

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT, entered into this 21st day of July, 1982, by and between THE BANK OF STOCKTON, a California corporation, partial beneficiary by assignment; NAIRNE HOLDINGS NEVADA, INC., a Nevada corporation, a partial beneficiary by assignment; THE RIDGE HOLDINGS, a Nevada general partnership, a partial beneficiary by assignment (hereinafter collectively referred to as "Beneficiary"); and HARICH TAHOE DEVELOPMENTS, a Nevada general partnership (hereinafter referred to as "Trustor"),

W I T N E S S E T H :

WHEREAS, on March 17, 1981, Trustor executed a Deed of Trust and Assignment of Rents in favor of Beneficiary, recorded on March 18, 1981 as Document No. 54479, at Book 381, Page 1472 of Official Records, Douglas County, Nevada, securing a promissory note of even date, copies of which are attached hereto as Exhibit "A", and incorporated herein by this reference, with said Deed of Trust and Assignment of Rents encumbering that certain property located in Douglas County, Nevada, more particularly described as:

Lots 26 through 41, inclusive, of Tahoe Village Unit Number 3, fifth amended map, recorded as Document No. 61612, Official Records, Douglas County Recorder's Office, Minden, Nevada, as amended by Certificate of Amendment recorded November 23, 1981, as Document No. 62661.

Together with any and all easements, easement rights, building permits, water permits, sewer permits, special use permits, property permits and any and all authorizations or other rights or interests of Trustor which is, or may be, appurtenant to, or used in connection with, the above-described real property and the project known as "The Ridge Tahoe".

WHEREAS, Trustor has recorded certain Covenants, Conditions and Restrictions affecting the real property described herein, which Covenants, Conditions and Restrictions are for the benefit of any and all purchasers of the real property

1 described herein and the improvements to be constructed thereon;  
2 and

3 WHEREAS, Trustor must amend such Covenants, Conditions  
4 and Restrictions in order to comply with the regulations of the  
5 California Department of Real Estate.

6 NOW, THEREFORE, in consideration of the mutual  
7 covenants, conditions and terms hereinafter set forth, and  
8 other good and valuable consideration, the parties hereto do  
9 agree that:

10 1. The Exhibit "A" Deed of Trust and Assignment of  
11 Rents, as amended hereby shall be, and the same hereby is, made  
12 subject to and unconditionally subordinate to the Amended and  
13 Restated Declaration of Time Share Covenants, Conditions and  
14 Restrictions for The Ridge Tahoe, recorded September 17,  
15 1982, as Document No. 71000, Official Records, Douglas  
16 County, Nevada.

17 2. Except as specifically provided for herein by  
18 this Amendment, all of the rest and remainder of the terms and  
19 conditions of the above-referenced Deed of Trust and Assignment  
20 of Rents, attached hereto as Exhibit "A", shall remain of full  
21 force and effect, and its validity and enforceability shall not  
22 be impaired, diminished nor its priority affected hereby.

23 IN WITNESS WHEREOF, the parties hereto have set their  
24 hands on the date and year first above written.

25 "BENEFICIARY"  
26 BANK OF STOCKTON, a  
California corporation  
27  
28 By [Signature]  
Its Vice President

29 NAIRNE HOLDINGS NEVADA, INC.  
a Nevada corporation  
30  
31 By [Signature]  
32 JAMES C. NAIRNE  
President

"TRUSTOR"  
HARICH TAHOE DEVELOPMENTS  
a Nevada general partnership  
By HARLESK ASSOCIATES  
a Nevada limited partnership  
General Partner

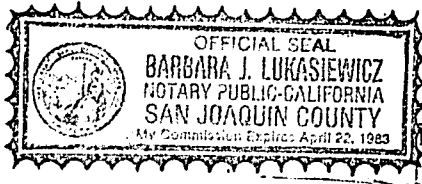
By HARLESK NEVADA, INC.  
a Nevada corporation  
By [Signature]  
KIRK NAIRNE  
Vice President/Assistant  
Secretary

LAW OFFICES  
ALLISON, BRUNETTI,  
MACKENZIE, HARTMAN,  
SOUMBENIOTIS  
& RUSSELL, LTD.  
402 N. DIVISION ST.  
CARSON CITY, NV 89701

THE RIDGE HOLDINGS, a Nevada  
general partnership.  
By [Signature]  
KIRK NAIRNE  
Vice President

1 STATE OF California )  
: ss.  
2 County of San Joaquin )

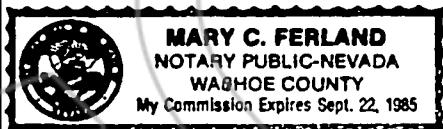
3 On this 22nd day of July, 1982, personally  
4 appeared before me, a Notary Public, A. P. Gibson,  
5 who acknowledged to me that he is the Vice President  
6 of THE BANK OF STOCKTON, a California corporation, one of the  
7 Beneficiaries herein, and who acknowledged to me that he executed  
8 the foregoing Subordination Agreement on behalf of said corpora-  
9 tion.



*Barbara J. Lukasiewicz*  
NOTARY PUBLIC

13 STATE OF NEVADA )  
: ss.  
14 Carson City )

15 On this 21st day of July, 1982, personally  
16 appeared before me, a Notary Public, JAMES C. NAIRNE, who  
17 acknowledged to me that he is the President of NAIRNE HOLDINGS  
18 NEVADA, INC., a Nevada corporation, one of the Beneficiaries  
19 herein, and who acknowledged to me that he executed the foregoing  
20 Subordination Agreement on behalf of said corporation.



*Mary C. Ferland*  
NOTARY PUBLIC

24 STATE OF NEVADA )  
: ss.  
25 County of Douglas )

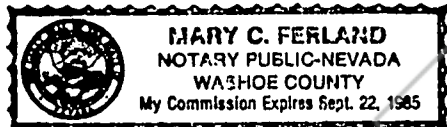
26 On this 21st day of July, 1982, personally  
27 appeared before me, a Notary Public, KIRK NAIRNE, who acknowledged  
28 to me that he is the Vice President of THE RIDGE HOLDINGS, a  
29 Nevada general partnership, one of the Beneficiaries herein,  
30 and who acknowledged to me that he executed the foregoing  
31 Subordination Agreement on behalf of said general partnership.



*Mary C. Ferland*  
NOTARY PUBLIC

1 STATE OF NEVADA )  
 : ss.  
2 County of Douglas )

3 On this 21st day of July, 1982, personally  
4 appeared before me, a Notary Public, KIRK NAIRNE, who acknowledged  
5 to me that he is the Vice President/Assistant Secretary of  
6 HARLESK NEVADA, INC., a Nevada corporation; general partner of  
7 HARLESK ASSOCIATES, a Nevada limited partnership; general  
8 partner of HARICH TAHOE DEVELOPMENTS, a Nevada general partnership,  
9 Trustor herein, and who acknowledged to me that he executed the  
10 foregoing Subordination Agreement on behalf of said general  
11 partnership.



*Mary C. Ferland*  
NOTARY PUBLIC

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DEED OF TRUST

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THIS DEED OF TRUST, made this 17<sup>th</sup> day of March, 1981, by and between HARICH TAHOE DEVELOPMENTS, a general partnership, trustor, to SILVER STATE TITLE COMPANY, a corporation, trustee, for TAHOE NEVADA PROPERTIES, a Nevada Limited Partnership, hereinafter referred to as Beneficiary.

W I T N E S S E T H :

That the trustor does hereby grant, bargain, sell and convey unto the trustee in trust with power of sale all that certain property situate in Douglas County, Nevada, more particularly described as follows:

See Exhibit "A" annexed hereto and by reference made hereof a part)

AND ALSO, all the estate, interest, homestead and other claim, in law and in equity, which the trustor now has or may hereafter acquire in and to said property.

TOGETHER WITH the tenements, hereditaments and appurtenances thereunto belonging or appertaining, and the reversion, reversions, remainders, rents, issues and profits thereof

TO HAVE AND TO HOLD the same unto the trustee, its successors and assigns, for the purpose of securing:

FIRST: Payment of a total indebtedness in the sum of \$1,175,000.00 U.S. Funds evidenced by three (3) promissory notes of even date herewith payable to beneficiary, with interest thereon, according to the terms of said note, which note is by reference made a part hereof, executed by the trustor, delivered to beneficiary, and payable to the order of beneficiary and any and all modifications, extensions and renewals thereof.

SECOND: Payment of such additional sums with interest thereon as may be hereafter loaned by beneficiary to trustor as additional advances under this deed of trust by the promissory note or notes of trustors, and payment of any monies ad-

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1 thereon as may be hereafter loaned by beneficiary to trustor  
2 as additional advances under this deed of trust by the promis-  
3 sory note or notes of trustors, and payment of any monies ad-  
4 vanced or paid out by beneficiary or by the trustee to or for  
5 trustor pursuant to the provisions of this deed of trust, and  
6 payment of all other indebtedness of the trustor to the benefi-  
7 ciary or to the trustee which may exist or be contracted for  
8 during the life of this instrument, with interest, and also as  
9 security for the payment and performance of every obligation,  
10 covenant, promise or agreement contained herein or contained  
11 in any promissory note or notes secured hereby.

12           THIRD: The expenses and costs incurred or paid by  
13 beneficiary or trustee in preservation or enforcement of the  
14 rights and remedies of beneficiary and the duties and liabil-  
15 ities of trustor hereunder, including, but not limited to, at-  
16 torney's fees, court costs, witnesses' fees, expert witnesses'  
17 fees, collection costs, and costs and expenses paid by benefi-  
18 ciary or trustee in performing for trustor's account any oblig-  
19 tions of trustor or to collect the rents or prevent waste.

20           AND THIS INDENTURE FURTHER WITNESSETH:

21           1. Trustor promises and agrees to pay when due all  
22 claims for labor performed and materials furnished for any con-  
23 struction, alteration or repair upon the above-described premi-  
24 and shall not permit said claims to become a lien upon the pre-  
25 mises; to comply with all laws affecting said property or relat-  
26 to any alterations or improvements that may be made thereon  
27 and not to commit or permit any acts upon said property in vic-  
28 lation of any law, covenant, condition or restriction affectin-  
29 g said property.

30           2. Trustor promises and agrees that if default be  
31 made in the payment when due of any installment of principal  
32 or interest, or obligation, in accordance with the terms of

1 any note secured hereby, or in the performance of any of the  
2 covenants, promises or agreements contained herein; or if  
3 default be made in the payment of any installment of principal  
4 or interest, or obligation, in accordance with the terms of  
5 any note or notes secured by a deed of trust having priority  
6 over this deed of trust, or in the performance of any of the  
7 covenants, promises or agreements contained in said prior deed  
8 of trust; or if the trustor becomes insolvent or makes a general  
9 assignment for the benefit of creditors; or if a petition in  
10 bankruptcy is filed by or against the trustor, or if a proceeding  
11 be voluntarily or involuntarily instituted for reorganization  
12 or other debtor relief provided for by the bankruptcy act; OR  
13 IN THE EVENT THE HEREIN DESCRIBED PROPERTY, OR ANY PART THEREOF  
14 OR ANY INTEREST THEREIN, IS SOLD, AGREED TO BE SOLD BY CONTRACT  
15 OF SALE OR OTHERWISE CONVEYED OR ALIENATED BY THE TRUSTOR; OR  
16 IF THE TRUSTOR SHALL BE DIVESTED OF TITLE IN ANY MANNER OR WAY,  
17 WHETHER VOLUNTARILY OR INVOLUNTARILY, OR BY THE OPERATION OF  
18 LAW OR OTHERWISE; then upon the happening of any such events,  
19 the beneficiary, at its option may declare all promissory notes  
20 sums and obligations secured hereby immediately due and payable  
21 without demand or notice, irrespective of the maturity dates  
22 expressed therein, and beneficiary or trustee may record a notice  
23 of such breach or default and elect to cause said property  
24 to be sold to satisfy the indebtedness and obligations secured  
25 hereby.

26           Should the Trustor default pursuant to the terms of  
27 this deed of trust, Beneficiary, and each of them, agree that  
28 the sole recourse of Beneficiary shall be against the Exhibit  
29 "A" property and the Trustor shall have no liability for any  
30 deficiency should the security become valueless or insufficient  
31 to satisfy the debt secured hereby.

32           3. The following covenants, Nos. 1, 3, 4 (interest

1 120), 5, 6, 7 (counsel fees 10%), 8 and 9 of NRS 107.030, whe  
2 not inconsistent with covenants and provisions contained here  
3 are hereby adopted and made a part of this deed of trust.

4 4. The rights and remedies hereby granted shall not  
5 exclude any other rights or remedies granted by law, and all  
6 rights and remedies granted hereunder or permitted by law sha  
7 be concurrent and cumulative except as limited by the note se  
8 cured hereby.

9 5. At any time during the existence of this deed  
10 of trust, and upon the payment to the Trustee of \$7,500.00,  
11 U.S. for each condominium unit on the property or, in the eve  
12 the project becomes one of time sharing interval ownerships a  
13 tually sold, notwithstanding that such 50 time-share interest  
14 may involve at least one but not more than 25 condominium un:  
15 secured by this deed of trust, trustor shall have the right  
16 from time to time during the term of this deed of trust to ob  
17 tain a release or releases, and reconveyance, from the lien  
18 and provisions of this deed of trust of such parcels, lots, o  
19 pieces of the encumbered real property. Trustor shall have  
20 right, upon payment as required and upon request in writing,  
21 to obtain the release hereby authorized so that Trustor may  
22 convey to third party purchaser, title to a unit or time-share  
23 interval free and clear of the lien of this deed of trust.  
24 Such release payments shall in no event exceed the total  
25 indebtedness secured hereby.

26 6. The benefits of the covenants, terms, conditio  
27 and agreements herein contained shall accrue to, and the obl  
28 tions thereof shall bind the heirs, representatives, success  
29 and assigns of the parties hereto and the beneficiary hereof  
30 Whenever used, the singular number shall include the plural,  
31 the plural the singular and the use of any gender shall incl  
32 all other genders, and the term "beneficiary" shall include



1 any payee of the indebtedness hereby secured or any transferee  
2 thereof whether by operation of law or otherwise.

3 7. The trusts created hereby are irrevocable by the  
4 trustor.

5 8. Beneficiary hereby irrevocably agrees that upon  
6 the request of Trustor, that Beneficiary will subordinate this  
7 deed of trust to a construction and development loan of  
8 \$8,000,000.00 for construction of improvements on the Exhibit  
9 "A" property, or in the event Trustor determines to construct  
10 stemwalls and foundations for all 204 condominium units on the  
11 Exhibit "A" property, then Beneficiary irrevocably agrees to  
12 subordinate to a construction and development loan of  
13 \$10,000,000.00.

14 9. This Deed of Trust shall be governed by and  
15 construed in accordance with the laws of the State of Nevada.  
16 This instrument CANNOT be waived, changed, discharged or ter-  
17 minated orally, but only by an instrument in writing signed by  
18 the party against whom enforcement of any waiver, change, dis-  
19 charge or termination is sought.

20 HARICH TAHOE DEVELOPMENTS,  
21 a general partnership

22 General Partner: HARLESK NEVADA, INC.  
23 a Nevada corporation

24 By Harvey S. Wolfe  
25 HARVEY S. WOLFE, President  
26 H.S.

26 General Partner: LAKEWOOD DEVELOPMENT, INC.  
27 a Nevada corporation

28 By Donald P. Leaney  
29 DONALD P. LEANEY, President  
30  
31  
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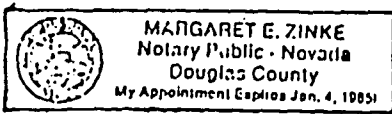
1 STATE OF NEVADA )

2 ss.

3 Douglas County )

4 On this 17<sup>th</sup> day of March, 1981, per-

5 sonally appeared before me, a Notary Public, HARVEY S. WOLFE  
6 known to me to be the <sup>VICE</sup> President of HARLESK NEVADA, INC., a gen-  
7 eral partner of HARICH TAHOE DEVELOPMENTS, who acknowledged to  
8 me that he executed the foregoing Deed of Trust on behalf of  
9 said corporation.



10 Margaret E Zinke  
11 NOTARY PUBLIC

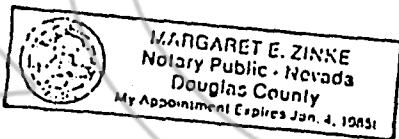
12  
13 STATE OF NEVADA )

14 ss.

15 Douglas County )

16 On this 17<sup>th</sup> day of March, 1981, per-

17 sonally appeared before me, a Notary Public, DONALD P. LEANEI  
18 known to me to be the President of LAKEWOOD DEVELOPMENT, INC.,  
19 general partner of HARICH TAHOE DEVELOPMENTS, who acknowledged  
20 me that he executed the foregoing Deed of Trust on behalf of s.  
21 corporation.



22 Margaret E Zinke  
23 NOTARY PUBLIC

EXHIBIT "A"

All that certain real property located in Douglas County, State of Nevada, known as:

Parcels B, C, D, E and F, as shown on the official map of TAHOE VILLAGE UNIT #3, recorded January 22, 1973, as Document No. 63805, Official Records of Douglas County, State of Nevada.

REQUESTED BY

*Steve Blanton*

IN OFFICIAL RECORDS OF  
DOUGLAS CO. NEVADA

*\$ 14.00 pd*

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SUZANNE BEAUDREAU  
RECORDER

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