

RECORDING REQUESTED BY:)
)
BANK OF THE WEST)
)
 San Jose Business Banking Office)
)
 ✓ WHEN RECORDED MAIL TO:)
)
BANK OF THE WEST)
)
 Legal Department #2-508-2)
)
 P.O. Box 1000)
)
 San Jose, CA 95108)

SPACE ABOVE THIS LINE FOR
 RECORDER'S USE ONLY

NOTE EXTENSION AGREEMENT

THIS NOTE EXTENSION AGREEMENT ("Agreement") is made and entered into by and between **BANK OF THE WEST** ("Bank") and **JAMES S. TORESON** ("Borrower").

WHEREAS, Borrower has executed and delivered to Bank that certain Secured Promissory Note dated June 21, 1985 in the original principal amount of Five Million and No Cents Dollars (\$5,000,000.00) payable to Bank and due September 10, 1986 ("Note"); and

WHEREAS, the Note is secured pursuant to the terms of a deed of trust dated June 21, 1985, covering property commonly known as 560 Old Easement Road, Marla Bay, Douglas County, Nevada, recorded as Instrument No. 119163 in Volume 685, Page 2120, of the Official Records of the County of Douglas, State of Nevada, more particularly described on Exhibit "A" hereto ("Deed of Trust"); a Stock Pledge Agreement of even date therewith ("Pledge"); and Preferred Ship Mortgage of even date therewith ("Ship Mortgage") (the Deed of Trust, Pledge and Ship Mortgage being hereinafter collectively referred to as the "Security Agreements"); and

WHEREAS, Borrower has requested (and Bank has agreed, subject to the terms and conditions hereof) to modify and restate the terms of the Note and provide for its repayment as hereinafter set forth;

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Borrower agrees and acknowledges that there is outstanding and unpaid under the Note the principal balance of Four Million Five Hundred Thousand Four Hundred Fifty Six & 90/100 Dollars (\$4,500,456.90) and accrued interest in the amount of Sixty Two Thousand Seventy Nine & 86/100 Dollars (\$62,079.86).

2. Interest on the unpaid principal balance of the Note shall accrue at Bank's Prime Rate (as defined in the Note) and shall be payable monthly on the first day of each month, commencing November 1, 1986, and if not so paid shall become part of the principal, at the option of the holder.

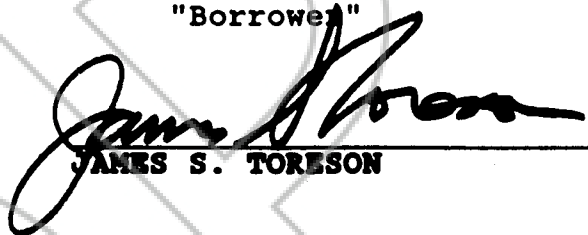
3. On December 9, 1986, the principal balance under the Note remaining unpaid on such date, together with any and all accrued and unpaid interest thereon, shall be paid in full.

4. Borrower agrees and acknowledges that Borrower's obligations under the Note are due and payable in accordance with the terms of the Note as modified hereby and are secured pursuant to the terms of the Security Agreements.

5. This Agreement is a revision only, and not a novation; and except as herein provided, all of the terms and conditions of the Note and the Security Agreements remain in full force and effect.

Dated this 31st day of October, 1986
at Carson City, Nevada

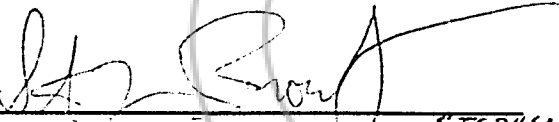
"Borrower"


JAMES S. TORESON

Accepted:

"Bank"

BANK OF THE WEST

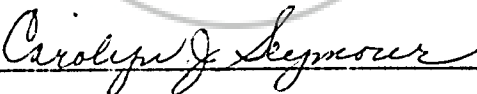
By 
Its Vice President STEPHEN L. PROUTY
Date 10/31/86


STATE OF ~~CALIFORNIA~~ NEVADA }
COUNTY OF Carson City } SS.

On October 31, 1986 before me, the undersigned, a Notary Public in and for said State, personally appeared James S. Toreson

_____, known to me
to be the person whose name is _____ subscribed
to the within instrument and acknowledged that he
executed the same.

WITNESS my hand and official seal.

Signature 

 CAROLYN J. SEYMOUR
Notary Public - Nevada
Douglas County
My Appointment Expires Aug. 2, 1987

145624

(This area for official notarial seal)

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EXHIBIT "A"

All that real property situate in the Northwest one-quarter of Section 15, Township 13 North, Range 18 East, M.D.B. & M., Douglas County, Nevada described as follows:

Commencing at the Southwest corner of Pinewild Unit No. 2, recorded October 23, 1973, Document No. 69660, said corner being the Meander Corner between Sections 15 and 16; thence South 19°20'04" East 617.86 feet to the TRUE POINT OF BEGINNING; thence North 57°19'38" East 293.29 feet; thence North 60°55'42" East 85.00 feet; thence South 72°07'31" East 339.19 feet; thence South 27°07'31" East 327.55 feet; thence South 63°19'34" West 77.18 feet; thence South 66°50'39" West 251.22 feet; thence South 82°59'08" West 175.26 feet; thence North 73°27'54" West 250.26 feet to a point on the 1861 Meander Line of Lake Tahoe; thence along said line North 12°00' West 137.30 feet; thence North 19°20'04" West 153.99 feet to the POINT OF BEGINNING.

Together with all that land lying Westerly of the above described Meander Line to the low water line at elevation 6223 feet, Lake Tahoe Datum, in accordance with NRS 321.595.

Said land more fully shown as Parcel "B" as set forth on that certain Record of Survey filed in the Office of the County Recorder of Douglas County, Nevada, on November 15, 1983, as Document No. 01003.

A.P.N. 5-220-13

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STATE OF CALIFORNIA

State of California,
County of Santa Clara } ss.

On this 5th day of November, in the year 1986, before me,

Sandra L. Maxwell, a Notary Public in and for the State

County of Santa Clara, State of California,

personally appeared Stephen L. Prouty

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as President (or Secretary) or on behalf of the corporation therein named and acknowledged to me that the corporation executed it.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my Official Seal in the Santa Clara County of the State of California the day and year in this certificate first above written



Notary Public in and for the State of California.

County of the

Sandra L. Maxwell
Notary Public's Signature

FORM 030-4302

(Acknowledgement—Corporation).

145624

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COPY

REQUESTED BY
Bank of the West
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

'86 NOV 25 11:13

SUZANNE BEAUDREAU
RECORDER

\$ 8- PAID *gr* D.P. J.L.

145624

BOOK 1186 PAGE 2506

UNRECORDED
11/25/86