

13895 BAB

WHEN RECORDED MAIL TO: Stewart Title
P.O. BOX 12400
Reno, NV 89510
Attn: M. Rogers

SECOND LOAN MODIFICATION AGREEMENT

THIS SECOND LOAN MODIFICATION AGREEMENT made this 1st day of February, 1985 by and between CANADIAN IMPERIAL BANK OF COMMERCE ("Lender"), and HARICH TAHOE DEVELOPMENTS, a Nevada general partnership ("Borrower").

RECITALS

A. The general partners of Borrower are Lakewood Development Inc., a Nevada corporation ("Lakewood"), and Ridgewood Development Inc., a Nevada Corporation ("Ridgewood"). Ridgewood succeeded Harlesk Associates, a Nevada limited partnership as a general partner of Borrower which succeeded Harlesk Nevada, Inc., as one of the original general partners of Borrower.

B. On December 10, 1981 Borrower and Lender executed a Construction Loan Agreement (the "Construction Loan Agreement") concerning the loan by the Lender to Borrower of up to \$10,000,000 for the development of a condominium time-interval project more fully described in the Construction Loan Agreement on approximately 9.23 acres of land located in South Lake Tahoe, Nevada (the "Project").

C. Pursuant to the Construction Loan Agreement, Borrower made and delivered to First Interstate Bank of Reno, Nevada ("First Interstate"), its promissory note dated December 10, 1981 ("Construction Loan Note") in the principal amount of \$10,000,000, or so much thereof as may be advanced. The Construction Loan Note was assigned to the order of Lender by First Interstate.

D. As security for the Construction Loan Note, Borrower delivered the following to Lender:

1. A Deed of Trust, Security Agreement and Assignment of Leases and Rentals given by Borrower to Stewart Title of Northern Nevada ("Stewart Title") as Trustee for the benefit of First Interstate dated December 10, 1981, and recorded with the Recorder of Douglas County, Nevada on January 12, 1982 as Document No. 63859 (the "Deed of Trust"), which was assigned to Lender pursuant to an Assignment of Deed of Trust from First Interstate dated December 30, 1981 and recorded on January 12, 1982 as Document No. 63860 with the Recorder of Douglas County, Nevada. The land currently encumbered by

the Deed of Trust is legally described on Exhibit A hereto.

2. A Pledge Agreement dated December 10, 1981 by and between Richardson Holdings Inc. ("Richardson"), Harlesk U.S., Inc. and Lender, which Pledge Agreement was released. A new Pledge Agreement by and between Richardson and Lender was entered into July 18, 1983.
3. A Collateral Assignment of Bonds dated January 28, 1982 from Borrower to Lender.
4. A Waiver of Defense dated December 10, 1981 given by Borrower to Lender.
5. The following UCC financing statements:
 - a) A UCC-1 financing statement dated February 24, 1982 recorded on March 22, 1982 with the Recorder of Douglas County, Nevada as Document Number 66072 and filed with the Nevada Secretary of State on March 10, 1982 as Document Number 8201744.
 - b) A UCC-1 financing statement dated December 10, 1981 recorded with the Recorder of Douglas County, Nevada on January 12, 1982 as Document Number 63865 and filed on January 12, 1982 with the Nevada Secretary of State as Document Number 8200268 (The Construction Loan Note and items 1-5 inclusive as amended are hereinafter referred to as the "Construction Loan Documents").

E. Pursuant to a commitment letter from Lender accepted by Borrower on February 24, 1983, Lender agreed to make a line of credit loan which was evidenced by a promissory note of Borrower to Lender in the original principal amount of up to \$8,500,000 (the "End Loan Note"). As security for the End Loan Note, Borrower delivered the following to Lender:

1. A Loan Reserve Agreement dated February 24, 1982 between Borrower and Lender (the "Loan Reserve Agreement").

2. A Collateral Assignment of Notes and Deeds of Trust and Security Agreement dated February 24, 1982 given by Borrower to Lender.
3. A UCC-1 financing statement dated February 24, 1982; recorded with the Recorder of Douglas County, Nevada on June 16, 1982 as document number 68542, and filed on June 16, 1982 with the Nevada Secretary of State as document number 8204411 (The End Loan Note and items 1-3 inclusive are hereinafter referred to as the "End Loan Documents").

F. Borrower requested that Lender loan to Borrower up to an additional amount of \$5,000,000 for construction of the Project, and make certain other revisions to the terms of the Construction Loan Documents, all of which Lender agreed to do subject to certain terms and conditions described in a Loan Modification Agreement (the "First Loan Modification Agreement") dated April 11, 1983, recorded on April 20, 1983 with the Recorder of Douglas County, Nevada, as Document No. 78931. Pursuant to the First Modification Agreement, Borrower delivered and executed a replacement note (the "First Replacement Note") in replacement of and substitution of the Construction Loan Note, and not in satisfaction thereof. The First Loan Modification Agreement amended the Construction Loan Documents and End Loan Documents (collectively the "Loan Documents").

G. Effective August 3, 1983 the parties agreed to:
(i) extend the maturity date of the Construction Loan Note from May 15, 1984 until December 31, 1988; (ii) extend the maturity date of the End Loan Note from February 15, 1990 until December 31, 1994; and (iii) to increase the interest rate on the End Loan Note from Prime Rate plus one and one-half percent (1-1/2%) to Prime Rate plus one and three-quarters percent (1-3/4%) effective August 3, 1983.

H. The parties wish to amend the Loan Documents to reflect such agreement and to otherwise amend the Loan Documents as described below.

AGREEMENTS

In consideration of the foregoing, and in further consideration of the mutual covenants herein contained, the parties agree as follows:

1. Amendment to Construction Loan Documents

The First Construction Loan Documents are amended as follows:

- a. The final maturity date of the Construction Loan Note is extended from May 15, 1984 until December 31, 1988.

2. Amendment to End Loan Documents

The End Loan Documents are amended as follows:

- a) The maturity date of the End Loan Note is extended from February 15, 1990 until December 31, 1994.
- b) The interest rate on the End Loan Note is increased from Prime Rate plus one and one-half percent (1 1/2%) to Prime Rate plus one and three-quarters percent (1 3/4%) effective as of August 3, 1983.

3. Additional Agreements of Lender and Borrower

a. Lender and Borrower agree to the following:

- i. To arrange for the recording of this Second Modification Agreement and delivery of the same to Lender.
- ii. To deliver replacement notes for the First Replacement Note and the End Loan Note to the Lender in form satisfactory to Lender (the "Replacement Notes"). At the option of Lender, either or both of the Replacement Notes shall be made payable to First Interstate or some other independent Nevada financial institution selected by Lender and endorsed to Lender.
- iii. To provide Lender with an updated lender's title insurance policy from Stewart Title, in a form acceptable to Lender, in the amount of \$15,000,000, insuring the first priority of the Deed of Trust as herein modified;

- iv. To provide Lender with any subordination agreements that Lender or Stewart Title deem necessary to establish the first priority of the Deed of Trust, as modified herein;
- v. To arrange for the modification of any escrow documents or closing instructions in accordance with this Second Modification Agreement.
- vi. To provide Lender with UCC searches, acceptable to Lender, of Borrower, Lakewood and Ridgewood from the offices of the Nevada Secretary of State and Recorder of Douglas County, Nevada;
- vii. To provide Lender a written opinion of counsel, acceptable to Lender, updating and reaffirming those matters set forth in the opinion letters from Allison, Brunetti, MacKenzie, Hartman, Soumbeniotis, & Russell, Ltd., dated December 10, 1981, June 18, 1982, and May 16, 1983 and also opining that the lien of the Deed of Trust as extended hereby, is a lien of first priority and the Loan Documents, as amended hereby, are enforceable in accordance with their terms;
- viii. To provide to Lender current financial statements of Borrower, Lakewood and Ridgewood and any and all entities associated with the operation, management, leasing or ownership of the Project;
- ix. To provide to Lender a certificate executed by Borrower updating and reaffirming the representations and warranties of Borrower contained in the Construction Loan Agreement.
- x. To provide Lender with UCC financing statements amendments in form satisfactory to Lender reflecting the changes described in this Agreement.

- xi. To provide Lender with a collateral assignment of the construction contract with PCL Construction Ltd. in form acceptable to Lender.
- b. Borrower shall pay all expenses, charges, costs and fees with respect to this Second Modification Agreement, including without limitation, all fees, "out-of-pocket" expenses, charges, and taxes in connection with recording, modification or filing of any of the documents, title insurance premiums and charges, fees of any consultants, inspection fees, construction loan administration fees, fees and expenses of lender's counsel, fees and expenses of lender's special counsel, if any, printing, photostating and duplicating expenses, postage and delivery charges, escrow fees, costs of surveys, premiums of hazard insurance policies and surety bonds and fees for any appraisals required by Lender. All such expenses, charges, costs and fees shall be Borrower's obligation regardless of whether the loan modifications contemplated hereby are consummated. Lender agrees to use its best efforts to assure that all fees and charges to be paid by Borrower under this Amendment are reasonable.

4. Future Assurances

Borrower will do all acts and things and will execute, file and record all documents and instruments requested by Lender to establish, perfect, maintain and continue the liens and security interests of Lender granted hereby and under the Loan Documents. Borrower will pay the costs and expenses of all recordings, filings and searches deemed necessary by Lender in connection therewith.

5. Binding Effect

The parties agree that this Second Loan Modification Agreement will not be binding upon Lender until such time as Borrower has performed all acts required herein.

~~STATE OF~~ CANADA)
PROVINCE OF MANITOBA) ss
~~COUNTY OF~~)

On this 14 day of March, 198⁵ before me,
Raymond B. Dewson a Notary Public of said State, duly
commissioned and sworn, personally appeared D.P. Leaney
known to me to be the President of Lakewood
Development Inc., a Nevada corporation, and a general partner
of Harich Tahoe Developments, a Nevada general partnership, and
to be the person who executed within instrument on behalf of
said corporation, and he acknowledged to me that said
corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.



Notary Public

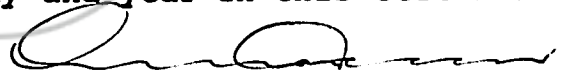
A Notary Public in and for The Province of Manitoba
My Commission Expires on the 22nd day of June A.D., 1986

SEAL

~~STATE OF~~ CANADA)
PROVINCE OF MANITOBA) ss
~~COUNTY OF~~)

On this 14 day of March, 198⁵ before
me, Raymond B. Dewson a Notary Public of said State, duly
commissioned and sworn, personally appeared D. P. Leaney
known to me to be the President of Ridgewood
Development Inc., a Nevada corporation, and a general partner
of Harich Tahoe Developments, a Nevada general partnership, and
to be the person who executed within instrument on behalf of
said corporation, and he acknowledged to me that said
corporation and partnership executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.



Notary Public

A Notary Public in and for The Province of Manitoba
My Commission Expires on the 22nd day of June A.D., 1986

SEAL

CANADA)
) SS
PROVINCE OF MANITOBA)

On this 8 th day of May, 1985, before me,
R. B. DEWSON, a Notary Public of said Province
duly commissioned and sworn, personally appeared J. Keith Knox,
known to me to be the Secretary of Lakewood Development, Inc.,
a Nevada corporation, and a general partner of Harich Tahoe
Developments, a Nevada General partnership, and to be the person
who executed within instrument on behalf of said corporation,
and he acknowledged to me that said corporation executed the
same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.



Notary Public

A Notary Public in and for The Province of Manitoba
My Commission Expires on the 22nd day of June A.D., 1986

CANADA)
) SS
PROVINCE OF MANITOBA)

SEAL

On this 8 th day of May 1985, before me,
R. B. DEWSON, a Notary Public of said Province, duly
commissioned and sworn, personally appeared J. Keith Knox,
known to me to be the Secretary of Ridgewood Development, Inc.,
a Nevada corporation, and a general partner of Harich Tahoe
Developments, a Nevada general partnership, and to be the person
who executed within instrument on behalf of said corporation, and
he acknowledged to me that said corporation and partnership
executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.



Notary Public

A Notary Public in and for The Province of Manitoba
My Commission Expires on the 22nd day of June A.D., 1986

SEAL

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Sandra J. Andersen, a Notary Public in and for said County, in the state aforesaid, DO HEREBY CERTIFY, that personally appeared Robert H. Snell and William J. Schlessler known to me to be Senior Manager and Manager of said Bank that executed within instrument, and to be the persons who executed within instrument on behalf of said Bank, and they acknowledged to me that they and said Bank executed the same.

Given under my hand and Notarial Seal this 3 day of May, 1987.
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Sandra J. Andersen
Notary Public

My Commission Expires Jan. 22, 1997

SEAL



**CONSENT OF
RICHARDSON HOLDINGS INC.**

Richardson Holdings Inc., a Nevada Corporation ("Richardson"), hereby consents to the modification of the Loan described in the foregoing instrument and further agrees that the Pledge Agreement dated July 18, 1983 by and among Richardson and Canadian Imperial Bank of Commerce shall continue to secure the Loan as modified in the foregoing instrument, but shall otherwise in no way be altered or impaired thereby, which Pledge Agreement shall remain in full force and effect and is hereby confirmed by the undersigned.

ATTEST:

J. Keith Knox, Secretary

~~ATTESTXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~

RICHARDSON HOLDINGS INC.

BY

ITS President

D. P. LEANEY

ATTEST

William J. Schlessner

William J. Schlessner

CANADIAN IMPERIAL BANK OF COMMERCE

BY

ITS

Robert H. Snell
Senior Manager

Robert H. Snell

EXHIBIT "A"

Legal Description

PARCEL ONE

Lots 26 through 30 inclusive and 33 through 41 inclusive of TAHOE VILLAGE UNIT NO. 3, Fifth Amended Map, recorded October 29, 1981, as Document No. 61612 as corrected by Certificate of Amendment recorded November 23, 1981, as Document No. 62661, all of Official Records of Douglas County, State of Nevada.

PARCEL TWO

- (a) Lots 31 and 31 of TAHOE VILLAGE UNIT NO. 3, Fifth Amended Map, recorded October 29, 1981, as Document No. 61612, Official Records of Douglas County, State of Nevada as corrected by Certificate of Amendment recorded November 23, 1981, as Document No. 62661 of said Official Records.

EXCEPTING THEREFROM Units 81 to 100, and 101 to 120 inclusive as shown and defined on said TAHOE VILLAGE UNIT NO. 3, Fifth Amended Map and as corrected by said Certificate of Amendment.

- (b) Units No. 81 to 100 and 101 to 120 inclusive as shown and defined on said last mentioned map and as corrected by said Certificate of Amendment.

PARCEL THREE

A non-exclusive right to use the real property known as Parcel "A" on the Official Map of TAHOE VILLAGE UNIT NO. 3, recorded January 22, 1973, as Document No. 63805, and Amendments thereto, Official Records of said county and state for all those purposes provided for in the Declaration of Covenants, Conditions and Restrictions recorded January 11, 1973, as Document No. 63681, in Book 173, Page 229, of Official Records and in the modifications thereof recorded September 28, 1973 as Document No. 69063, in Book 973, Page 812, Official Records and recorded July 2, 1976, as Document No. 1472, in Book 776, Page 87, of Official Records.

PARCEL FOUR

- (a) A non-exclusive easement for roadway and public utility purposes as granted to HARICH TAHOE DEVELOPMENTS in Deed re-recorded December 8, 1981 as Document No. 63026, being

over a portion of Parcel 26-A (described in Document No. 01112 recorded June 17, 1976) in Section 30, Township 13 North, Range 19 East, M.D.M.

- (b) An easement for ingress, egress and public utility purposes, 32 feet wide, the centerline of which is shown and described on the 5th amended map of TAHOE VILLAGE UNIT NO. 3, recorded October 29, 1981 as Document No. 61612 and amended by Certificate of Amendment recorded November 23, 1981 as Document No. 62661, Official Records, Douglas County, State of Nevada.

PARCEL FIVE

A non-exclusive subsurface easement for drainage and surface water runoff as granted to HARICH TAHOE DEVELOPMENTS, by Easement Agreement recorded March 14, 1983, in Book 383, Page 1314, Document No. 077185, Douglas County Records.

REQUESTED BY
DOUGLAS COUNTY TITLE
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

'85 MAY 28 P12:30

SUZANNE BEAUDREAU
RECORDER

\$17⁰⁰ PAID *JLS* DEPUTY

117887

BOOK 585 PAGE 2317