewith, executed by Trustor (referred to as "Borrower" therein) and Beneficiary (referred to as "Lender" therein).

1.20. Loan Documents: The Note, this Deed of Trust, the Application, the Loan Administration Agreement, and all other documents (excluding the Hazardous Substances Agreement), evidencing, securing or relating to the Loan, the payment of the Indebtedness or the performance of the Obligations.

1.21. Material Adverse Change: Any material and adverse change in (i) the financial condition of Trustor, or (ii) the condition or operation of the Property.

1.22. Note: The Promissory Note of even date herewith executed by Trustor in the original principal amount of Six Million Five Hundred Thousand Dollars ($6,500,000), payable to Beneficiary or its order, and all modifications, renewals or extensions thereof.

1.23. Obligations: Any and all of the covenants, promises and other obligations (including payment of the Indebtedness) made or owing by Trustor to Beneficiary as provided in the Loan Documents and all of the material covenants, promises and other obligations made or owing by Trustor to any other Person relating to the Property.

1.24. Permitted Exceptions: All of those title exceptions set forth in Schedule B, Part I of the title insurance policy issued in favor of Beneficiary that insures the priority of this Deed of Trust.

1.25. Person: Any natural person, corporation, firm, association, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

1.26. Personalty: Trustor's right, title and interest in and to all personal property now or hereafter located in, upon or about or collected or used in connection with the Property, together with all present and future attachments, accessions, replacements, substitutions and additions thereto or therefor, and the cash and noncash products and proceeds thereof, including, without limitation: all property listed in the Inventory, all equipment, the Easement Agreements, the Agreements, all crops now or hereafter grown or growing on the Land, all crops and farm products now or hereafter generated by the Land (whether Fructus Naturales or Fructus Industriales (Emblements), including, all such crops and farm products now or hereafter harvested and/or severed from the Land, whether or not then stored on the Land), all Leases and contracts related to or pertaining to the Property and any and all guaranties thereof, all causes of action and recoveries now or hereafter existing for any loss or diminution in value of the Property, all other tangible and intangible property and rights relating to the Property or its operation, or to be used in connection with the Property, including, but not limited to all agreements, licenses, governmental authorizations or permits pertaining to the Property or the development, ownership, management or operation thereof, all trademarks, including without limitation, the Harlan Estate Winery and the Maiden Winery labels, service marks, designs, logos, names or similar identifications pertaining to the Property or under which the Property may be known or operated or which are otherwise owned by Trustor, whether registered or unregistered, and all rights to carry on business under such names, and any related goodwill associated in any way with such names or the Property, and all accounts, contract rights and

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general intangibles (including any rents, issues, profits, insurance proceeds and condemnation awards or compensation) arising out of or incident to the ownership, development or operation of the Property encumbered hereby and all construction materials and supplies, leasehold interests in personal property, all water stock relating to, and all Water Rights appurtenant to the Property, contractual rights for the use of water, drainage rights, and rights to receive or transport water to, the Property, including, without limitation, any right to receive water or subsidies with respect to the price thereof under any contract with, or program administered by, the State of California Department of Water Resources.

1.27. Preexisting Farm Products: Any and all (i) crops derived or generated by the Property on or before the Foreclosure Date (as hereinafter defined), (ii) crops which have not been severed from trees, vines, or other permanent plantings located on the Property on or before the Foreclosure Date, and (iii) to the extent not otherwise included in the foregoing clauses (i) and (ii) any and all other farm products located on the Property on or before the Foreclosure Date, together with any products and proceeds of any such Preexisting Farm Products, in each and every case excepting therefrom any trees, vines, or other permanent plantings now or hereafter located on the Property.

1.28. Principal Party: Any Trustor, any general partner of a partnership Trustor, any managing member of a limited liability Trustor or a limited liability member or general partner of any Trustor, any parent company of any corporate Trustor or any such general partner or any such managing member, any Person owning directly or indirectly 50% or more of the outstanding shares of a corporate Trustor, or any parent company of such Trustor, any Person owning directly or indirectly 50% or more of the outstanding membership interests of a limited liability company Trustor or any parent company of such Trustor, any trustee or beneficiary with a direct or indirect beneficial interest of 50% or more in any Trustor or the Property, any owner of the Property, or any guarantor of Trustor's obligations under the Loan Documents.

1.29. Property: As defined in the above granting paragraph of this Deed of Trust.

1.30. Receiver: Any trustee, receiver, custodian, fiscal agent, liquidator or similar officer.

1.31. Rents and Proceeds: All rents, royalties, revenues, security deposits, termination payments, issues, profits, proceeds (including, without limitation proceeds from the sale of all or any portion of the Property or interest therein) and other income from the Property.

1.32. Secondary Interest Rate: As defined in the Note.

1.33. Transfer: The occurrence of (i) any sale, conveyance, assignment, transfer, alienation, mortgage, conveyance of security title, encumbrance or other disposition of the Property, of any kind, or any other transaction the result of which is, directly or indirectly, to divest any Trustor of any portion of its title to the Property, voluntarily or involuntarily, (ii) any merger, consolidation or dissolution involving, or the sale or transfer of all or substantially all of the assets of, a Principal Party, (iii) the transfer (at one time or over any period of time) of ten percent (10%) or more of the shares of, or membership interests in, a Principal Party, (iv) the transfer of any general partnership interest in any Principal Party or in any partnership which is a direct or indirect general partner of any Principal Party, (v) the removal or resignation of the trustee of

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any Principal Party which is a trust, (vi) the conversion of any general partnership interest in any Principal Party to a limited partnership interest, or (vii) a Water Transfer.

1.34. Water Rights: Trustor's right, title and interest in all water (including any water inventory in storage), water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature, including, without limitation, (i) the groundwater on, under, pumped from or otherwise available to the Property, whether as a result of groundwater rights, contractual rights or otherwise; (ii) the right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency and any rights granted or created by any easement, covenant, agreement or contract with any person or entity; (iii) any rights to which the Property is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive, contractual or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water; (iv) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water-related entitlement appurtenant or otherwise applicable to the Property by virtue of the Property's being situated within the boundaries of any district, agency or other governmental entity or within the boundaries of any private water company, mutual water company or other non-governmental entity; (v) any drainage rights appurtenant or otherwise applicable to the Property; (vi) all rights, including contractual rights, to transport, carry, allocate or otherwise deliver water or any of the foregoing rights from or to the Property by any means, wherever located; (vii) any shares (or any rights under such shares) of any private water company, mutual water company or other non-governmental entity pursuant to which Trustor or the Property may receive any of the rights referred to in subparagraphs (i) through (vi) above.

1.35. Water Transfer: Any transfer, assignment, sale, exchange, gift, encumbrance, pledge, hypothecation, alienation, grant of option to purchase, or other disposition of, directly, indirectly or in trust, voluntarily or involuntarily, by operation of law or otherwise, or the entry into a binding agreement to do any of the foregoing with respect to all or any part of, (i) the groundwater on, under, pumped from or otherwise available to the Land, (ii) Trustor's right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency and any rights granted or created by any easement, covenant, agreement or contract with any person or entity, (iii) any rights to which the Land is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, (iv) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water related entitlement appurtenant or otherwise applicable to the Land by virtue of the Land's being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity, or (v) any shares (or rights under such shares) of any private water company, mutual water company, or other non-governmental entity pursuant to which Trustor or the Land may receive any of the rights referred to in subparagraphs (i) through (iv) above.

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ARTICLE 2

REPRESENTATIONS AND WARRANTIES

Trustor hereby represents and warrants to Beneficiary and Trustee that as of the date of this Deed of Trust and as of the date of any subsequent disbursement pursuant to the Loan Documents:

2.1. Authorization and Validity. Trustor (i) is duly organized, and validly existing under the laws of the State of California and is duly qualified to do business in the State of California, (ii) is the lawful owner of the Property and holds good and marketable title to the Property free and clear of all defects, liens, encumbrances, easements, exceptions and assessments, except the Permitted Exceptions, (iii) has the power and authority to grant the Property as provided in and by this Deed of Trust, to own and operate the Property, and to execute and deliver, and perform the obligations under, the Loan Documents, (iv) is in compliance with all Laws and Restrictions, and (v) has authorized by all requisite action the execution, delivery and performance by Trustor of the Loan Documents and the borrowings evidenced by the Note and such execution, delivery and performance will not violate any Laws and Restrictions or any agreement or other instrument.

2.2. Statements, Information and Litigation. All financial statements and other information given to Beneficiary with respect to the Property and/or Trustor are true, accurate, complete and correct and except as expressly noted to the contrary therein, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered thereby. There has been no Material Adverse Change since the date of the most recent financial statement given to Beneficiary. There is not now pending against or affecting Trustor or the Property, nor to the best of Trustor's knowledge is there threatened, any action, suit or proceeding that might result in a Material Adverse Change.

2.3. Additional Representations and Warranties. (i) The Property is used principally or primarily for agricultural purposes, (ii) all costs for labor and materials for the construction of the Improvements have been paid current and will be paid in full upon the funding of the Second Disbursement (as defined in the Note), (iii) Trustor is not aware of any assessment for public improvements which is pending and which could become a lien upon the Property, (iv) no event has occurred which with the giving of notice or the passage of time, or both, would constitute an Event of Default under any of the Loan Documents, (v) Trustor is not in default under any material agreement or instrument to which it is a party which default would have a material and adverse effect on the Property or Trustor's ability to timely perform the Obligations, (vi) neither the Property, nor any part thereof, has sustained, incurred or suffered any material damage or destruction, (vii) subject to the Permitted Exceptions, the Personalty and the Fixtures are owned by Trustor free and clear of any liens, encumbrances, mortgages, security interests, claims and rights of others except for liens in favor of Beneficiary, (viii) the Property and the current use thereof complies with all Laws and Restrictions, (ix) Trustor has received no notices of violations of any Laws and Restrictions, (x) other than tenants under the Leases which have been disclosed to Beneficiary in writing, if any, there are no occupants or tenants that have or are entitled to possession of the Property or any part thereof, and (xi) no petition in bankruptcy, petition or answer seeking assignment for the benefit of creditors or appointment of a Receiver or similar proceeding with respect to any Principal Party has occurred or is contemplated.

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2.4. FIRPTA Certification. Trustor declares and certifies, under penalty of perjury, that: (i) HEW's Taxpayer Identification Number is 68-0172004 and Harlan's Taxpayer Identification Number is 552-56-3526; (ii) the business mailing address of Trustor is as set forth on page 1 hereof; (iii) Trustor is not a "foreign person" within the meaning of Sections 1445 and 7701 of the Internal Revenue Code of 1986, as amended (the "Code"); and (iv) Trustor understands that the information and certification contained in this Paragraph 2.4 may be disclosed to the Internal Revenue Service and that any false statement contained herein could be punished by fine, imprisonment or both. Trustor agrees (a) to provide Beneficiary with a new certification containing the provisions of this Paragraph 2.4 immediately upon any change in such information, and (b) upon any Transfer which is permitted by the terms of this Deed of Trust, to cause such transferee to execute and deliver to Beneficiary a certificate concerning the non-foreign status of such transferee substantially in the form of this Paragraph 2.4.

2.5. Water Rights.

A. The Property has, and will continue to have, the continuing, enforceable right to receive irrigation water from such sources, in such quantities, and at such times and locations as is reasonably satisfactory for the purposes of farming, without interruption and in such quantities, and at such times and locations as has been historically available to the Property. Trustor has filed with the Department of Water Resources all notices and other documents required under the California Water Code in connection with the supply of water to and use of water upon the Property.

B. Trustor represents and warrants to Beneficiary that: (i) all water used in the irrigation and cultivation of crops on the Property is derived from wells located upon the Property; and (ii) Trustor has filed with the Department of Water Resources all notices and other documents required under the California Water Code in connection with such wells.

ARTICLE 3

AFFIRMATIVE COVENANTS

Trustor hereby covenants and agrees as follows:

3.1. Obligations of Trustor. Trustor will timely perform, or cause to be timely performed, all the Obligations.

3.2. Insurance.

A. Trustor, at its sole cost and expense, will keep and maintain for the mutual benefit of Trustor and Beneficiary: (i) with respect to all Buildings and permanent plantings, insurance against loss or damage thereto by fire and other risks covered by insurance commonly known as the broad form of extended coverage, in an amount equal to one hundred percent (100%) of the then-current "full replacement cost" of such Buildings and plantings; (ii) Comprehensive General Liability insurance including broad form property damage, contractual liability and personal injury or death coverage; and (iii) such other

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insurance, and in such amounts, as may from time to time be reasonably required by Beneficiary.

B. All policies of insurance required by this Deed of Trust (i) shall be prepaid annually and otherwise satisfactory in form, substance, amount and deductible to Beneficiary and written with companies satisfactory to Beneficiary, (ii) shall name Beneficiary as an additional insured as its interest may appear and contain a Standard Lender's Loss Payable endorsement and other non-contributory standard mortgagee protection clauses acceptable to Beneficiary, and at Beneficiary's option, a waiver of subrogation rights by the insurer, (iii) shall contain an agreement by the insurer that such policy shall not be amended or canceled without at least thirty (30) days' prior written notice to Beneficiary, and (iv) shall contain such other provisions as Beneficiary deems reasonably necessary or desirable to protect its interests.

C. All of Trustor's right, title and interest in and to all policies of property insurance and any unearned premiums paid thereon are hereby assigned (to the fullest extent assignable) to Beneficiary who shall have the right, but not the obligation, to assign the same to any purchaser of the Property at any foreclosure sale. In no event shall Trustor have any right, title or interest in any insurance policies (or the proceeds thereof) procured by Beneficiary in connection with the Property or otherwise held by Beneficiary.

3.3. Maintenance, Waste and Repair. At its sole cost and expense, Trustor will (i) preserve, repair, replace and maintain the Property in a good and businesslike or farmerlike manner and condition, (ii) promptly make all necessary structural and non-structural repairs to the Property that are required to avert a material diminution of their value, (iii) not destroy, remove, abandon, or materially diminish or alter the Improvements situated on the Property during the existence of this Deed of Trust, except for replacement of dead or diseased vines or trees in the normal course of farming and caring for the Property, nor erect any new buildings, structures or building additions on the Land, in each case without the prior written consent of Beneficiary, with the exception of storage sheds, farming sheds, and other structures that complement the winery on the Property and do not diminish or impair the use, operation or value of the Property and/or the Collateral, (iv) preserve, repair, replace and maintain the Property and all Improvements now or hereafter located thereon and/or affixed thereto, in a good and businesslike or farmerlike manner, (v) during the existence of this Deed of Trust, cultivate, produce and harvest crops on the Property employing the usual and normal standards and practices of husbandry customarily employed to produce similar crops in the general vicinity, and (vi) not permit any waste of the Property or make any change in the use thereof, nor do or permit to be done thereon anything, that may in any way impair the security of this Deed of Trust. Without limiting the foregoing, Trustor shall not (a) permit any portion of the Property to be used as a borrow pit, land fill or dump, (b) request, seek, or obtain a change in zoning or land use classification from agricultural use, or (c) in any way diminish any of Trustor's Water Rights (whether riparian, appropriative or otherwise and whether or not appurtenant).

3.4. Impositions. Trustor will pay when due all Impositions. Trustor will deliver to Beneficiary, within seven (7) days after demand therefor, receipts showing the payment of any Impositions.

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3.5. Compliance with Law. Trustor will promptly and faithfully comply with all present and future Laws and Restrictions.

3.6. Books and Records and Other Information. Trustor, without expense to Beneficiary, will maintain full and complete books of account and records reflecting the results of the operations of the Property in accordance with generally accepted accounting principles consistently applied, and will furnish or cause to be furnished to Beneficiary such financial information concerning the condition of Trustor and the Property as Beneficiary shall reasonably request, including, without limitation, within ninety (90) days after the close of such fiscal year of Trustor, (i) annual operating statements in form and substance satisfactory to Beneficiary, showing all elements of income and expenses for the operation of the Property; (ii) annual sales report for winery that includes cases sold and prices received; and (iii) annual report detailing vineyard production by variety and block. Upon the occurrence of a default, Beneficiary shall have the right, at Trustor's expense (x) to audit Trustor's books and records, and/or (y) to require Trustor to prepare and delivery to Beneficiary audited financial statements.

3.7. Further Assurances/Additional Information. Trustor, at any time upon the reasonable request of Beneficiary, will at Trustor's expense, execute, acknowledge and deliver all such additional papers and instruments (including, without limitation, a declaration of no setoff) and perform all such further acts as may be reasonably necessary to perform the Obligations and, as Beneficiary deems necessary, to preserve the priority of the lien of this Deed of Trust and to carry out the purposes of the Loan Documents. In addition, Trustor will furnish to Beneficiary (i) within seven (7) days after written request therefor, any and all information that Beneficiary may reasonably request concerning the Property or the performance by Trustor of the Obligations, and (ii) immediately upon receipt, copies of all (a) notices of violation relating to the Property that Trustor receives from any governmental agency or authority, and (b) notices of default that Trustor shall give or receive under any agreement that Trustor covenants to perform hereunder.

3.8. Litigation. Trustor will promptly give notice in writing to Beneficiary of any litigation or other event or occurrence which might result in a Material Adverse Change.

3.9. Inspection of Property. Trustor hereby grants to Beneficiary, its agents, employees, consultants and contractors, the right to enter upon the Property, upon reasonable notice to Trustor, for the purpose of making any and all inspections, reports, tests (including, without limitation, soils borings, ground water testing, inspection of wells, orchards, trees and fields, or soils analysis), inquiries and reviews as Beneficiary (in its sole and absolute discretion) deems necessary to assess the then current condition of the Property, or for the purpose of performing any of the other acts Beneficiary is authorized to perform hereunder or under the Hazardous Substances Agreement. Trustor shall cooperate with Beneficiary to facilitate such entry and the accomplishment of such purposes. Upon the occurrence of a default, Beneficiary may obtain, at Trustor's sole cost and expense, an appraisal of the Property.

3.10. Contest. Notwithstanding the provisions of Paragraphs 3.4 and 3.5, Trustor may, at its expense, contest the validity or application of any Impositions or Laws and Restrictions by appropriate legal proceedings promptly initiated and diligently conducted in good faith, provided that (i) Beneficiary is reasonably satisfied that the priority of this Deed of Trust shall be

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maintained and neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest, and (ii) Trustor shall have posted a bond or furnished such other security as may be reasonably required from time to time by Beneficiary.

3.11. Prepayment. Trustor may prepay the Loan only on the terms and conditions set forth in the Note and Trustor shall pay Beneficiary any Prepayment Premium in respect of any such prepayment, whether voluntary or involuntary, as required by and on the terms and conditions set forth in the Note.

3.12. Tax Service Contract. Throughout the term of the Loan, at Trustor's sole expense, Beneficiary shall be furnished tax service contracts issued by a tax reporting agency satisfactory to Beneficiary.

3.13. Water. Throughout the term of the Loan, at Trustor's sole expense, Trustor shall ensure that the Property will continue to have the continuing, enforceable right to receive irrigation water from such sources, in such quantities, and at such times and locations as is reasonably satisfactory for the purposes of farming, without substantially increased cost, and in such quantities, and at such times and locations as has been historically available to the Property.

ARTICLE 4

NEGATIVE COVENANTS

Trustor hereby covenants to and agrees as follows:

4.1. Restrictive Uses. Trustor will not initiate, join in, or consent to any change in the current use of the Property or in any zoning ordinance, private restrictive covenant, assessment proceedings or other public or private restriction limiting or restricting the uses that may be made of the Property or any part thereof or in any way change the boundaries of the Property (including without limitation, any agreed boundary line changes or lot line adjustments) without the prior written consent of Beneficiary.

4.2. Prohibited Transfers.

A. Trustor shall not participate in, and shall not cause, allow or otherwise permit, a Transfer without the prior written consent of Beneficiary, which consent may be given or withheld for any reason (or for no reason) or given conditionally, as determined by Beneficiary in its sole and absolute discretion, and any default, failure to observe, or breach of the provisions of this Paragraph 4.2 shall constitute an immediate Event of Default hereunder and, at the option of Beneficiary, Beneficiary may accelerate the Indebtedness whereby the entire Indebtedness (including, without limitation, any Prepayment Premium) shall become immediately due and payable. Any permitted transferee shall, as a condition of the effectiveness of any consent or waiver by Beneficiary hereunder, assume all of Trustor's obligations under the Loan Documents and the Hazardous Substances Agreement and agree to be bound thereby. Such assumption shall not, however, release Trustor from any liability under the Loan Documents or the Hazardous Substances Agreement. This provision shall not apply to transfers of title or interest under any will or testament or applicable law of descent.

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Consent to any such Transfer by Beneficiary shall not be deemed a waiver of Beneficiary's right to require such consent to any further or future Transfers.

B. Notwithstanding the provisions of Paragraph 4.2.A hereof, Beneficiary agrees that upon the written request of Trustor and satisfaction of the conditions precedent set forth in clauses (i) through (v) below, inclusive, Beneficiary shall consent to Trustor obtaining an Approved Line of Credit (as hereinafter defined) from an Auxiliary Lender (as hereinafter defined) secured by a security interest in the Approved Crops (as hereinafter defined) which shall be senior to Beneficiary's security interests in such Approved Crops granted hereunder as provided herein. The following constitute the conditions precedent to Beneficiary's consent to such Approved Line of Credit: (i) no Event of Default or event which with the passage of time or the giving of notice or both would constitute an Event of Default has occurred and is continuing; (ii) the documents evidencing or securing such Approved Line of Credit shall be in form and substance reasonably satisfactory to Beneficiary; (iii) Beneficiary, the Auxiliary Lender under the Approved Line of Credit and Trustor shall execute an intercreditor agreement or other documentation (in each case in form and substance satisfactory to Beneficiary) as may be necessary to subordinate Beneficiary's security interest in such Approved Crops for a period not to exceed one (1) year and there shall be no carry-over of unpaid crop debt from year to year in the event that Beneficiary's security interest in the same is annually re-subordinated; (iv) Beneficiary shall have received evidence that the liens and security interests granted hereunder continue to be first priority security interests in and to all Property not constituting Approved Crops; and (v) Trustor shall have paid all Costs incurred by Beneficiary in connection with the review and approval of such Approved Line of Credit. As used herein, "Approved Line of Credit" shall mean a line of credit, the proceeds of which are used to finance crops and farming operations of the Property which is secured by a security interest in Approved Crops, that, by its own terms, expires one year after the original date of such Approved Line of Credit. As used herein, "Auxiliary Lender" means any nationally or regionally recognized financial institution that regularly engages in agricultural lending whose loan to Trustor is secured by a security interest in Approved Crops, together with any agent, employee of such lender and such lender's successors and assigns each of which itself must be a nationally or regionally recognized financial institution that regularly engages in agricultural lending. As used herein "Approved Crops" shall mean all crops growing on the Land commencing with the 2001 crop year, but only to the extent that such crops (1) have been planted and/or cultivated through the proceeds of an advance under the Approved Line of Credit, (2) are harvested within twelve (12) months of Trustor's obtaining of the Approved Line of Credit, and (3) constitute Preexisting Farm Products.

C. Notwithstanding the provisions of Paragraph 4.2.A hereof, Beneficiary agrees that upon the written request of Harlan and satisfaction of the conditions precedent set forth in clauses (i) through (v) below, inclusive, Beneficiary shall consent to the transfer of Harlan's interest in and to the Property to a revocable trust for estate planning purposes so long as (i) no Event of Default or event which with the passage of time or the giving of notice or both would constitute an Event of Default has occurred and is continuing; (ii) the documents evidencing or securing such transfer referenced in this Paragraph 4.2.C. shall be in form and substance reasonably satisfactory to Beneficiary; (iii) Harlan is and

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remains the trustee of said revocable trust; (iv) the beneficiaries of said revocable trust are and remain Harlan's family members; and (v) transfer does not violate Paragraph 9.13.

4.3. Partnership Agreement. Trustor, if a partnership, will not terminate, alter, modify or amend or permit the termination, alteration, modification or amendment of its Partnership Agreement without Beneficiary's prior written consent.

4.4. Long Term Debt Covenant. Trustor shall not, without Beneficiary's prior written consent, incur long term debt (including capital leases with a maturity of one (1) year or greater), attributable to the Property or the use or operation thereof which exceeds $650,000.

ARTICLE 5

CASUALTIES AND CONDEMNATION

5.1. Insurance and Condemnation Proceeds.

A. Trustor shall notify Beneficiary in writing immediately upon the occurrence of any loss or damage by fire or other casualty to the Property or upon commencement of any proceedings for condemnation of any portion of the Property. Beneficiary shall be entitled to (i) participate in any such condemnation proceedings and Trustor from time to time will deliver to Beneficiary all instruments reasonably necessary to permit such participation, and (ii) settle and adjust all insurance claims relative to any such damage or destruction, deducting from any insurance proceeds the amount of all expenses incurred by Beneficiary in connection with any such settlement or adjustment. All proceeds paid to Trustor under any insurance policies relating to the Property shall immediately be delivered to Beneficiary. All condemnation proceeds from the Property are hereby assigned to and shall be paid to Beneficiary.

B. The proceeds of any insurance policy received by Beneficiary shall, at the option of Beneficiary, either be applied to the prepayment of the Indebtedness or satisfaction of any Obligation or be paid over to Trustor for restoration of the Improvements. If Beneficiary elects to make such proceeds available for repair or reconstruction, Beneficiary shall, through a disbursement procedure established by Beneficiary, make available to Trustor the net amount of all insurance proceeds or condemnation awards received by Beneficiary after deduction of Beneficiary's reasonable costs and expenses, if any, in collection of the same (the "Net Proceeds"). In the event Beneficiary elects not to make the Net Proceeds available for repair or reconstruction, Beneficiary, at its sole option, may apply the Net Proceeds in payment of the Indebtedness or in satisfaction of any other Obligation in such order as Beneficiary may determine. Notwithstanding the foregoing, Beneficiary shall make the Net Proceeds available to Trustor for repair or reconstruction provided that (i) there shall then be no default under any Loan Document, (ii) Beneficiary shall be satisfied that (a) the Property can and will be restored to the condition of the Property immediately prior to such casualty or condemnation within 18 months of the date of such casualty or condemnation in accordance with plans and specifications approved by Beneficiary, and such completion shall occur at least 24

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months prior to the Maturity Date, and (b) no material agreements are terminated or terminable as a result of such casualty or condemnation, (iii) Trustor shall have entered into a general construction contract acceptable in all respects to Beneficiary for completion of the repair or reconstruction, (iv) in Beneficiary's reasonable judgment, the security for the Loan has not been materially impaired as a result of such casualty or condemnation, and (v) prior to any disbursement of Net Proceeds and throughout the restoration period, Beneficiary shall have determined, in its sole and absolute discretion, that such repair or reconstruction can be completed at a cost (which cost shall include all payments coming due under the terms of the Loan) which does not exceed the aggregate of the then remaining Net Proceeds and any funds deposited with Beneficiary by Trustor.

C. The Net Proceeds and any additional funds deposited by Trustor with Beneficiary shall constitute additional security for the Loan. Trustor shall execute, deliver, file and/or record, at its own expense, such documents and instruments as Beneficiary requires to grant to Beneficiary a perfected, first priority security interest in the Net Proceeds and such additional funds.

5.2. Additional Provisions Relating to Condemnation. In any condemnation proceedings, Beneficiary may be represented by counsel selected by Beneficiary. The proceeds of any award or compensation so received by Beneficiary as set forth in Paragraph 5.1.A above shall, at the option of Beneficiary, either be applied to the prepayment of the Indebtedness or satisfaction of any Obligation or be paid over to Trustor for restoration of the Improvements in accordance with the provisions of Paragraph 5.1. Trustor hereby unconditionally and irrevocably waives all rights of a property owner under Section 1265.225(a) of the California Code of Civil Procedure or any successor statute providing for the allocation of condemnation proceeds between a property owner and a lien holder.

ARTICLE 6

EVENTS OF DEFAULT AND REMEDIES OF BENEFICIARY

6.1. Events of Default.

A. It shall constitute an "Event of Default" hereunder if any of the following events shall occur and Beneficiary, by written notice delivered to Trustor, declares an Event of Default: (i) Trustor shall fail to pay within five (5) days of the date when due any part of the Indebtedness; (ii) Trustor shall fail to timely observe, perform or discharge any Obligation, other than as described in Paragraphs 6.1.A(i),(iii),(iv),(v),(vi), (vii), (viii), (ix) and (x), and any such failure shall remain unremedied for thirty (30) days or such lesser period as may be otherwise specified in the applicable Loan Document or agreement (the "Grace Period") after notice to Trustor of the occurrence of such failure; provided, however, that Beneficiary may extend the Grace Period up to ninety (90) days if (a) Beneficiary determines in good faith that (1) such default cannot be cured within the Grace Period but can be cured within ninety (90) days, (2) no lien or security interest created by the Loan Documents shall be impaired prior to the completion of such cure, and (3) Beneficiary's immediate exercise of any remedies provided hereunder or by law is not necessary for the protection or preservation of the Property or Beneficiary's

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security interest therein, and (b) Trustor shall immediately commence and diligently pursue the cure of such default; (iii) Trustor, as lessor or sublessor, as the case may be, shall assign all or any part of the Rents and Proceeds or any interest therein without first obtaining the written consent of Beneficiary; (iv) default by Trustor after the expiration of all applicable grace or cure periods under any agreement to which Trustor is a party, other than the Loan Documents, which agreement relates to the borrowing of money by Trustor from any Person, and such default might give rise to a Material Adverse Change or adversely affect the security for the Loan; (v) any representation or warranty made by Trustor in, under or pursuant to the Loan Documents was false or misleading in any material respect as of the date on which such representation or warranty was made or deemed remade; (vi) any of the Loan Documents shall cease to be in full force and effect or be declared null and void, or shall cease to constitute valid and subsisting liens and/or valid and perfected security interests in and to the Property, or Trustor shall contest or deny in writing that it has any further liability or obligation under any of the Loan Documents; (vii) the declaration of an Event of Default hereunder pursuant to Section 6 of the Hazardous Substances Agreement; (viii) Trustor or any successor in interest is estopped or denied from receiving irrigation water for use upon any portion of the Property for any reason, or if existing water permits or certificates or other water rights shall be revoked or suspended, and Beneficiary reasonably determines that such loss of interruption of the right to receive irrigation water, materially and adversely affects the value of the Property and/or the security for the Loan; (ix) a Material Adverse Change shall have occurred; or (x) Trustor shall have defaulted under any Approved Line of Credit.

B. It shall constitute an Event of Default hereunder without the requirement of any notice if any of the following events shall occur: (i) any Principal Party shall generally not pay its debts as they become due or shall admit in writing its inability to pay its debts, or shall have made a general assignment for the benefit of creditors; (ii) any Principal Party shall commence any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking to have an order for relief entered against it as debtor, or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property (collectively, a "Proceeding"); (iii) any Principal Party shall take any action to authorize any of the actions set forth above in clauses (i) or (ii); (iv) any Proceeding shall be commenced against any Principal Party, and such Proceeding (a) results in the entry of an order for relief against it which is not fully stayed within seven (7) business days after the entry thereof or (b) remains undismissed for a period of forty-five (45) days; (v) failure to pay any insurance premiums relating to, failure to provide renewal certificates or renewal policies of insurance at least fifteen (15) days prior to expiry of, and/or the lapse or expiration of, any insurance policy or policies required to be obtained or maintained under the terms of the Loan Documents; or (vi) failure to timely observe, perform or discharge any provision of Paragraph 4.2 hereof or the occurrence of a Transfer without Beneficiary's prior written consent.

6.2. Remedies.

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A. Upon the occurrence of any Event of Default, Beneficiary may at any time declare all of the Indebtedness (including, without limitation, any Prepayment Premium due under the terms of the Note in connection with such acceleration) to be due and payable and the same shall thereupon become immediately due and payable, together with all payments due in accordance with the terms of the Note, without any further presentment, demand, protest or notice of any kind. Beneficiary may, in its sole discretion, also do any of the following: (i) in person, by agent, or by a Receiver, without regard to the adequacy of security, the solvency of Trustor or the condition of the Property, without obligation so to do and without notice to or demand upon Trustor, enter upon and take possession of the Property, or any part thereof, in its own name or in the name of Trustee and do any acts which Beneficiary deems necessary to preserve the value or marketability of the Property; sue for or otherwise collect the Rents and Proceeds, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, against the Obligations, all in such order as Beneficiary may determine; appear in and defend any action or proceeding purporting to affect, in any manner whatsoever, the Obligations, the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase or compromise any encumbrance, charge or lien that in the judgment of Beneficiary or Trustee is prior or superior hereto; and in exercising any such powers, pay necessary expenses, employ counsel and pay reasonable attorneys' fees; (ii) as a matter of strict right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Property or the danger of loss, removal, or material injury to the Property, apply ex parte to any court having jurisdiction to appoint a Receiver to enter upon and take possession of the Property, and Trustor hereby waives notice of any application therefor, provided a hearing to confirm such appointment with notice to Trustor is set within the time required by law (any such Receiver shall have all the powers and duties of Receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale, unless such Receivership is sooner terminated); (iii) commence an action to foreclose this Deed of Trust in any manner provided hereunder or by law; (iv) with respect to any Personalty, proceed as to both the real and personal property in accordance with Beneficiary's rights and remedies in respect of the Land, or proceed to sell said Personalty separately and without regard to the Land in accordance with Beneficiary's rights and remedies as to personal property; and/or (v) deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause the Property to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record.

B. If Trustor shall at any time fail to perform or comply with any of the terms, covenants and conditions required on Trustor's part to be performed and complied with under any of the Loan Documents or any other agreement that, under the terms of this Deed of Trust, Trustor is required to perform, then Beneficiary may, in its sole discretion: (i) make any payments hereunder or thereunder payable by Trustor and take out, pay for and maintain any of the insurance policies provided for herein or therein; and/or (ii) after the expiration of any applicable grace period and subject to Trustor's rights to contest certain obligations specifically granted hereby, perform any such other acts thereunder on the part of Trustor to be performed and enter upon the Property for such purpose.

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C. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require. Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such notice of default and notice of sale as then required by law and by this Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell the Property at the time and place of sale fixed by it in said notice of sale, either as a whole, or in separate lots or parcels or items as Beneficiary shall determine, 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 the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any Person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers. After deducting all costs, fees and expenses of Trustee and of this Trust, including costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale in the following priority, to payment of: (i) first, all sums expended under the terms hereof, not then repaid, with accrued interest at the Secondary Interest Rate; (ii) second, all other sums then secured hereby; and (iii) the remainder, if any, to the person or persons legally entitled thereto. Beneficiary may, in its sole discretion, designate the order in which the Property shall be offered for sale or sold through a single sale or through two or more successive sales, or in any other manner Beneficiary deems to be in its best interest. If Beneficiary elects more than one sale or other disposition of the Property, Beneficiary may at its option cause the same to be conducted simultaneously or successively, on the same day or at such different days or times and in such order as Beneficiary may deem to be in its best interests, and no such sale shall terminate or otherwise affect the lien of this Deed of Trust on any part of the Property not then sold until all Indebtedness secured hereby has been fully paid. If Beneficiary elects to dispose of the Property through more than one sale, Trustor shall pay the costs and expenses of each such sale of its interest in the Property and of any proceedings where the same may be made. Trustee may postpone the sale of all or any part of the Property 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 fixed by the preceding postponement, and without further notice make such sale at the time fixed by the last postponement; or Trustee may, in its discretion, give a new notice of sale. Beneficiary may rescind any such notice of default at any time before Trustee's sale by executing a notice of rescission and recording the same. The recordation of such notice shall constitute a cancellation of any prior declaration of default and demand for sale and of any acceleration of maturity of Indebtedness affected by any prior declaration or notice of default. The exercise by Beneficiary of the right of rescission shall not constitute a waiver of any default then existing or subsequently occurring, or impair the right of Beneficiary to execute other declarations of default and demand for sale, or notices of default and of election to cause the Property to be sold, nor

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otherwise affect the Note or this Deed of Trust, or any of the rights, obligations or remedies of Beneficiary or Trustee hereunder.

D. In the event of a sale of the Property, or any part thereof, and the execution of a deed therefor, the recital therein of default, and of recording the notice of default and notice of sale, and of the elapse of the required time (if any) between the recording and the notice, and of the giving of notice of sale, and of a demand by Beneficiary, or its successors or assigns, that such sale should be made, shall be conclusive proof of such default, recording, election, elapse of time, and giving of such notice, and that the sale was regularly and validly made on due and proper demand by Beneficiary, its successors or assigns. Any such deed or deeds with such recitals therein shall be effective and conclusive against Trustor, its successors and assigns, and all other Persons. The receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligations to see to the proper application of the purchase money.

E. All remedies of Beneficiary provided for herein are cumulative and shall be in addition to any and all other rights and remedies provided in the other Loan Documents or by law, including any right of offset. The exercise of any right or remedy by Beneficiary hereunder shall not in any way constitute a cure or waiver of default hereunder or under the Loan Documents, or invalidate any act done pursuant to any notice of default, or prejudice Beneficiary in the exercise of any of its rights hereunder or under the Loan Documents.

ARTICLE 7

SECURITY AGREEMENT AND FIXTURE FILING

7.1. Grant of Security Interest. Trustor hereby grants to Beneficiary a security interest in and to all Trustor's right, title and interest now owned or hereafter acquired in and to the Improvements, Personalty and the Fixtures and all of the products and proceeds thereof (collectively, the "Collateral") to secure payment and performance of the Obligations.

7.2. Remedies. This Deed of Trust constitutes a security agreement with respect to the Collateral in which Beneficiary is hereby granted a security interest. In addition to the rights and remedies provided under this Deed of Trust, Beneficiary shall have all of the rights and remedies of a secured party under the California Uniform Commercial Code as well as all other rights and remedies available at law or in equity. Trustor hereby agrees to execute and deliver on demand and irrevocably constitutes and appoints Beneficiary the attorney-in-fact of Trustor to, at Trustor's expense, execute, deliver and, if appropriate, to file with the appropriate filing officer or office such instruments as Beneficiary may request or require in order to impose, perfect or continue the perfection of the lien or security interest created hereby. Upon the occurrence of any Event of Default, Beneficiary shall have (i) the right to cause any of the Collateral which is personal property to be sold at any one or more public or private sales as permitted by applicable law and to apply the proceeds thereof to the Indebtedness or the satisfaction of any Obligation, and (ii) the right to apply to the Indebtedness or the satisfaction of any Obligation any Collateral which is cash, negotiable documents or chattel paper. Any such disposition may be conducted

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by an employee or agent of Beneficiary or Trustee. Any Person, including both of Trustor and Beneficiary, shall be eligible to purchase any part or all of such Personalty at any such disposition.

7.3. Expenses. Expenses of retaking, holding, preparing for sale, selling or the like pertaining to the Collateral shall be borne by Trustor and shall include Beneficiary's and Trustee's reasonable attorneys' fees and legal expenses. Trustor, upon demand of Beneficiary shall assemble the Collateral and make it available to Beneficiary at the Property, a place which is hereby deemed to be reasonably convenient to Beneficiary and Trustor. Beneficiary shall give Trustor at least ten (10) days' prior written notice of the time and place of any public sale or other disposition of the Collateral or of the time after which any private sale or any other intended disposition is to be made. Any such notice sent to Trustor in the manner provided for the mailing of notices herein is hereby deemed to be reasonable notice to Trustor.

7.4. Fixture Filing. This Deed of Trust covers certain goods which are or are to become fixtures related to the Land and constitutes a fixture filing with respect to such goods executed by Trustor as debtor in favor of Beneficiary as secured party.

7.5. Crop Filing. The Security Agreement set forth in this Deed of Trust covers all crops now or hereafter growing on the Land and all crops and farm products now or hereafter generated by the Land (whether Fructus Naturales or Fructus Industriales (Emblements), including, all such crops and farm products now or hereafter harvested and/or severed from the Land, whether or not then stored on the Land), and all the products and proceeds thereof, and this Deed of Trust constitutes a financing statement with respect to such crops executed by Trustor as debtor in favor of Beneficiary as secured party.

7.6. Waivers. Trustor waives any right to require Beneficiary to (i) proceed against any Person, (ii) proceed against or exhaust any Collateral or (iii) pursue any other remedy in its power; and (b) any defense arising by reason of any disability or other defense of Trustor or any other Person, or by reason of the cessation from any cause whatsoever of the liability of Trustor or any other Person. Until the Indebtedness shall have been paid in full, Trustor shall not have any right to subrogation, and Trustor waives any right to enforce any remedy which Beneficiary now has or may hereafter have against Trustor or against any other Person and waives any benefit of and any right to participate in any Collateral or security whatsoever now or hereafter held by Beneficiary.

7.7. Further Assurances. Trustor understands, acknowledges and agrees that an updated version of the California Uniform Commercial Code shall become operative on July 1, 2001, and Trustor hereby agrees that, immediately upon Beneficiary's demand, Trustor shall execute and deliver to Beneficiary (and cause any necessary third parties to execute and deliver to Beneficiary) all documents and filings (including, without limitation "control agreements"), and otherwise take all other actions as may be requested by Beneficiary, in order to maintain and provide to Beneficiary a first priority perfected security interest in the Personalty provided hereby and by the Loan Documents, and Trustor hereby agrees to pay all fees and costs associated therewith (including, without limitation, the reasonable fees and costs of Beneficiary's outside counsel). Without limiting the foregoing, Trustor hereby authorizes Beneficiary to

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record and/or file any and all UCC Financing Statements deemed necessary and/or desirable by Beneficiary in connection with the Loan.

ARTICLE 8

ASSIGNMENT OF RENTS AND PROCEEDS, LEASES AND AGREEMENTS

8.1. Assignment of Rents and Proceeds and Leases. Trustor absolutely and unconditionally assigns and transfers to Beneficiary (i) the Leases and (ii) the Rents and Proceeds whether now due, past due or to become due, and gives to and confers upon Beneficiary any and all rights and claims of any kind that Trustor may have against lessees under the Leases and the right, power and authority to collect such Rents and Proceeds, and apply the same to the Indebtedness or the satisfaction of any Obligation. Trustor irrevocably appoints Beneficiary its agent to, at any time, demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, either in the name of Trustor or in the name of Beneficiary, for all such Rents and Proceeds. Neither the foregoing assignment of Leases and Rents and Proceeds to Beneficiary or the exercise by Beneficiary of any of its rights or remedies under this Deed of Trust shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment or operation of all or any part thereof, unless and until Beneficiary, in person or by its own agent, assumes actual possession thereof, nor shall appointment of a Receiver for the Property by any court at the request of Beneficiary or by agreement with Trustor or the entering into possession of the Property by such Receiver be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Property or the use, occupancy, enjoyment or operation thereof.

8.2. Assignment of Agreements. Trustor hereby sells, assigns, transfers, sets over and delivers to Beneficiary all of Trustor's right, title and interest in and to any and all agreements, contracts, supply contracts, reports, surveys, maintenance agreements, water-sharing agreements, water agreements, purchase contracts, and governmental approvals whatsoever pertaining to the operation of the Property, as the same may be amended or otherwise modified from time to time (collectively, the "Agreements"). The foregoing assignment encompasses the right of Trustor to (i) terminate any of the Agreements, (ii) perform or compel performance and otherwise exercise all remedies under the Agreements, and (iii) collect and receive all sums which may become due Trustor or which Trustor may now or shall hereafter become entitled to demand or claim, under the Agreements.

8.3. Revocable License. Notwithstanding anything to the contrary contained herein or in the Note, so long as no Event of Default shall have occurred, Trustor shall have a license to collect all Rents and Proceeds and all other sums which may become payable to Trustor under the Agreements, and to first apply the same to the payment or performance of the Obligations as and when due. Upon the occurrence of an Event of Default, (i) Beneficiary shall have the right, on written notice to Trustor, to terminate and revoke the license herein granted to Trustor and shall have the right and authority then or thereafter to exercise and enforce any and all of its rights and remedies provided in this Article 8 or by law or at equity, and (ii) Trustor shall immediately forward and turn over to Beneficiary all Rents and Proceeds (including, without limitation, all security deposits and termination payments) then held or thereafter received by Trustor.

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8.4. Nonresponsibility. The acceptance by Beneficiary of the assignments with all the rights, powers, privileges and authority so granted shall not obligate Beneficiary to assume any obligations in respect of the Rents and Proceeds or under the Agreements or take any action thereunder or to expend any money or incur any expense or perform or discharge any obligation, duty or liability in respect of the Rents and Proceeds or under the Agreements or to assume any obligation or responsibility for the nonperformance of the provisions thereof by Trustor.

8.5. Affirmative Covenants re Leases and Agreements. Trustor shall (i) observe, perform and discharge, all the obligations, terms, covenants, conditions and warranties of the Leases and Agreements, on the part of Trustor to be kept, and shall promptly notify Beneficiary of any default thereunder, (ii) upon written request of Beneficiary, direct the obligors under the Agreements and the Lessees to deliver all Rents and Proceeds and other payments due thereunder to Beneficiary, (iii) enforce or secure in the name of Beneficiary the performance of each and every obligation, term, covenant, condition and agreement of the Leases and Agreements to be performed by Lessees and obligors thereunder, (iv) appear in and defend any action or proceeding arising under, occurring out of, or in any manner connected with the Leases or the Agreements or the obligations, duties, or liabilities of Trustor, Lessees and obligors thereunder and, upon request by Beneficiary, to do so in the name and on behalf of Beneficiary but at the expense of Trustor, and to pay all costs and expenses of Beneficiary, including, attorneys' fees.

8.6. Negative Covenants re Leases and Agreements. Trustor shall not, without the prior written consent of Beneficiary: (i) lease any part of the Property or renew or extend any Leases; (ii) terminate, amend, modify or alter in any manner any Leases or Agreements, or waive, excuse, condone, discount, set-off, compromise, or in any manner release or discharge Lessees or obligors from any obligations, covenants, conditions and agreements by such Lessees or obligors to be kept under such Leases or Agreements, or accept or consent to any surrender of the Leases or Agreements; (iii) receive or collect any Rents and Proceeds for a period of more than one month in advance (whether in cash or by promissory note); (iv) further assign the Leases or Agreements or pledge, transfer, mortgage or otherwise encumber or assign future payments of Rents and Proceeds; (v) commence an action of ejectment or summary proceedings for dispossession of the Lessees under any Leases; or (vi) consent to any modification of the express purposes for which the Property has been leased, or consent to any subletting of the Property or any part thereof, or to assignment of the Leases by Lessees thereunder or to any assignment or further subletting by any sublessees.

ARTICLE 9

MISCELLANEOUS

9.1. Successor Trustee. Beneficiary may remove Trustee or any successor trustee at any time or times and appoint a successor trustee by recording a written substitution in the county where the Property is located, or in any other manner permitted by law.

9.2. No Waiver. No failure by Beneficiary to insist upon strict, full and complete (i) payment when due of any portion of the Indebtedness or (ii) performance of any Obligation, nor failure to

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9.10. Charges for Statements. Trustor agrees to pay Beneficiary's charge, up to the maximum amount permitted by law, for any statement regarding the Obligations requested by Trustor or in its behalf.

9.11. Usury. In the event that Beneficiary determines that any charge, fee or interest paid or agreed to be paid in connection with the Loan may, under the applicable usury laws, cause the interest rate on the Loan to exceed the maximum permitted by law, then such charges, fees or interest shall be reduced and any amounts actually paid in excess of the maximum interest permitted by such laws shall be applied by Beneficiary to reduce the outstanding principal balance of the Loan. The parties intend that Trustor shall not be required to pay, and Beneficiary shall not be entitled to collect, interest in excess of the maximum legal rate permitted under the applicable usury laws.

9.12. Information Reporting Under IRS Section 6045(e). Any information returns or certifications that must be filed with the Internal Revenue Service and/or provided to other parties pursuant to Internal Revenue Code Section 6045(e) shall be prepared, filed by and sent to the appropriate parties by Trustor. To the extent permitted by law, Beneficiary shall have no responsibility to perform such services; provided however, that upon demand Trustor shall pay such fee to Beneficiary as Beneficiary may reasonably and lawfully request. Beneficiary shall, where requested by Trustor, promptly supply Trustor with all information pertaining to Beneficiary reasonably required by Trustor to prepare and file any such return or certification.

9.13. ERISA.

A. Beneficiary represents and warrants to Trustor that, as of the date of this Deed of Trust and throughout the term of the Loan, the source of funds from which Beneficiary extends the Loan is its General Account, which is subject to the claims of its general creditors under state law. For so long as The Prudential Insurance Company of America is the holder of the Note and Beneficiary hereunder, it shall not allocate all or any portion of the Loan to any account other than its General Account.

B. Trustor represents and warrants to Beneficiary that, as of the date of this Deed of Trust and covenants that, throughout the term of the Loan, (i) Trustor is not and will not become 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 I of ERISA, and (ii) the assets of Trustor do not and will not constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101.

C. Trustor represents and warrants to Beneficiary that, as of the date of this Deed of Trust (i) Trustor is not a "governmental plan" within the meaning of Section 3(32) of ERISA and (ii) transactions by or with Trustor are not subject to state statutes regulating investment of and fiduciary obligations with respect to governmental plans.

D. Trustor covenants and agrees to deliver to Beneficiary such certifications or other evidence from time to time throughout the term of the Loan, as requested by Beneficiary in its sole discretion, that (i) Trustor is not an "employee benefit plan" or a "governmental plan," and (ii) Trustor is not subject to state statutes regulating

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investments and fiduciary obligations with respect to governmental plans, and (iii) one or more of the following circumstances is true: (a) equity interests in Trustor are publicly offered securities, within the meaning of 29 C.F.R. Section 2510.3-101(b)(2); (b) less than twenty-five percent (25%) of all equity interests in Trustor are held by "benefit plan investors" within the meaning of 29 C.F.R. Section 2510.3-101(f)(2); (c) Trustor qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. Section 2510.3-101(c) or (e); or (d) no equity interest in Trustor is held directly or indirectly by an employee benefit plan subject to ERISA.

E. Any of the following shall constitute an Event of Default entitling Beneficiary to exercise any and all remedies to which it may be entitled under the Loan Documents: (i) the failure of any representation or warranty made by Trustor under this Paragraph 9.13 to be true and correct in all respects; (ii) the failure of Trustor to provide Beneficiary with the written certifications and evidence referred to above; or (iii) the consummation by Trustor of a transaction which would cause the Deed of Trust or any exercise of Beneficiary's rights under the Loan Documents to constitute a non-exempt prohibited transaction under ERISA or a violation of a state statute regulating governmental plans, subjecting Beneficiary to liability for violation of ERISA or such state statute.

F. Trustor shall indemnify, protect and defend and hold Beneficiary harmless from and against all loss, fee, cost, damage and expense (including attorneys' fees and costs incurred in the investigation, defense and settlement of claims and losses incurred in correcting any prohibited transaction or in the sale of a prohibited loan, and in obtaining any individual prohibited transaction exemption under ERISA that may be required, in Beneficiary's sole discretion) that Beneficiary may incur, directly or indirectly, as a result of a default under Paragraph 9.13.E. This indemnity shall survive any termination, satisfaction or foreclosure of the Deed of Trust.

G. Notwithstanding anything to the contrary contained in this Deed of Trust, no Transfer otherwise permitted hereunder shall be permitted if such Transfer would negate the representations contained in this Paragraph 9.13 or cause this Deed of Trust (or the exercise by Beneficiary of any of its rights and/or remedies under any Loan Document) to constitute a violation of any provision of ERISA or of any applicable state statute regulating a governmental plan, as determined by Beneficiary in its sole and absolute discretion.

H. Notwithstanding anything to the contrary contained in this Deed of Trust, not less than fifteen (15) days prior to any Transfer permitted hereunder pursuant to the terms and provisions hereof, Trustor shall obtain from the proposed transferee or lienholder, (i) a representation, in form and substance satisfactory to Beneficiary, that all provisions of this Paragraph 9.13 shall be true and correct after giving effect to any such Transfer, and (ii) such transferees agreement in writing, which agreement must be in form and substance satisfactory to Beneficiary in its sole and absolute discretion, that any transfer of such transferee's interest shall be governed by the terms and provisions of this Paragraph 9.13.

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9.14. Indemnification and Defense.

A. Trustor will indemnify, defend, and hold Beneficiary and its agents harmless from and against all liability, loss, claims, damage, fee, cost or expense (including reasonable attorneys' fees) that Beneficiary might incur in connection with the making or administering of the Loan, the enforcement of any of Beneficiary's rights or remedies under the Loan Documents, by reason of any failure of any representation or warranty made by Trustor or the failure of Trustor to perform any Obligation or by reason or in defense of any and all claims and demands whatsoever that may be asserted against Beneficiary arising out of or in connection with the Property or the Loan.

B. Trustor shall appear in and defend (with counsel acceptable to Beneficiary) any action or proceeding purporting to affect the security of the Deed of Trust, or of any additional or other security for the Obligations, the interest of Beneficiary or the rights, powers and duties of Trustee hereunder.

C. Whenever, under any Loan Document, Trustor is obligated to indemnify and/or defend Beneficiary, or Trustor is obligated to defend or prosecute any action or proceeding, then Beneficiary shall have the right to participate in such prosecution or defense using counsel of Beneficiary's choice, and all costs and expenses incurred by Beneficiary in connection with such participation (including reasonable attorneys' fees) shall be reimbursed by Trustor to Beneficiary. In addition, Beneficiary shall have the right to approve any counsel retained by Trustor in connection with the prosecution or defense of any such action or proceeding by Trustor. Trustor shall give notice to Beneficiary of the initiation of all proceedings prosecuted or required to be defended by Trustor, or which are subject to Trustor's indemnity obligations, under this Deed of Trust, promptly after the receipt by Trustor of notice of the existence of any such proceeding, but in no event later than five (5) days thereafter.

D. Should Beneficiary incur any liability, loss, claim, damage, cost or expense required to be reimbursed by Trustor to Beneficiary hereunder, the amount thereof with interest thereon at the Secondary Interest Rate shall constitute part of the Indebtedness, shall be payable by Trustor upon demand and shall be secured by this Deed of Trust.

9.15. Destruction of Note. Trustor shall, if the Note is mutilated or destroyed by any cause whatsoever, or otherwise lost or stolen and regardless of whether due to the act or neglect of Beneficiary or Trustee, execute and deliver to Beneficiary in substitution therefor a duplicate promissory note containing the same terms and conditions as the Note, within ten (10) days after Beneficiary notifies Trustor of any such mutilation, destruction, loss or theft of the Note.

9.16. Heirs and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

9.17. Interpretation. When the identity of the parties or other circumstances make it appropriate, the masculine gender shall include the feminine and/or neuter, and the singular number shall include the plural. Specific enumeration of rights, powers and remedies of Trustee and Beneficiary and of acts which they may do and of acts Trustor must do or not do shall not

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exclude or limit the general. The headings of each Article and Paragraph are for convenience and do not limit or construe the contents of any provision hereof. The provisions of the Loan Documents and the Hazardous Substances Agreement shall be construed as a whole according to their common meaning, not strictly for or against any party and consistent with the provisions herein contained, in order to achieve the objectives and purposes of such documents. Each party and its counsel has reviewed and revised the Loan Documents and the Hazardous Substances Agreement and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of such document. The use in the Loan Documents and the Hazardous Substances Agreement of the words "including", "such as", or words of similar import when following any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific items or matters, whether or not language of non-limitation such as "without limitation" or "but not limited to", or words of similar import are used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter. The term "Trustor" shall be deemed to refer to each and every Trustor, both individually and collectively, when more than one Trustor exists, and to the original Trustor, and its or their successors and assigns (whether or not such assign assumed the Obligations hereunder); the term "Beneficiary" includes Beneficiary named herein or any future owner or holder, including pledgee and participants, of the Note, or any other instrument secured hereby, or any participation therein; and the term "Trustee" includes the original Trustee and its successors and assigns. The references to the "Property" shall be deemed to refer to all or any portion of the Property and any interest therein. References to "foreclosure" and related phrases shall be deemed references to the appropriate procedure in connection with Trustee's private power of sale as well as any judicial foreclosure proceeding or a conveyance in lieu of foreclosure.

9.18. Information to Third Persons. If, at any time, Beneficiary desires to sell or transfer, or grant a participation interest in, all or any portion of, or any interest in, the Note or any other Loan Document to any Person, Trustor shall furnish in a timely manner any and all financial information concerning the Property and Leases, and concerning Trustor's financial condition, requested by Beneficiary or such person in connection with any such sale or transfer.

9.19. Commingling of Funds. Any and all sums collected or retained by Beneficiary hereunder (including insurance and condemnation proceeds and any amounts paid by Trustor to Beneficiary under Paragraph 3.4 hereof), shall not be deemed to be held in trust, and Beneficiary may commingle such funds or proceeds with its general assets and shall not be liable for the payment of any interest or other return thereon, except to the extent otherwise required by law.

9.20. Certain Obligations Unsecured. Notwithstanding anything to the contrary set forth herein or any of the Loan Documents, this Deed of Trust shall not secure the following obligations (the "Unsecured Obligations"): (i) any obligations evidenced by or arising under the Hazardous Substances Agreement; and (ii) any other obligations in this Deed of Trust or in any of the other Loan Documents to the extent that such other obligations relate specifically to the presence on the Property of Hazardous Materials (as defined in the Hazardous Substances Agreement) and are the same or have the same effect as any of the obligations evidenced by or arising under the Hazardous Substances Agreement. Nothing in this section shall, in itself, impair or limit Beneficiary's right to obtain a judgment in accordance with applicable law after foreclosure for

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any deficiency in recovery of all obligations that are secured by this Deed of Trust following foreclosure.

9.21. Costs and Fees of Trustor. All costs, fees and expenses (including those of Beneficiary's legal counsel and consultants) (collectively, "Costs") incurred by Beneficiary in making, administering or collecting the Loan including, without limitation, Costs incurred by Beneficiary in connection with any inspections, reports, tests, inquiries and reviews, condemnation proceedings, endorsements to the title policy, actions or proceedings in which Beneficiary and/or Trustee may appear or be made a party (including foreclosure or other proceedings commenced by those claiming a right to any part of the Property or any action to partition all or part of the Property, whether or not pursuant to final judgment and exercise of the power of sale contained herein, whether or not the sale is actually consummated) and all sums expended by Trustee or Beneficiary in the exercise of any of their rights or remedies under this Deed of Trust shall be immediately due and payable by Trustor to Beneficiary upon demand, shall begin accruing interest at the Secondary Interest Rate from the date that is ten (10) days after the receipt of demand, if the expenditure has not yet been paid, until the date the expenditure is paid in full, and shall be added to the Indebtedness secured by the Loan Documents prior to any right, title or interest in or claim upon the Property attaching or accruing subsequent to the lien of this Deed of Trust.

9.22. Easement Rights for Home Parcel. Trustor and Beneficiary understand, acknowledge and agree that Harlan owns a separate parcel immediately south of the Property which contains a residence (the "Home Parcel"). The Home Parcel is not collateral for the Loan nor secured by the Deed of Trust. Beneficiary agrees that in the event Harlan sells the Home Parcel to a third party in a bona fide sale, Beneficiary agrees that Trustor may grant to such third party a non-exclusive easement (in form and substance satisfactory to Beneficiary) over the existing road for reasonable ingress and egress to the Home Parcel and utility purposes serving the Home Parcel, and Beneficiary agrees to subordinate the lien of this Deed of Trust to such easement pursuant to a subordination agreement in form and substance satisfactory to Beneficiary. Trustor shall pay all of Beneficiary's fees, costs and expenses relating to the foregoing, including, without limitation, title endorsement fees and the legal fees and costs.

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IN WITNESS WHEREOF, Trustor has caused this Deed of Trust to be executed as of the day and year first above written.

TRUSTOR:

HARLAN ESTATE WINERY, INC.,
a California corporation

By: _____
Name: H. William Harlan II
Title: President

_____
H. WILLIAM HARLAN II

_____
DEBORAH BECK HARLAN

13927.6259016.8

EXHIBIT

A

Policy No: CW PROFORMA
NAP 119411

The land referred to herein is situated in the State of California, County of Napa, and is described as follows:

TRACT ONE:
PARCEL ONE:
Being a portion of Section 34 in Township 7 North, Range 5 West, Mount Diablo Base and Meridian, described as follows:

BEGINNING at a concrete monument with a brass disc stamped "Napa County (C. Six)" marking corner #6 of the Caymus Rancho according to field notes entitled, "Oakville Grade Road, Grant Line C-6 to C-9" dated February, 1960 and filed in the office of the Napa County Engineer; thence from said point of beginning South 57 37' 31" West 67.91 feet to a 3/4" iron pipe: thence South 3253' 00" East 20.00 feet to a point in the center of a private road designated as Point "F" in the description of Parcel 4 in the Deed to Stelling recorded January 17, 1980 in Book 1152 at page 452 of Official Records of Napa County; thence along the center of said private road South 57 07' 00" West 205.72 feet to a point in the center of said private road designated as Point "A" in said Deed; thence continuing along the center of said private road the following courses and distances: South 3 51' 20' West 53.44 feet to the beginning of a tangent curve concave Easterly and having a radius of 900.00 feet; thence Southerly along said curve 168.53 feet; thence South 6 52' 25" East 16.82 feet to the beginning of a tangent curve concave Westerly and having a radius of 750.00 feet; thence Southerly along said curve 195.42 feet to a point in the center of said private road designated as Point "B" in said Deed; thence continuing along the center of said private road South 8 03' 20" West 131.34 feet to the beginning of a tangent curve concave Westerly and having a radius of 300.00 feet; thence Southerly along said curve 98.07 feet; thence South 26 47' 10" West 29.72 feet to the beginning of a tangent curve concave Easterly and having a radius of 200.00 feet; thence Southerly along said curve 122.44 feet; thence South 8 17' 30" East 211.91 feet to the beginning of a tangent curve concave Easterly and having a delta of 15 56' 15" and a radius of 50.00 feet; thence Southerly along said curve 13.91 feet to the beginning of a reverse curve having a delta of 20 01' 50" and a radius of 332.17 feet; thence Southerly along said curve 116.13 feet; thence South 4 11' 55" East 113.94 feet to the beginning of a tangent curve concave Easterly and having a radius of 2000.00 feet; thence Southerly along said curve 126.58 feet; thence South 7 49' 30" East 45.66 feet to the beginning of a tangent curve concave Easterly and having a radius of 100.00 feet; thence Southerly along said curve 18.49 feet; thence South 18 25' 10" East 68.45 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 350.00 feet; thence Southeasterly along said curve 52.08 feet; thence South 26 56' 40" East 5.38 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 1000.00 feet; thence Southeasterly along said curve 135.29 feet; thence South 34 41' 45" East 95.22 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 100.00 feet; thence Southeasterly along said curve 40.04 feet; thence South 57 38' 20" East 52.50 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 140.00 feet; thence Southeasterly

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along said curve 57.86 feet; thence South 81 19' 05" East 54.71 feet to the beginning of a tangent curve concave Southwesterly and having a radius of 60.30 feet; thence Southeasterly along said curve 34.53 feet; thence South 48 20' 25" East 7.53 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 300.00 feet; thence Southeasterly along said curve 87.77 feet; thence South 65 06' 10" East 15.62 feet to the beginning of a tangent curve concave Southwesterly and having a radius of 130.00 feet; thence Southeasterly along said curve 51.09 feet; thence South 42 35' 10" East 19.71 feet to the beginning of a tangent curve concave Southwesterly and having a radius of 500.00 feet; thence Southeasterly along said curve 53.22 feet; thence South 36 29' 15" East 53.99 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 200.00 feet; thence Southeasterly along said curve 68.67 feet; thence South 56 09' 40" East 150.37 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 350.00 feet; thence Southeasterly along said curve 90.79 feet; thence South 71 31' 25" East 37.65 feet to the beginning of a tangent curve concave Southwesterly and having a radius of 130.00 feet; thence Southeasterly along said curve 45.03 feet; thence South 51 10' 40" East 81.96 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 500.00 feet; thence Southeasterly along said curve 78.70 feet; thence South 60 11' 45" East 32.36 feet to the beginning of a tangent curve concave Northeasterly and having a radius of 140.00 feet; thence Southeasterly along said curve 40.67 feet; thence South 76 50' 20" East 48.94 feet to the beginning of a tangent curve concave Northerly and having a radius of 120.00 feet; thence Easterly along said curve 74.48 feet; thence North 67 36' 05" East 36.18 feet to the beginning of a tangent curve concave Northwesterly and having a radius of 250.00 feet; thence Northeasterly along said curve 87.44 feet to a point designated as Point "C" in the description of Parcel Five in the Deed to Stelling recorded January 17, 1980 in Book 1152 at page 456 of Official Records of Napa County; thence leaving the center of said private road South 42 26' 15" East 20.00 feet to a 3/4" iron pipe; thence South 31 23' 00" East 117.00 feet; thence North 90 00' 00" East 300.00 feet; thence South 00 00' 00" East 500.00 feet; thence South 32 13' 33" East 290.5 feet, more or less to that point on the South line of the Northeast quarter of the Southwest quarter of said Section 34 which is the Southeast corner of the lands shown on Map No. 3767 filed December 6, 1984 in Book 23 of Surveys at Page 97 in the office of the Recorder of Napa County; thence Easterly along said South line 590 feet, more or less to the Southeast corner of the Northeast quarter of the Southwest quarter of said Section 34; thence Northerly along the North-South center section line of said Section 34 1320 feet, more or less, to the center of Section 34; thence Westerly along the East-West center section line 1320 feet, more or less, to the intersection thereof with the West line of Lot 3 in said Section 34; thence Northerly along said West line 1250 feet, more or less, to the intersection thereof with the Southerly line of said Caymus Rancho; thence Northwesterly along said Southerly line 1200 feet, more or less, to the point of beginning.

PARCEL TWO:
Easements regarding access to water as contained in the Deed to Douglas B. Stelling, a single man, recorded January 17, 1980 in Book 1152 at page 461 of Official Records of Napa County.

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RIPTION (continued)

PARCEL THREE:
An Easement, 40 feet in width, for roadway and utility purposes as described as Easement (a), in the Deed to Douglas B. Stelling, a single man, recorded January 17, 1980 in Book 1152 at page 452 of Official Records of Napa County.

PARCEL FOUR:
A non-exclusive Easement, 40 feet in width, for ingress, egress, roadway and utility purposes as described as Easement (b), in the Deed to Douglas B. Stelling, a single man, recorded January 17, 1980 in Book 1152 at page 452 of Official Records of Napa County.

PARCEL FIVE:
An Easement, 20 feet in width, for roadway and utility purposes as described as Easement (c) in the Deed to Douglas B. Stelling, a single man, recorded January 17, 1980 in Book 1152 at page 452 of Official Records of Napa County.

PARCEL SIX:
An Easement, 40 feet in width, for roadway and utility purposes as described as Easement (e) in the Deed to Douglas B. Stelling, a single man, recorded January 17, 1980 in Book 1152 at page 452 of Official Records of Napa County.

PARCEL SEVEN:
An Easement, for roadway and utility purposes over Acacia Drive, as conveyed in the Deed to Douglas B. Stelling, a single man, recorded January 17, 1980 in Book 1152 at page 452 of Official Records of Napa County.

PARCEL EIGHT:
An Easement, for roadway and utility purposes over the Vineyard Driveway, as conveyed in the Deed to Douglas B. Stelling, a single man, recorded January 17, 1980 in Book 1152 at page 452 of Official Records of Napa County.

PARCEL NINE:
An Easement for ingress, egress and roadway purposes, 40 feet in width, as described in the Grant of Easement recorded September 19, 1991 in Book 1851 at page 921 of Official Records of Napa County.

To the extent that any riparian rights exist regarding the parcel conveyed hereunder, this parcel shall continue to be riparian to any streams, creeks, springs or waterways located on the adjacent properties as if this conveyance had not been executed and delivered and grantee is further granted a single underground pipeline easement not to exceed ten feet (10') in width at a location to be mutually agreed on between grantee and the owner of the contiguous parcels affected by the lot line adjustment accomplished by this conveyance for the purpose of utilizing riparian rights, if any, that may exist.

(Continued)

TRADEMARK
REEL: 002310 FRAME: 0618
TRADEMARK
REEL: 002559 FRAME: 0612

RIPTION (continued)

PARCEL TEN:
A perpetual, non exclusive easement in favor of Parcel One Tract One hereof to draw water from and to operate and maintain and to have access for use, maintenance and installation of utilities, water pump and engine, pipes and other related facilities and equipment to that certain well, as more particularly described on that certain Grant Deed dated July 20, 1979 and recorded on August 1, 1979, in Book 1134 at page 419 of Official Records of Napa County.

TRACT TWO:
PARCEL ONE:
Being a portion of Sections 33 and 34, Township 7 North, Range 5 West, Mount Diablo Base and Meridian, described as follows:

Beginning at a 3/4" iron pipe and tag, L.S. 3801 at a fence corner, said iron pipe being located at the Western terminus of Course No. 22 on the North line of Parcel 2 as shown on Map No. 4167 entitled, "Parcel Map of the Lands of H. William Harlan", filed August 9, 1988 in Book 16 of Parcel Maps at page 32 in the office of the County Recorder of said Napa County; running thence along the North and Northeast lines of said Parcel 2, North 77° 54' 10" East 332.06 feet, North 70° 06' 33" East 343.18 feet, North 72° 30' 00" East 208.78 feet, South 39° 46' 32" East 100.61 feet, South 31° 47' 11" East 187.95 feet, South 20° 20' 52" East 80.83 feet, North 87° 50' 20" East 34.74 feet, South 36° 00' 33" East 143.28 feet, South 74° 07' 01" East 69.62 feet, South 40° 45' 52" East 42.68 feet, South 2° 44' 54" West 69.52 feet, South 11° 08' 45" East 200.91 feet, South 87° 56' 04" East 81.08 feet, North 45° 42' 20" East 102.87 feet, North 83° 25' 54" East 60.02 feet, South 51° 59' 38" East 255.48 feet, South 30° 05' 21" East 50.69 feet, South 89° 22' 36" East 34.31 feet, North 55° 39' 17" East 138.48 feet, South 67° 24' 58" East 35.62 feet, North 81° 41' 37" East 47.68 feet, South 60° 20' 28" East 94.17 feet, South 39° 12' 45" East 136.14 feet and South 16° 20' 30" East 146.25 feet to the most Easterly corner of said Parcel 2; thence along the general Northerly lines of Parcel 3 as shown on said Map No. 4167, South 40° 04' 07" East 60.13 feet, South 36° 09' 26" East 107.83 feet, and South 79° 07' 31" East 136.37 feet to the Easterly terminus of Course No. 49 as shown on said Map No. 4167; thence leaving said line of said Parcel 3, South 59° 40' 26" West 812.58 feet, more or less, to the Southwesterly terminus of the course described as "South 39° 15' 36" West 735.00 feet" in the Corporation Grant Deed to H. William Harlan recorded September 19, 1991 in Book 1851 at page 905 of Official Records of Napa County; thence along the Northwesterly line of the lands described as "Parcel One" in said Deed South 71° 33' 37" West 456.08 feet to a point in the center of a private road; thence along said road centerline North 40° 26' 10" West 46.01 feet, along a curve to the right having a radius of 115.00 feet through a central angle of 66° 59' 31" an arc distance of 134.46 feet, North 26° 33' 21" East 34.52 feet, along a curve to the left having a radius of 100.00 feet through a central angle of 45° 37' 20" an arc distance of 79.62 feet to the Southerly terminus of the centerline of the 40 foot wide roadway and utility easement shown as "Parcel X" on said Map No. 4167; thence continuing along said centerline, along said

(Continued)

TRADEMARK
REEL: 002310 FRAME: 0619
TRADEMARK
REEL: 002559 FRAME: 0613

'RIPTION (continued)

curve having a radius of 100.00 feet through a central angle of 13° 50' 11" an arc distance of 24.15 feet, North 32° 54' 10" West 2.80 feet, and along a curve to the left having a radius of 60.00 feet through a central angle of 56° 16' 50" an arc distance of 58.94 feet; thence leaving said road centerline South 66° 34' 20" West 860.15 feet; thence North 42° 26' 14" West 849.46 feet; thence North 57° 43' 25" West 209.50 feet to a point designated "Point Z" for the purposes of describing a road and utility easement to be appurtenant to the Parcel described hereby; thence North 57° 43' 25" West 433.11 feet to the center of a ravine; thence down said ravine centerline North 64° 18' 36" East 10.00 feet to a spring; thence continuing down said ravine centerline North 64° 18' 36" East 28.53, North 51° 46' 47" East 95.10 feet, North 27° 12' 53" East 25.70 feet, North 55° 17' 19" East 62.80 feet, North 33° 43' 56" East 143.99 feet, North 30° 43' 27" East 63.02 feet, North 29° 13' 12" East 139.98 feet, North 16° 53' 14" West 85.82 feet, North 05° 39' 35" East 113.88 feet, North 45° 45' 51" East 89.48 feet, North 33° 13' 51" East 64.28 feet, North 06° 09' 39" East 61.60 feet, North 18° 11' 28" East 53.14 feet, North 39° 14' 49" East 47.02 feet, North 88° 21' 34" East 48.55 feet, South 56° 36' 58" East 28.43 feet, North 63° 18' 28" East 19.51 feet, South 81° 16' 11" East 16 feet, more or less to the Northeasterly line of the lands described as "Parcel One" in the Corporation Grant Deed to Douglas B. Stelling recorded September 19, 1991 in Book 1851 at page 918 of Official Records of Napa County; thence along said line South 23° 40' 21" East 125.99 feet and South 25° 28' 12" East 176.12 feet to the most Easterly corner of said "Parcel One" and the point of beginning of this description.

RESERVING THEREFROM an Easement for ingress, egress, road and utility purposes over that portion of said herein above described Parcel One designated as Parcel "X" on that certain Parcel Map entitled "Map No. 4167 Parcel Map of the Lands of H. William Harlan", filed August 9, 1988 in Book 16 of Parcel Maps, at Page 32 in the office of the Recorder of Napa County. Said easement being appurtenant to and for the benefit of the Trustor's remaining land.

PARCEL TWO:
Non-exclusive Easements for ingress, egress, roadway, utility and all purposes incidental thereto more particularly described in that certain Grant Deed dated August 10, 1984 and recorded August 14, 1984 in Book 1351 at page 554 of Official Records of Napa County described as follows:

a) 40.00 feet wide, the Westerly line being more particularly described as follows:

BEGINNING at the Northerly terminus of Course No. 32 as shown on Map No. 3767 entitled, "Record of Survey of the Lands of H. William Harlan", filed December 6, 1984 in Book 23 of Surveys at page 97 in the office of the County Recorder of said Napa County; and running thence North 39° 46' 32" West to said Southeast corner of Black; thence North 425.00 feet along the East line of Black to the Northeast corner thereof; thence North 37° 44' 52" West to the Southeast line of Easement b) hereinafter described.

(Continued)

TRADEMARK
REEL: 002310 FRAME: 0620
TRADEMARK
REEL: 002559 FRAME: 0614

b) 40.00 feet wide, the centerline being more particularly described as follows:

BEGINNING at the intersection of an oiled road with the Northerly extension of the West line of non-exclusive easement a) herein, said intersection being North 37° 44' 52" West 61.67 feet from said Northeast corner of Black; thence from said intersection North 48° 10' 50" East 232.62 feet to the beginning of a tangent curve concave Northwesterly and having a delta of 52° 22' 45" and a radius of 50.00 feet; thence Northeasterly 45.71 feet along said curve to the intersection thereof with the centerline of Easement Two described in Reformed Grant of Easement to Elsa M. Black, recorded April 2, 1981 in Book 1197 at page 608 of Official Records of Napa County; thence Northerly along the centerline of said Easement Two and Easement One, also described in said Reformed Grant of Easement to the Easterly line of said Oakville Grade and extending and shortening the sidelines of the herein described non-exclusive Easements a) and b) so as to provide a continuous strip of land, 40.00 feet wide, extending Northerly from said Northerly line of the herein described parcel of land to said East line of Oakville Grade.

c) A non-exclusive Easement for ingress, egress, roadway and utility purposes, 40 feet wide, as described in Parcel (c) of the instrument between Stelling Vineyards, Inc. and H. William Harlan recorded August 14, 1984 in Book 1351 at page 557 of Official Records of Napa County.

PARCEL THREE:
The right to take water, to the extent that now or may exist in the future from the existing springs located on Parcel One described in the Deed to Douglas B. Stelling, a married man, recorded July 22, 1982 in Book 1248 at page 640 of Official Records of Napa County.

PARCEL FOUR:
A perpetual mutual non-exclusive easement to draw water from, to operate and maintain and to have access for the use, maintenance and installations of utilities, water pipe, submersible pumps and engines, and other related facilities and equipment to a certain well located on property described as Parcel Three, conveyed to Douglas B. Stelling by Deed dated June 28, 1979 and recorded in Book 1129 at page 983 of Official Records of Napa County. This well easement is appurtenant to, and the water from such well may be used, only that portion of Parcel One hereinabove described, which was included in the 120 acre dominant tenement defined in the Deed to Far Niente Winery recorded in Book 1134 at page 419 of Official Records of Napa County. This property is entitled to its allocable portion of the total water that the original dominant tenement was entitled to receive and solely for the uses permitted under the above described Deed.

PARCEL FIVE:
An easement for roadway and utility purposes, under, over, along and across a strip of land, 40 feet in width, lying 20.00 feet on each side of the following described centerline:

(Continued)

TRADEMARK
REEL: 002310 FRAME: 0621
TRADEMARK
REEL: 002559 FRAME: 0615

RIPTION (continued)

BEGINNING at Point "Z" as referred to in Parcel One above for the 72 acre parcel of land; thence South 03° 04' 05" East 74.18 feet to the center of an existing dirt road; thence along said centerline South 03° 04' 05" East 106.00 feet, along a curve to the right having a radius of 400.00 feet through a central angle of 19° 42' 21" an arc distance of 137.57 feet, South 16° 38' 16" West 10.15 feet, along a curve to the left having a radius of 185.00 feet through a central angle of 35° 09' 51" an arc distance of 113.54 feet, South 18° 31' 34" East 10.58 feet, along a curve to the left having a radius of 295.00 feet through a central angle of 16° 46' 37" an arc distance of 86.38 feet, South 35° 18' 12" East 33.41 feet, along a curve to the right having a radius of 130.00 feet through a central angle of 27° 07' 14" an arc distance of 61.53 feet, South 08° 10' 57" East 34.97 feet, along a curve to the right having a radius of 55.00 feet through a central angle of 53° 47' 32" an arc distance of 51.64 feet; thence South 45° 36' 35" West 26.34 feet; thence along a curve to the right having a radius of 95.00 feet through a central angle of 41° 16' 21" an arc distance of 68.43 feet; thence South 86° 52' 56" West 44 feet, more or less, to the Westerly line of Parcel 1 as shown on Map No. 4167 filed August 16, 1984 in Book 16 of Parcel Maps, at page 32 in the office of the County Recorder of said Napa County.

PARCEL SIX:
A non-exclusive Easement for the operation, maintenance, repair and replacement of a well and appurtenances thereto, within the following described parcel of land:

BEGINNING at a point on Course No. 3 as shown on Map No. 4167 filed August 9, 1988 in Book 16 of Parcel Maps at page 32, in the office of the County Recorder of said Napa County, distant thereon North 00° 31' 10" East 44.04 feet from the Southern terminus thereof; thence along said Course No. 3, North 00° 31' 10" East 20.00 feet; thence leaving said Course No. 3, South 89° 28' 50" East 40.78 feet; thence South 00° 31' 10" West 20.00 feet; thence North 89° 28' 50" West 40.78 feet to the point of beginning of this description.

PARCEL SEVEN:
A non-exclusive Easement for the installation, maintenance, repair and replacement of an underground waterline and electrical facilities appurtenant to the well connected thereto, under, over, along and across a strip of land, 20 feet in width, the Westerly and Southwesterly line of which is described as follows:

BEGINNING at a point on Course No. 3 as shown on Map No. 4167 filed August 9, 1988 in Book 16 of Parcel Maps at page 32, in the office of the County Recorder of said Napa County, distant thereon North 00° 31' 10" East 64.04 feet from the Southern terminus thereof; thence along the Westerly and Southwesterly lines of Parcel 1 as shown on said Map No. 4167, North 00° 31' 10" East 25.49 feet, North 40° 41' 00" West 168.17 feet, North 12° 04' 45" West 136.61 feet, North 05° 18' 52" East 183.32 feet, North 33° 03' 53" West 120.05 feet, North 77° 18' 26" West 169.66 feet and North 35° 03' 31" West 8.8 feet to the intersection with the center of a dirt road which approaches from the East, said road centerline being more particularly described in Parcel Six above.

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TRADEMARK
REEL: 002310 FRAME: 0622
TRADEMARK
REEL: 002559 FRAME: 0616

RIPTION (continued)

PARCEL EIGHT:
A non exclusive Easement for ingress, egress, roadway and utility and all purposes incidental thereto described as follows:

A 40 foot wide Easement, the centerline thereof being the center of that graded road described in Exhibit "D" to Douglas B. Stelling recorded June 9, 1982 in Book 1241 at page 777 of Official Records of Napa County extending Northerly from the Southwesterly corner of Parcel 1 as shown on Map No. 4167, filed August 9, 1988 in Book 16 of Parcel Maps at page 32, in the office of the County Recorder of said Napa County to the intersection thereof with the County Road known as Oakville Grade.

To the extent that any riparian rights exist regarding the parcel conveyed hereunder, this parcel shall continue to be riparian to any streams, creeks, springs or waterways located on the adjacent properties as if this conveyance had not been executed and delivered and grantee is further granted a single underground pipeline easement not to exceed ten feet (10') in width at a location to be mutually agreed on between grantee and the owner of the contiguous parcels affected by the lot line adjustment accomplished by this conveyance for the purpose of utilizing riparian rights, if any, that may exist.

PARCEL NINE:
Rights and easements in favor of Parcel One Tract Two hereof to use, install, maintain, repair and replace gate; together with easements for roadway (20 foot wide strip of land), utility, water, passage of vehicle and vehicular and pedestrian access, water facility connections and delivery system, diverting spring water, installing, maintaining, repairing, replacing and relocating water tranportation facility, as such easements are more particularly described on that certain Stipulation and Order recorded on April 15, 1982, in Book 1241 at page 713 of Official Records of Napa County.

PARCEL TEN:
Exclusive rights and easements in favor of Parcel One Tract Two hereof to possess and receive water from that certain spring located on the adjacent property; together with non-exclusive easement for egress and ingress to the spring for the purpose of installing, maintaining, repairing and replacing facilities for the collection, retention and transmission of water, as such rights and easements are more particularly described on that certain Spring Easement Agreement dated August 13, 1984 and recorded on August 14, 1984 in Book 1351 at page 567 of Official Records of Napa County.

(Continued)

TRADEMARK
REEL: 002310 FRAME: 0623
TRADEMARK
REEL: 002559 FRAME: 0617

RIPTION (continued)

PARCEL ELEVEN:
Rights and exclusive easements in favor of Parcel One Tract Two hereof to that certain springs and water therefrom located on or near the common border of the adjacent property, together with the right to develop, build, install and lay all necessary and desirable equipment, facilities and improvements, pumps, storage, tanks, electrical service, pipe and water line and other facilities for collection and transmission of water, as such rights and easements are more particularly described on that certain Water Rights and Easement Agreement dated August 22, 1994, and recorded on August 23, 1994 under Series Number 1994 026082 of Official Records of Napa County.

KS/LF/VXL
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TRADEMARK
REEL: 002310 FRAME: 0624
TRADEMARK
REEL: 002559 FRAME: 0618

Exhibit B

Inventory

Acquisition Date	Description	Internal Acq Value	
6/01/96	165 Used Pallets	$	5,321.25
9/01/97	2300gal Tank 7'6"x7'	$	10,982.12
9/01/97	2000gal Tank 7x7	$	10,245.98
9/01/97	1730gal Tank 6'6"x7'	$	10,251.24
9/01/97	1480gal Tank 6x7	$	9,712.04
9/01/97	1480gal Tank 6'6"x7	$	9,978.48
9/01/97	1260gal Tank 6x6	$	9,402.41
9/01/97	880gal Tank 5'6"x5	$	9,497.20
9/01/97	730gal Tank	$	8,765.27
9/01/97	480gal Tank 4x5	$	8,765.20
9/01/97	2 Fermenting Tanks	$	23,650.00
9/01/97	5 Tanks 5x4	$	13,245.38
9/01/97	12" S/S Drainpipe Tank	$	2,979.61
9/01/97	Vaslin Destemmer	$	16,838.25
9/01/97	Mixing Unit	$	1,681.68
9/01/97	Air Compressor	$	3,500.00
9/01/97	Zambelli 800 Press	$	12,092.44
9/01/97	Delta 12 Stand 27"	$	1,045.69
9/01/97	2" Yamada Air Pump	$	3,914.62
9/01/97	Surge Suppressor	$	262.79
9/01/97	3" Yamada Air Pump	$	5,255.23
9/01/97	Glycol Chiller/Heater	$	57,710.00
9/01/97	11' S/S Belt Conveyor	$	17,567.82
9/01/97	20' S/S Belt Conveyor	$	9,228.58
11/01/97	1500 1 Bottom Hopper	$	5,968.46
9/01/97	11 Pump Overs	$	5,898.75
9/01/97	9 Racking Ells	$	2,171.80
9/01/97	960 Picking Boxes	$	8,477.92
9/18/97	Pallet Jack Mdl L23001	$	563.06
9/18/97	2 Bulldog Pup	$	1,031.22
10/23/97	2 Barrel Handcarts	$	760.68
12/23/97	Screw Compressor	$	8,565.48
2/01/98	Counters-Stainless	$	11,872.43
7/01/98	2 2643g Ferment Tank	$	23,650.00
7/01/98	4 1500g Ferment Tank	$	40,568.00
7/21/98	Floor Scale-Rice Lake	$	3,114.60
8/01/98	Adj Sorting Table/Crsh	$	3,056.63
8/01/98	Racking Elbows	$	1,454.63
8/01/98	Pump Overs	$	3,451.53
8/01/98	Supply Valves/Clamps	$	3,876.14
9/01/98	Wine Chalks	$	5,026.53
9/01/98	Piping for Tanks	$	4,356.59
9/01/98	8 15.5g Sanke Kegs	$	645.00
9/01/98	Barrel Rinser	$	1,750.00
10/12/98	2" Yamada Air Pump	$	4,177.39
10/23/98	Decantors	$	256.50

10/01/98	Install 6 SS Tanks	$	2,268.00
11/15/98	Tank Hook up	$	5,767.07
12/01/98	6 Lug Box Trailers	$	13,790.72
12/01/98	Shelving	$	2,176.55
1/01/99	Generator	$	4,283.28
2/01/99	Wine Glass Rack-Lab	$	747.52
2/01/99	Legs for Tanks (2 sets)	$	1,000.00
2/01/99	Refrid Control hookup	$	2,640.37
10/01/99	Scale	$	550.00
11/01/99	PH Meter Model 720A	$	1,679.11
12/01/99	Hose for Cave Section	$	1,284.41
4/01/00	Pallet Jack	$	565.69
4/01/00	Press	$	5,467.80
9/01/00	SS Cooling Panels	$	6,961.18
9/01/00	Press	$	24,244.97
9/01/00	Crusher Cage	$	3,340.25
9/01/00	Oak Tank Freight	$	357.00
9/01/00	Tank Relocation	$	1,025.00
9/01/00	Spray Ball	$	775.80
9/01/00	Yamada Pump	$	3,932.88
9/01/00	Butterfly Valve	$	2,589.12
9/01/00	Wire Shelving-Cave	$	817.36
9/01/00	FF&E for Cave	$	2,420.99
9/01/00	Oak Tank Installation	$	1,986.88
9/01/00	FF&E for Cave	$	802.69
10/01/00	Pump Over Device	$	2,262.75
10/01/00	Pump Over Device	$	1,131.38
9/01/00	Conveyor	$	37,321.25
11/01/00	Legs & Risers	$	6,000.00
10/01/99	4 Oak Tanks	$	61,466.53
10/01/00	Oak Tanks	$	89,748.65
10/01/00	Commission	$	2,175.94