

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT, entered into this
15th day of SEPTEMBER, 1987, by and between HARLESK
NEVADA, INC., a corporation organized under the laws of the State
of Nevada (hereinafter referred to as "Beneficiary"), and HARICH
TAHOE DEVELOPMENTS, a Nevada general partnership (hereinafter
referred to as "Trustor"),

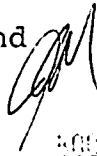
W I T N E S S E T H:

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. 54484, at Book 381, Page 1517,
of Official Records, Douglas County, Nevada, securing a promis-
sory note of even date, a copy of which deed of trust is attached
hereto as Exhibit "A" and incorporated herein by this reference
(Beneficiary's Deed of Trust); and

WHEREAS, Trustor executed a deed of trust on December
10, 1981 in favor of First Interstate Bank of Reno, Nevada,
recorded on January 12, 1982, as Document No. 63859, at Book 182,
Page 566 of Official Records, Douglas County, Nevada, which in-
terest of First Interstate Bank of Reno, Nevada, was assigned to
Canadian Imperial Bank of Commerce under an Assignment of Deed of
Trust dated December 30, 1981, recorded on January 12, 1982, as
Document No. 63860, at Book 182, page 567 of Official Records,
Douglas County, Nevada (CIBC Deed of Trust); and

WHEREAS, Beneficiary subordinated Beneficiary's Deed of
Trust to said CIBC Deed of Trust by instrument recorded in the
Official Records of Douglas County, Nevada; and

LAW OFFICES
ALLISON, MacKENZIE,
HARTMAN, SOUMBENIOTIS
& RUSSELL, LTD
402 N. Division St.
Carson City, NV 89701



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1 WHEREAS, Trustor has modified the provisions of the
2 CIBC Deed of Trust and has recorded a Third Loan Modification
3 Agreement and Notice of Future Advance; and

4 WHEREAS, Trustor desires and Beneficiary agrees to have
5 Beneficiary's Deed of Trust subordinated to the CIBC Deed of
6 Trust as modified,

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

10 1. The Beneficiary's Deed of Trust referenced above,
11 shall be, and the same hereby is, made subject to and
12 unconditionally subordinate to the Third Loan Modification
13 Agreement, recorded on August 20, 1987, at Book 887, page 2188,
14 as Document No. 160501, Official Records, Douglas County, Nevada,
15 and unconditionally subordinate to the Notice of Further Advance,
16 recorded on August 20, 1987, at Book 887, page 2222, as Document
17 No. 160502, Official Records, Douglas County, Nevada.

18 2. Except as specifically provided for herein, all of
19 of the rest and remainder of the terms and conditions of the
20 Beneficiary's Deed of Trust shall remain in full force and

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& RUSSELL, LTD
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Carson City, NV 89701

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1 effect, and their validity and enforceability shall not be im-
2 paired, diminished nor their priority affected hereby.


3 IN WITNESS WHEREOF, the parties hereto have set their
4 hands on the day and year first above written.
5

6 "BENEFICIARY"

"TRUSTOR"

7 HARLESK NEVADA, INC.,
8 a Nevada corporation

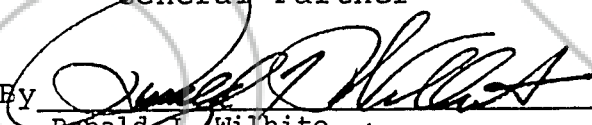
HARICH TAHOE DEVELOPMENTS,
a Nevada general partnership

9 By 
10 James C. Nairne
Its PRESIDENT

By: LAKEWOOD DEVELOPMENT, INC.,
a Nevada corporation
General Partner

11 By 
12 RONALD J. WILHITE, President

13 By: RIDGEWOOD DEVELOPMENT, INC.
14 a Nevada corporation
15 General Partner

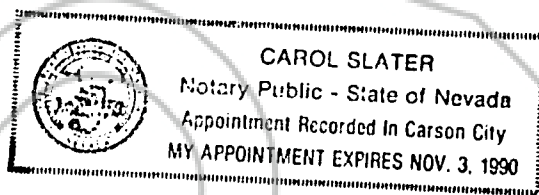
16 By 
17 Ronald J. Wilhite
18 Its PRESIDENT

1 STATE OF NEVADA)
2 : ss.
3 COUNTY OF DOUGLAS)

4 On this 1st day of Sept., 1987, personally
5 appeared before me, a Notary Public James C. Nairne who
6 acknowledged to me that he is the President of HARLESK
7 NEVADA, INC., a Nevada corporation, Beneficiary herein, and who
8 acknowledged to me that he executed the foregoing Subordination
9 Agreement on behalf of said corporation.


~~PAY TO THE ORDER OF
FIRST INTERSTATE BANK OF NEVADA
241 CARSON CITY MAIN OFFICE 941
FOR DEPOSIT ONLY
HARLESK MANAGEMENT, INC.
0570031427~~

Carol Slater
NOTARY PUBLIC



16 STATE OF NEVADA)
17 : ss.
18 COUNTY OF DOUGLAS)

19 On this 2nd day of September, 1987, personally
20 appeared before me, a Notary Public, RONALD J. WILHITE, who
21 acknowledged to me that he is the President of LAKEWOOD
22 DEVELOPMENT, INC., a Nevada corporation, general partner of
23 HARICH TAHOE DEVELOPMENTS, a Nevada general partnership, Trustor
24 herein, and who acknowledged to me that he executed the foregoing
25 Subordination Agreement on behalf of said corporation as general
26 partner.


RANDALL J. CHRISTENSEN
Notary Public - State of Nevada
Appointment Recorded in Douglas County
MY APPOINTMENT EXPIRES NOV. 4, 1990

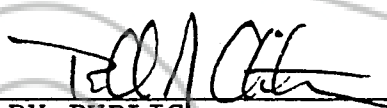
Ronald J. Wilhite
NOTARY PUBLIC

LAW OFFICES
ALLISON, MacKENZIE,
HARTMAN, SOUMBENIOTIS
& RUSSELL, LTD
402 N. Division St
Carson City, NV 89701

DWF32

1 STATE OF NEVADA)
2 : ss.
3 COUNTY OF DOUGLAS)

4 On this 2nd day of September, 1987, per-
5 sonally appeared before me, a Notary Public, Ronald J. Wilhite,
6 who acknowledged to me that he is the President of
7 RIDGEWOOD DEVELOPMENT, INC., a Nevada corporation, general part-
8 ner 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 corporation
11 as general partner.

12
13 
14 NOTARY PUBLIC



15 RANDALL J. CHRISTENSEN
16 Notary Public - State of Nevada
17 Appointment Recorded in Douglas County
18 MY APPOINTMENT EXPIRES NOV. 4, 1990
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HARTMAN, SOUMBENIOTIS
& RUSSELL, LTD
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Carson City, NV 89701

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DEED OF TRUST
AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 17th day of April,
1931, by and between HARICH TANGA DEVELOPMENTS, a general part-
nership, Trustor, to SILVER STATE TITLE COMPANY, Trustee, for
HARLESK NEVADA, INC., a Nevada corporation, Beneficiary,

W I T N E S S E T H:

That the Trustors do 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 partic-
ularly described on Exhibit "A" attached hereto and incorpor-
ated herein by reference.

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 all and singular the tenements, here-
ditaments and appurtenances thereunto belonging or in any wise
appertaining, and the reversion and reversions, remainder and
remainders, rents, issues and profits thereof, subject, how-
ever, to the right, power and authority hereinafter given to
and conferred upon the Beneficiary to collect and apply such
rents, issues and profits; and also all the estate, right, title
and interest, homestead or other claim or demand, as well in
law as in equity, which the Trustors now have or hereafter may
acquire of, in, and to the said property, or any part thereof,

and all of the buildings and improve-
ments hereinafter situated on said property together with
the fixtures therein or attached thereto.

AND TO HOLD the same unto the said Trustee
and its assigns, upon the trusts hereinafter expressed, for
securing the following:

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EXHIBIT "A"

EXHIBIT "A"

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1 FIRST: As security for the payment of an indebtedness
2 in the total principal amount of \$2,250,000, in lawful money
3 of the United States of America, which includes future amounts
4 or so much as may have been disbursed, with interest thereon
5 in like lawful money and such other obligations with expenses
6 and counsel fees according to that certain promissory note of
7 even date herewith executed by Trustor which has been delivered
8 to and is payable to the order of Beneficiary and any and all
9 modifications, extensions and renewals thereof.

10 SECOND: Payment of such additional amounts as may
11 be hereafter loaned by the Beneficiary or its successors, to
12 the Trustor, or any successor in interest of said Trustor, with
13 interest thereon and any other indebtedness or obligation of
14 said Trustor, and any present or future demands of any kind or
15 nature which the Beneficiary, or its successor, may have against
16 said Trustor, whether created directly or acquired by assignment
17 whether absolute or contingent; whether due or not, or whether
18 otherwise secured or not, or whether existing at the time of
19 the execution of this instrument, or arising thereafter; also
20 as security for the payment and performance of every obligation
21 covenant, promise or agreement herein or in any note or notes
22 secured by this deed of trust, or in connection with the pre-
23 servation of the property encumbered herein or the preservation
24 or enforcement of the lien created hereby. Trustors grant to
25 Beneficiary the right to record notice that this deed of trust
26 is security for additional amounts and obligations not specif-
27 ically mentioned herein but which constitute indebtedness or
28 obligations of the Trustor, for which Beneficiary may claim
29 this deed of trust as security.

30 THIRD: The expenses and costs incurred or paid by
31 Beneficiary or Trustee in preservation or enforcement of the
32 rights and remedies of Beneficiary and the duties and liabil-

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EX 982- 815

EX 331-1518

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1 titles of Trustees hereunder, including, but not limited to,
2 attorney's fees, court costs, witnesses' fees, expert witnesses
3 fees, collection costs, and costs and expenses paid by Benefi-
4 ciary or Trustee in performing for Trustees' account any obli-
5 gations of Trustees or to collect the rents or prevent waste.

6 AND THIS INDENTURE FURTHER WITNESSETH:

7 1. REPAIRS, MAINTENANCE, WASTE, LIENS AND ENCUMBRANCES

8 The Trustees promise to properly care for, maintain, and keep
9 the said property in first class condition, order and repair;
10 to properly care for, maintain and protect, and repair all build-
11 ings, improvements and fixtures damaged or destroyed thereon;
12 to complete in a good workmanlike manner any building or other
13 improvement which may be constructed thereon, and to pay, when
14 due, all claims for labor performed and for materials furnished
15 therefor; to underpin and support, when necessary, any building
16 or other improvement situate thereon, and otherwise to protect
17 and preserve the same; to comply with all laws, ordinances and
18 regulations with reference to any alterations or improvements
19 made thereon; not to commit or permit any waste or deterioration
20 of said buildings and improvements or said property; to pay,
21 when due, all taxes, assessments and levies affecting said prop-
22 erty and any costs or penalties thereon; to pay when due, all
23 leases, mortgages, deeds of trust and other encumbrances which
24 are or appear to be a lien or a charge upon the property, or
25 any part thereof, either prior or subordinate to this deed of
26 trust.

27 2. INSURANCE: Trustees covenant to keep all build-
28 ings and improvements that may now or at any time be on said
29 property during the continuance of this trust insured by an
30 All Risk policy of insurance including but not limited to cover-
31 age for loss by fire, lightning and flood with extended coverage
32 endorsement, for 100% replacement value but not less than the

1 and of the loan.

2 Trustors covenant to keep relative to the trust
3 including all buildings and improvements, that may now, or
4 any time, be on said property during the continuance of the
5 trust, public liability insurance, property damage insurance
6 in amounts as may be approved by Beneficiary. Beneficiary
7 RECOMMENDS, BUT DOES NOT REQUIRE, that trustor purchase busi-
8 ness interruption insurance.

9 All insurance policies provided pursuant to this p-
10 aragraph shall name Beneficiary as a loss payee as its interest
11 appears, SHALL BE WITH A COMPANY OR COMPANIES authorized to
12 issue such insurance in the State of Nevada rated "A" or bet-
13 in the "Best's Ratings" book, CHOSEN BY TRUSTOR and approved
14 by Beneficiary, and shall provide thirty (30) days written n-
15 tice to Beneficiary prior to policy cancellation or modifica-
16 tion.

17 Trustors shall deliver to Beneficiary or to the co-
18 lection agent of Beneficiary the original policy or policies
19 of insurance and copies of paid receipts annually. In defaul-
20 thereof, Beneficiary may procure such insurance and expend su-
21 sua or sums as Beneficiary may deem proper, any such advance
22 for insurance to be deemed secured hereby.

23 3. DEPAULT: Trustors promise and agree that if
24 default be made in the payment when due of any installment of
25 principal and interest, or obligation, in accordance with the
26 terms of any note secured hereby; or if default be made in the
27 performance of any of the covenants, promises or agreements
28 contained herein or if default be made in the performance of
29 any of the covenants, promises or agreements contained herein
30 or if default be made in the payment of any installment of pr-
31 cipal or interest, or obligation, in accordance with the term-
32 of any note or notes secured by a deed of trust having prior-

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1 over or junior to this deed of trust, or in the performance of
2 any of the covenants, promises or agreements contained in said
3 prior or junior deed of trust; or if the Trustors, or either
4 of them, become insolvent or make a general assignment for the
5 benefit of creditors; or consent to or apply for appointment
6 of a trustee or receiver for the property encumbered hereby,
7 or any part thereof, or if a trustee or receiver is appointed
8 for said property, or any part thereof; or if a petition in
9 bankruptcy or for any debtor relief under any Federal or State
10 Bankruptcy Act or other similar law or statute is filed by or
11 against the Trustors; OR IN THE EVENT THE PROPERTY ENCUMBERED
12 HEREBY, AND ALL PERSONAL PROPERTY THEREON, OR ANY PART THEREOF,
13 OR ANY INTEREST THEREIN, IS SOLD, AGREED TO BE SOLD BY CONTRACT
14 OF SALE OR OTHERWISE CONVEYED OR ALIENATED BY THE TRUSTOR; OR
15 IF THE TRUSTOR SHALL BE DIVESTED OF TITLE TO THE SAID PROPERTY,
16 REAL OR PERSONAL, IN ANY MANNER OR WAY, WHETHER VOLUNTARILY OR
17 INVOLUNTARILY, OR BY THE OPERATION OF LAW OR OTHERWISE; OR IN
18 THE EVENT SAID PROPERTY, REAL OR PERSONAL, OR ANY PART THEREOF
19 OR ANY INTEREST THEREIN IS BY TRUSTOR, IN ANY WAY, ENCUMBERED,
20 MORTGAGED, PLEDGED, OR ASSIGNED AS SECURITY, COLLATERAL OR
21 OTHERWISE: then, except as otherwise permitted by Paragraph
22 12, hereof, upon the happening of any such events, the Benefi-
23 ciary, at its option may declare all promissory notes, sums and
24 obligations secured hereby immediately due and payable without
25 demand or notice, irrespective of the maturity dates expressed
26 therein, and Beneficiary or Trustee may record a notice of such
27 breach or default and elect to cause said property to be sold
28 to satisfy the indebtedness and obligations secured hereby.

29 4. N.R.S. COVENANTS: The following covenants, Nos.
30 1, 3, 4 (interest 18 $\frac{1}{2}$), 5, 6, 7, (counsel fees shall be in an
31 amount equal to the actual and reasonable attorney's fees incur-
32 red by Trustee and Beneficiary), 8 and 9 of NRS 107.030, when

JAN 24 1988
ALLEN & BAKER
MORTGAGE & TRUST CO
1220 N. DAVENPORT
COLUMBIANA, WV 26031

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1 cover or junior to this deed of trust, or to the just claims of
 2 any of the creditors, mortgagees or judgment creditors, or to the
 3 prior or junior deed of trusts or of the trustees, or either
 4 of them, become insolvent or make a general assignment for the
 5 benefit of creditors, or consent to or apply for appointment
 6 of a trustee or receiver for the property encumbered hereby,
 7 or any part thereof, or if a trustee or receiver is appointed
 8 for said property, or any part thereof, or if a petition in
 9 bankruptcy or for any debtor relief under any Federal or State
 10 bankruptcy act or other similar law or statute is filed by or
 11 against the trustees; OR IN THE EVENT THE PROPERTY ENCUMBERED
 12 HEREBY, AND ALL PERSONAL PROPERTY THEREON, OR ANY PART THEREOF,
 13 OR ANY INTEREST THEREIN, IS SOLD, AGREED TO BE SOLD BY CONTRACT
 14 OF SALE OR OTHERWISE CONVEYED OR ALIENATED BY THE TRUSTEES; OR
 15 IF THE TRUSTEES SHALL BE DEVESTED OF TITLE TO THE SAID PROPERTY,
 16 REAL OR PERSONAL, IN ANY MANNER OR WAY, WHETHER VOLUNTARILY OR
 17 INVOLUNTARILY, OR BY THE OPERATION OF LAW OR OTHERWISE; OR IN
 18 THE EVENT SAID PROPERTY, REAL OR PERSONAL, OR ANY PART THEREOF
 19 OR ANY INTEREST THEREIN IS BY TRUSTEES, IN ANY WAY, ENCUMBERED,
 20 MORTGAGED, PLEDGED, OR ASSIGNED AS SECURITY, COLLATERAL OR
 21 OTHERWISE; then, except as otherwise permitted by Paragraph
 22 12, hereof, upon the happening of any such events, the Benefi-
 23 ciary, at its option may declare all promissory notes, sums and
 24 obligations secured hereby immediately due and payable without
 25 demand or notice, irrespective of the maturity dates expressed
 26 therein, and Beneficiary or Trustee may record a notice of such
 27 breach or default and elect to cause said property to be sold
 28 to satisfy the indebtedness and obligations secured hereby.

29 4. N.A.S. COVENANTS: The following covenants, Nos.
 30 1, 1, 4 (interest 12%), 5, 6, 7, (interest fee shall be in an
 31 amount equal to the actual and reasonable attorney's fees incur-
 32 red by Trustee and Beneficiary), 8 and 9 of NRS 107.030, when

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1 not in latent with covenants and provisions contained here
2 are hereby adopted and made a part of this deed of trust.

3 5. INSPECTION OF PROPERTY: The Beneficiary or its
4 collection agent shall have access to and the right to inspect
5 said property at all reasonable times.

6 6. DEPOSITS: Trustors shall pay for and provide
7 the Beneficiary or its collection agent with a tax service fac-
8 tory to Beneficiary which reports the date and amount of
9 real property taxes and assessments due on the encumbered real
10 property. Trustors shall also deposit with Beneficiary, or
11 its collection agent, receipts showing satisfactory evidence
12 of payment of all taxes and special assessments on the encum-
13 bered real property at least ten (10) days before the due date
14 of the taxes or assessments.

15 Following any default in payment of any sum or per-
16 formance of any act to be made or performed hereunder by Trus-
17 tors, and upon written demand of Beneficiary, or its collection
18 agent, Trustors shall deposit with Beneficiary, or its collec-
19 tion agent, with and in addition to the monthly payments of
20 principal and interest payable under the terms of the note
21 secured hereby a sum equal to the taxes and special assessments
22 next due on the property covered by this Deed of Trust plus
23 the premium that will next become due and payable on policies
24 of fire and other hazard insurance on the said property (all
25 as estimated by the Beneficiary), less all sums already paid
26 therefor, divided by the number of months to elapse before one
27 month prior to the date when such premiums, taxes and assess-
28 ments will become delinquent. Such sums to be held by the
29 Beneficiary, or its collection agent, in trust to pay said pre-
30 miums, taxes and special assessments before the same become
31 delinquent. Moneys so deposited shall be held in a separate
32 account and no interest shall accrue or be payable on such

1 - deposits. It shall be the responsibility of Trustees to fur-
2 nish Beneficiary, or its collection agent, with bills or in-
3 voices in sufficient time to pay such items before penalty
4 attaches and before insurance policies lapse.

5 All the payments mentioned in the above subsection
6 of this paragraph, and all payments to be made under the note
7 secured hereby shall be added together and the aggregate amount
8 thereof shall be paid by the Trustees each month in a single
9 payment to be applied by the Beneficiary, or its collection
10 agent, to the following items in order set forth:

11 (a) Taxes, special assessments, fire and other
12 hazard insurance premiums.

13 (b) Interest on the note secured hereby.

14 (c) Amortization of the principal of said note.

15 Any deficiency in the amount of any such aggregate
16 monthly payment shall, unless remedied by the Trustees prior
17 to the due date of the next payment, constitute an event of
18 default under this Deed of Trust.

19 If the Trustees fail to make any payment or perform
20 any act which they are obligated to make or perform hereby,
21 then the Trustee, or Beneficiary, at the election of either of
22 them, without demand or notice to the Trustees, or any successor
23 in interest of the Trustees, may make such payment or perform
24 such act and incur any liability, or expend whatever amounts,
25 in its absolute discretion, it may deem necessary therefor.

26 All sums incurred or expended by the Trustee, or Beneficiary,
27 under the terms hereof, shall become immediately due and pay-
28 able by the Trustees to the Trustee, or Beneficiary when so
29 incurred or expended, and shall bear interest until paid at
30 the annual percentage rate of 18% and shall be secured hereby.

31 7. EMINENT DOMAIN: If the above described property
32 or any portion thereof, be condemned under any power of eminent

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1 domain or acquired for any public use or quasi public use
2 damages, proceeds, and consideration for such improvements
3 the extent of the full amount of indebtedness secured hereby
4 remaining unpaid, and hereby irrevocably assigned by Trustee
5 to Beneficiary, and shall be paid forthwith to Beneficiary,
6 to be applied on account of the last maturing installment of
7 indebtedness. Such payment will not constitute a prepayment
8 under the terms of the promissory note secured hereby.

9 8. INSURANCE PROCEEDS, REPAIRS AND RESTORATION:

10 All insurance moneys received by Trustee or Beneficiary on
11 account of any loss or damage to the real or personal property
12 encumbered by this deed of trust (hereinafter referred to as
13 the encumbered property) shall be paid over to and held by
14 Beneficiary as part of the encumbered property and, after deduct
15 therefrom the reasonable charges and expenses of Trustee or
16 Beneficiary in connection with the collection and disbursement
17 of such moneys. In the event Trustee are not in default un
18 der the terms and conditions of this deed of trust and the promi
19 sory note secured hereby, Beneficiary may pay the same out f
20 time to time for the purpose of paying the cost of repairs,
21 restoration, reconstruction, or replacement of the encumbered
22 property damaged or destroyed, or may apply the same to the
23 prepayment or partial prepayment of the note secured hereby,
24 in the manner and under and subject to the conditions herein
25 after stated, to-wit:

26 Trustor shall be entitled to use and apply the pro
27 ceeds of said policies to the repair, restoration, reconstru
28 ction or replacement of the encumbered property damaged or de
29 stroyed, provided (a) Trustor shall within sixty (60) days
30 after the date of loss, notify Beneficiary of the intention
31 of Trustor to so utilize such proceeds; and (b) Trustor shall
32 submit to Beneficiary, within ninety (90) days after the date

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1 of loss, plans and specifications for the contemplated repairs
2 restoration, reconstruction or replacement of the encumbered
3 property, together with the estimated cost thereof, prepared
4 by an architect or engineer satisfactory to Beneficiary, with
5 a certificate of such architect or engineer certifying that in
6 his opinion the encumbered property upon completion of such
7 repairs, restoration, reconstruction, or replacement will be
8 worth not less than the value of the encumbered property immedi-
9 ately prior to such loss or damage; or the estimated cost may
10 be established by bids for the construction thereof by contrac-
11 tor or contractors satisfactory to Beneficiary; and (c) Trustee
12 shall, before beginning any work, also deposit with Beneficiary
13 an amount in cash equal to the amount by which the estimated
14 cost of such repairs, restoration, reconstruction or replace-
15 ment exceeds the amount of the insurance proceeds then held by
16 Beneficiary. Upon compliance with the foregoing conditions
17 Trustor shall be entitled to proceed with such work of repair,
18 restoration, reconstruction or replacement and to utilize and
19 apply the proceeds of said insurance policies as aforesaid
20 against customary architects' or engineers' progress certifi-
21 cates satisfactory to Beneficiary and presented to Beneficiary
22 from time to time during the progress of such repair, restora-
23 tion, reconstruction or replacement. Beneficiary shall turn
24 over to Trustor from the proceeds of said insurance policies
25 and any other funds deposited with it as aforesaid, the amount
26 certified to in said certificates representing the cost of labor
27 and materials used in said construction work to the date thereof.
28 Trustor covenant and agree that if they elect to repair, re-
29 store, reconstruct or replace the encumbered property as afore-
30 said, and to utilize the proceeds of insurance policies for
31 such purpose, Trustor shall and will, not less than ninety
32 (90) days after the date of loss, proceed with the work of con-

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1 instruction and will thereafter prosecute such work diligently
2 so that the encumbered property will be restored in substan-
3 tially the same condition for the purposes hereof as prior
4 such damage or destruction, and Trustor will not suffer
5 created or filed against the encumbered property or any
6 thereof any mechanics', materialmen's, laborers' or other
7 in connection with such work and will pay all bills and
8 charges therefor promptly when due.

9 If Trustor shall not meet and comply in all respects
10 with the terms and conditions hereinabove set forth with
11 to the use and application of such insurance proceeds for
12 repair, reconstruction, restoration or replacement of the
13 encumbered property, then and in any event such insurance proceeds
14 may, at the option of Beneficiary be used and applied either
15 (a) to the cost of repair, restoration, reconstruction or
16 replacement of the encumbered property as damaged or destroyed
17 or (b) to the prepayment in full or partial prepayment of
18 note secured hereby in inverse order of the regular stated
19 maturities, and any partial prepayment shall not excuse
20 in payment of the next and succeeding installment payment
21 under the promissory note which shall be paid on the date
22 as stated in the note until the total balance of principal
23 interest, after application of the prepayment, is paid in

24 In the event the insurance proceeds are used to
25 restore, reconstruct or replace the encumbered property as
26 damaged or destroyed as aforesaid and there remains any
27 of cash in the hands of the Beneficiary, after the completion
28 of such repairs, restoration, reconstruction or replacement
29 free and clear of all liens of every nature or claims likely
30 to ripen into such liens, such surplus may be used and applied
31 by Beneficiary to the prepayment of the principal installments
32 of said note in the inverse order of their regular stated

LAND OFFICE
ALBANY COUNTY
ALBANY, N.Y.

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1 titles, and any use of the surplus as a partial prepayment shall
2 not excuse or be in payment of the next and succeeding install-
3 ment payments due under the promissory note which shall be paid
4 on the date due as stated in the note until the total balance
5 of principal and interest, after application of the prepayment,
6 is paid in full.

7 .. Trustor shall give immediate notice to Beneficiary
8 of any damage to or destruction of the encumbered property or
9 any part thereof, Trustor hereby grant to Trustee and to Benefi-
10 ciary full power and authority to make proof of loss under
11 any and all insurance policies, either in the name of Trustor
12 or in the name of the Beneficiary or adjust, settle and collect
13 insurance and to endorse for an in behalf and in the name of
14 Trustor any check, draft or other instrument received therefor
15 and to collect the proceeds thereof, and also, if default shall
16 occur hereunder, to collect any unearned premiums and apply
17 the same to the debt secured hereby.

18 In the event of foreclosure of this deed of trust,
19 or other transfer of title to the property covered hereby in
20 full or partial extinguishment of the indebtedness secured here-
21 by, all right, title and interest of the Trustor in and to
22 any insurance policies then in force may pass to the purchaser,
23 or grantee, or Trustee or Beneficiary may take such other steps
24 as they may deem advisable with respect thereto and to cause
25 the interest of such purchaser or grantee to be protected by
26 any such insurance policies, or if the Trustee or Beneficiary
27 elects so to do, they may collect any unearned premiums and apply
28 the same on the debt secured hereby and Trustor shall not be
29 entitled in either event to any unearned premiums. In the event
30 that prior to the extinguishment of the indebtedness any claim
31 under any hazard insurance policies had not been paid and dis-
32 tributed in accordance with the terms of this deed of trust,

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and if (a) any such insurance claim shall be paid after the full or partial extinguishment of the indebtedness secured by, and (b) the foreclosure of this deed of trust, or other transfer of title to the property covered hereby shall have resulted in payment to Beneficiary of an amount less than the total of the unpaid principal balance together with accrued interest plus costs and disbursements at the time of the payment of all or a portion of the indebtedness secured hereby, then and in that event the insurance payment in satisfaction of the claim shall be applied in an amount necessary to satisfy the unpaid indebtedness due to the Beneficiary (the deficiency existing and remaining unsatisfied) and shall belong to, be the property of, and be paid over to the Beneficiary. Trustor hereby irrevocably assign, transfer, and set over to the Beneficiary all the Trustor's right, title, and interest in and to said sum. Any insurance proceeds paid to Beneficiary pursuant to this paragraph will not constitute a prepayment under the terms of the prepayment charge provisions of the promissory note secured hereby.

9. COMPLIANCE WITH LAW: Without limiting any other provision contained herein relating to the same or similar matters as hereinafter set forth, Trustor covenant and agree that in the ownership, operation, and management of the premises the Trustor will observe and comply with all applicable federal, state, and local statutes, ordinances, regulations, orders, and covenants, conditions and restrictions affecting the Exhibit "A" property.

10. ASSIGNMENT OF RENTS: As a portion of the security hereunder, Trustor hereby assign and give to and confer upon the Trustee and Beneficiary the right, title and interest and, during the continuance of these trusts to collect the rents, issues and profits of the real property encumbered by this deed.

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1 of trust or of any personal property located thereon, with or
2 without taking possession of the property affected hereby, and
3 further assigns all the right, title and interest in and to
4 any and all leases now or hereafter on or effecting the encum-
5 bered property; reserving unto the Trustor the right, prior
6 to any default by Trustor, in payment of any indebtedness se-
7 cured hereby, or default by Trustor in the performance of any
8 agreement hereunder, to collect and retain such rents, issues
9 and profits as they may accrue and become payable. The fore-
10 going assignment of any lease shall not be deemed to impose
11 upon the Trustee and Beneficiary any of the obligations or dut-
12 ies of Trustor provided in any such lease, and Trustor agree
13 to fully perform all obligations of the lessor under all such
14 leases.

15 The Trustee or Beneficiary may enter the encumbered
16 property and inspect the same at any time during the existence
17 of the trust hereby created, and in case default be made in
18 the payment of any sum secured hereby, or in the performance
19 of any act the performance of which is secured hereby, the Trus-
20 tee and Beneficiary shall be entitled at any time, at its optio
21 either by itself, by an agent, or a Receiver to be appointed
22 by a court, and without regard to the adequacy of any security
23 for the indebtedness hereby secured, to enter upon and take
24 possession of the encumbered property, or any part thereof,
25 and to do and perform such acts of repair, cultivation, pro-
26 tection or irrigation as may be necessary or proper to conserve
27 the value thereof; to rent or lease the same or any part thereof
28 for such rental, term and upon such conditions as it judgment
29 may dictate, and to collect and receive the rents, issues and
30 profits thereof; which rents, issues, profits, present and fu-
31 ture, are hereby assigned to the Trustee as further security,
32 but which assignment Trustee or Beneficiary agrees not to en-

LAW OFFICES
OF THE STATE OF CALIFORNIA
SAN FRANCISCO, CALIFORNIA
JULY 1, 1900

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1 force so long as Trustor, is not in default in performance of
2 any act to be made or performed hereunder; and apply such rents,
3 issues, and profits, to the reduction or satisfaction of any
4 obligation secured by this deed of trust, and also to do any
5 other act or acts, as it may deem necessary or proper, in the
6 use, management or operation of the said premises, or to pro-
7 tect or conserve the value thereof, the specific enumerations
8 herein not excluding the general. In the event that the Trustee
9 or Beneficiary shall exercise the option granted in this para-
10 graph the Trustors agree to surrender to the Trustee or Benefi-
11 ciary peaceable possession of said property, and not to inter-
12 fere in any manner with the exercise of the rights granted
13 herein; and the expenses therein incurred, including compensa-
14 tion to said Trustee and Receiver, and attorneys' fees and
15 costs and disbursements, shall be deemed to be a portion of
16 the expense of this trust, and secured hereby. Trustor also
17 assign to Trustee, as a portion of the security for the per-
18 formance of the obligations secured hereby, all prepaid rents
19 and all monies which have been or may hereafter be deposited
20 with said Trustors by any lessee of the property encumbered
21 by this deed of trust, to secure the payment of any rent, and
22 upon default in the performance of any of the provisions hereof
23 Trustor agree to deliver said rents and deposits to the Trustee.

24 Trustor shall not, without Beneficiary's prior writ-
25 ten consent, further assign the rents, issues and profits from
26 the encumbered property, nor enter into any agreement or do
27 any act to amend, modify, extend, terminate or cancel, accept
28 the surrender, subordinate, accelerate the payment of rent, or
29 change the terms of any renewal option of any lease now or here-
30 after affecting such property or any portion thereof.

31 11. SUBORDINATION: Beneficiary hereby irrevocably
32 agrees that upon the request of Trustor, that it will subordi-

1 date this deed of trust to a construction loan for construction
2 tion of improvements on the Exhibit "A" property to be obtained
3 by Trustor in accordance with Paragraph 7.3 of the March 5,
4 1981 General Partnership Agreement between LAKEWOOD DEVELOPMENT
5 INC., and HARLESK NEVADA, INC.

6 12. RELEASE AND RECONVEYANCE: At any time during
7 the existence of this deed of trust, in consideration of the
8 Trustor's performance of the Development Agreement between
9 DOUGLAS COUNTY, HARLESK NEVADA, INC. or KINGSBURY GENERAL
10 IMPROVEMENT DISTRICT, trustor shall have the right from time
11 to time during the term of this deed of trust to obtain a re-
12 lease or releases, and reconveyance, from the lien and provi-
13 sions of this deed of trust of such parcels, lots, or pieces
14 of the encumbered real property in accordance with Paragraph
15 7.3 of the March 5, 1981 General Partnership Agreement between
16 LAKEWOOD DEVELOPMENT, INC., and HARLESK NEVADA, INC.

17 13. EXERCISE OF POWERS AND REMEDIES: Each and every
18 power or remedy herein specifically given shall be in addition
19 to every other power or remedy, existing or implied, now or
20 hereafter given or existing in law or in equity, and each and
21 every power and remedy herein specifically given or otherwise
22 so existing or given may be exercised from time to time and as
23 often and in such order as may be deemed expedient by Benefic-
24 iary or the holder of the Promissory Note and the exercise or
25 the beginning of the exercise of one power or remedy shall not
26 be deemed a waiver of the right to exercise at the same time
27 or thereafter any power or remedy. No delay or omission of
28 the Beneficiary in the exercise of any such right or power or
29 be construed to be a waiver of any default or acquiescence
30 therein.

31 14. SEVERABILITY: The unenforceability or invalid-
32 ity of any provision or provisions of this deed of trust as to

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1 any persons or circumstances shall not render that provision
2 or those provisions unenforceable or invalid as to any other
3 persons or circumstances, and all provisions hereof, in all
4 other respects, shall remain valid and enforceable.

5 15. SUCCESSORS AND ASSIGNS: The benefits of the
6 covenants, terms, conditions, and agreements contained herein
7 shall accrue to, and the obligations thereof shall bind the
8 heirs, representatives, successors, and assigns of the parties
9 hereto and the Beneficiary hereof. Whenever used, the singular
10 number shall include the plural, the plural the singular and
11 the use of any gender shall include all other genders, and the
12 term "Beneficiary" shall include any payee of the indebtedness
13 hereby secured or any transferee thereof whether by operation
14 or law or otherwise.

15 16. TRUST: The trusts created hereby are irrevoc-
16 able by the Trustors.

17 17. NOTICES: Any notice or demand to be given or
18 required by the terms of this deed of trust shall be given to
19 the Trustors and Beneficiary by certified or registered mail
20 at the following addresses:

21
22 Beneficiary: RICHARDSON HOLDINGS, INC.
23 One Lombard Place, 30th Floor
24 Winnipeg, Manitoba CANADA
25 Trustors: HARICH TAHOE DEVELOPMENTS
26 South Lake Tahoe, Nevada

27 IN WITNESS WHEREOF, the Trustors have executed this
28 ---
29 ---
30 ---
31 ---
32 ---

1 deed of trust and assignment of rents the day and year first
2 above written.

3
4 HARICH TAHOE DEVELOPMENTS
5 a general partnership

6 General Partner:

HARLESK NEVADA, INC.
a Nevada corporation

7
8 *[Signature]*
9 WIFE'S WIFE - President


10 General Partner:

LAKWOOD DEVELOPMENT, INC.
a Nevada corporation

11
12 By *[Signature]*
13 DONALD P. LEAVES - President

14 STATE OF NEVADA)
15 County of Douglas) ss.


16 On this 17th day of MARCH, 1981, personally
17 appeared before me, a Notary Public, HARVEY S. WOLFE,
18 known to me to be the VICE President of HARLESK NEVADA, INC., a
19 general partner of HARICH TAHOE DEVELOPMENTS, who acknowledged
20 to me that he executed the foregoing Deed of Trust and Assign-
21 of Rents on behalf of said corporation.

22  MARGARET E. ZINKE
Notary Public - Nevada
Douglas County
My Appointment Expires Jan 8, 1982

[Signature]
NOTARY PUBLIC

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

26 On this 17th day of MARCH, 1981, personally
27 appeared before me, a Notary Public, DONALD P. LEAVES,
28 known to me to be the President of LAKWOOD DEVELOPMENT, INC.,
29 general partner of HARICH TAHOE DEVELOPMENTS, who acknowledged
30 to me that he executed the foregoing Deed of Trust and Assign-
31 of Rents on behalf of said corporation.

32  MARGARET E. ZINKE
Notary Public - Nevada
Douglas County
My Appointment Expires Jan 8, 1982

[Signature]
NOTARY PUBLIC

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ISS 851-1531

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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 TANOE VILLAGE UNIT 13, recorded January 22, 1973, as Document No. 53205, Official Records of Douglas County, State of Nevada.

COPY

REGISTERED BY
John A. Hartman

REGISTERED BY
SILVER STATE TITLE CO.

IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

3-2-73
ISSUE DATE 3-12-73

MARIE A. RABEL

RECORDED

Marie A. Rabel 5116
MAR 29 1973

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REQUESTED BY
STEWART TITLE OF DOUGLAS COUNTY

IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

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SUZANNE BEAUDREAU
RECORDER

\$29 PAID *JL* DEPUTY

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