

SUBORDINATION AGREEMENT

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3 THIS SUBORDINATION AGREEMENT, entered into this
4 1st day of September, 1987, by and between RICHARDSON
5 HOLDINGS, INC., a corporation organized under the laws of the
6 State of Delaware (hereinafter referred to as "Beneficiary"), and
7 HARICH TAHOE DEVELOPMENTS, a Nevada general partnership
8 (hereinafter referred to as "Trustor"),

W I T N E S S E T H:

9
10 WHEREAS, on March 17, 1981, Trustor executed a Deed of
11 Trust and Assignment of Rents in favor of Beneficiary, recorded
12 on March 18, 1981, as Document No. 54482, at Book 381, Page 1481,
13 of Official Records, Douglas County, Nevada, securing a promis-
14 sory note of even date, executed a Deed of Trust and Assignment
15 of Rents in favor of Beneficiary, recorded March 18, 1981 as
16 Document No. 54483, at Book 318, Page 1499, of Official Records
17 of Douglas County, Nevada, securing a promissory note of even
18 date and executed a Deed of Trust and Assignment of Rents in
19 favor of Beneficiary, recorded on August 24, 1983, as Document
20 No. 086063, at Book 883, Page 2081, of Official Records, Douglas
21 County, Nevada a copy of which deeds of trust are attached hereto
22 as Exhibit A-1, A-2 and A-3 and incorporated herein by this
23 reference (Beneficiary's Deeds of Trust); and

24 WHEREAS, Trustor executed a deed of trust on December
25 10, 1981 in favor of First Interstate Bank of Reno, Nevada,
26 recorded on January 12, 1982, as Document No. 63859, at Book 182,
27 Page 566 of Official Records, Douglas County, Nevada, which in-
28 terest of First Interstate Bank of Reno, Nevada, was assigned to

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1 Canadian Imperial Bank of Commerce under an Assignment of Deed of
2 Trust dated December 30, 1981, recorded on January 12, 1982, as
3 Document No. 63860, at Book 182, page 567 of Official Records,
4 Douglas County, Nevada (CIBC Deed of Trust); and

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

8 WHEREAS, Trustor has modified the provisions of the
9 CIBC Deed of Trust and has recorded a Third Loan Modification
10 Agreement and Notice of Future Advance; and

11 WHEREAS, Trustor desires and Beneficiary agrees to have
12 Beneficiary's Deed of Trust subordinated to the CIBC Deed of
13 Trust as modified,

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

17 1. The Beneficiary's Deeds of Trust referenced above,
18 shall be, and the same hereby are, made subject to and
19 unconditionally subordinate to the Third Loan Modification
20 Agreement, recorded on August 20, 1987, at Book 887, page 2188,
21 as Document No. 160501, Official Records, Douglas County, Nevada,
22 and unconditionally subordinate to the Notice of Further Advance,
23 recorded on August 20, 1987, at Book 887, page 2222, as Document
24 No. 160502, Official Records, Douglas County, Nevada.

25 2. Except as specifically provided for herein, all of
26 of the rest and remainder of the terms and conditions of the
27 Beneficiary's Deeds of Trust shall remain in full force and
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HARTMAN, SOUMBENIOTIS
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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 RICHARDSON HOLDINGS, INC.,
8 a Delaware corporation

HARICH TAHOE DEVELOPMENTS,
a Nevada general partnership

9 By *R. W. Dunbar*
10 R. W. Dunbar,
Its PRESIDENT

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

11 By *Ronald J. Wilhite*
12 RONALD J. WILHITE, President

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

15 By *Ronald J. Wilhite*
16 Ronald J. Wilhite
17 Its PRESIDENT

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State of Nevada)
County of Douglas) ss.


On this 1st day of September, 1987, personally appeared before me, a Notary Public, R.W. Dunbar, who acknowledged to me that he is the President of RICHARDSON HOLDINGS, INC., a Delaware corporation, Beneficiary herein, and who acknowledged to me that he executed the foregoing Subordination Agreement on behalf of said corporation.

 PATRICIA LEE FALOON
Notary Public - State of Nevada
Appointment Recorded In Douglas County
MY APPOINTMENT EXPIRES AUG 27, 1989

Patricia Lee Faloon
NOTARY PUBLIC

STATE OF NEVADA)
COUNTY OF DOUGLAS) ss.

On this 1st day of September, 1987, personally appeared before me, a Notary Public, RONALD J. WILHITE, who acknowledged to me that he is the President of LAKEWOOD DEVELOPMENT, INC., a Nevada corporation, general partner of HARICH TAHOE DEVELOPMENTS, a Nevada general partnership, Trustor herein, and who acknowledged to me that he executed the foregoing Subordination Agreement on behalf of said corporation as general partner.

 PATRICIA LEE FALOON
Notary Public - State of Nevada
Appointment Recorded In Douglas County
MY APPOINTMENT EXPIRES AUG 27, 1989

Patricia Lee Faloon
NOTARY PUBLIC

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

4 On this 1st day of September, 1987, per-
5 sonally appeared before me, a Notary Public, Ronald G. 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  PATRICIA LEE FALOON
14 Notary Public - State of Nevada
Appointment Recorded in Douglas County
15 MY APPOINTMENT EXPIRES AUG 27, 1989

Patricia Lee Faloon
NOTARY PUBLIC

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DEED OF TRUST

AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 17th day of April 1981, by and between HARICH TAOHE DEVELOPMENTS, a general partnership, Trustor, to SILVER STATE TITLE COMPANY, Trustee, for RICHARDSON HOLDINGS, 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 particularly described on Exhibit "A" attached hereto and incorporated 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, herements and appurtenances therunto belonging or in any wise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, subject, however, 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, with the appurtenances; and all of the buildings and improvements now or hereafter situated on said property together with all personal property and fixtures therein or attached thereto.

TO HAVE AND TO HOLD the same unto the said Trustee and its successors, upon the trusts hereinafter expressed, for the purpose of securing the following:

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411 NORTH BRUNNEN ST.
SPRINGFIELD, ILLINOIS 62761
AND IN DEPARTMENT OF
COURT CLERK, 401 BRUNNEN

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EXHIBIT "A"

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1 FIRST: As security for the payment of an indebtedness
2 in the total principal amount of \$2,500,000, in favor of the
3 of the United States of America, which includes interest thereon
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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ities of Trustees hereunder, including, but not limited to,
attorney's fees, court costs, witnesses' fees, expert witnesses'
fees, collection costs, and costs and expenses paid by Benefi-
ciary or Trustee in performing for Trustees' account any obli-
gations of Trustees or to collect the rents or prevent waste.

AND THIS INDENTURE FURTHER WITNESSETH:

1. REPAIRS, MAINTENANCE, WASTE, LIENS AND ENCUMBRANCES

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

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

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1 amount of the loan.

2 Trustors covenant to keep relative to the premises
3 including all buildings and improvements, that may now, or at
4 any time, be on said property during the continuance of this
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 pa-
10 graph 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 no-
15 tice to Beneficiary prior to policy cancellation or modifica-
16 tion.

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

23 3. DEFAULT: 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%), 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 27.030, when

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(3)

1 not inconsistent 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 sat-
8 factory 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

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1 deposits. It shall be the responsibility of Trustees to fu-
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 sub-secti-
6 of this paragraph, and all payments to be made under the no-
7 secured hereby shall be added together and the aggregate am-
8 thereof shall be paid by the Trustees each month in a singl-
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 oth-
12 hazard insurance premiums.

13 (b) Interest on the note secured hereby.

14 (c) Amortization of the principal of said no-

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
22 them, without demand or notice to the Trustees, or any succe-
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 proper-
32 ty or any portion thereof, be condemned under any power of escheat

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1 domain or acquired for any public use or quasi-public use, the
2 damages, proceeds, and consideration for such acquisition to
3 the extent of the full amount of indebtedness secured hereby
4 remaining unpaid, are hereby irrevocably assigned by Trustees
5 to Beneficiary, and shall be paid forthwith to Beneficiary, to
6 be applied on account of the last maturing installments of such
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 ac-
11 count 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 Bene-
14 ficiary as part of the encumbered property and, after deducting
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 Trustees are not in default under
18 the terms and conditions of this deed of trust and the promis-
19 sory note secured hereby, Beneficiary may pay the same out from
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, reconstruc-
28 tion 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 of
31 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 repair
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
6 in 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 imme-
9 diately prior to such loss or damage; or the estimated cost may
10 be established by bids for the construction thereof by contra-
11 tor or contractors satisfactory to Beneficiary; and (c) Trust-
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 certificate 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 struction 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 if no
4 such damage or destruction, and Trustor will not suffer to be
5 created or filed against the encumbered property or any part
6 thereof any mechanics', materialmen's, laborers' or other lien
7 in connection with such work and will pay all bills and other
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 respect
11 to the use and application of such insurance proceeds for the
12 repair, reconstruction, restoration or replacement of the encum-
13 bered 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 re-
16 placement of the encumbered property as damaged or destroyed,
17 or (b) to the prepayment in full or partial prepayment of the
18 note secured hereby in inverse order of the regular stated
19 maturities, and any partial prepayment shall not excuse or be
20 in payment of the next and succeeding installment payments due
21 under the promissory note which shall be paid on the date due
22 as stated in the note until the total balance of principal and
23 interest, after application of the prepayment, is paid in full.

24 In the event the insurance proceeds are used to repair
25 restore, reconstruct or replace the encumbered property so
26 damaged or destroyed as aforesaid and there remains any surplus
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 matur-

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not excuse or be in payment of the next and succeeding instalment payments due under the promissory note which shall be due on the date due as stated in the note until the total balance of principal and interest, after application of the prepayment is paid in full.

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

In the event of foreclosure of this deed of trust, or other transfer of title to the property covered hereby in full or partial extinguishment of the indebtedness secured hereby, all right, title and interest of the Trustor in and to any insurance policies then in force may pass to the purchaser or grantee, or Trustee or Beneficiary may take such other steps as they may deem advisable with respect thereto and to cause the interest of such purchaser or grantee to be protected by any such insurance policies, or if the Trustee or Beneficiary elects so to do, they may collect any unearned premiums and apply the same on the debt secured hereby and Trustor shall not be entitled in either event to any unearned premiums. In the event that prior to the extinguishment of the indebtedness any claim under any hazard insurance policies had not been paid and distributed in accordance with the terms of this deed of trust,

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AND TRUST COMPANY
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1 a) any such insurance claim shall be paid after the
2 full or partial extinguishment of the indebtedness secured
3 by, and (b) the foreclosure of this deed of trust, or other
4 transfer of title to the property covered hereby shall have
5 resulted in payment to Beneficiary of an amount less than the
6 total of the unpaid principal balance together with accrued
7 interest plus costs and disbursements at the time of the pay-
8 ment of all or a portion of the indebtedness secured hereby,
9 then and in that event the insurance payment in satisfaction
10 of the claim shall be applied in an amount necessary to satis-
11 the unpaid indebtedness due to the Beneficiary (the deficiency
12 existing and remaining unsatisfied) and shall belong to, be
13 the property of, and be paid over to the Beneficiary. Trustor
14 hereby irrevocably assign, transfer, and set over to the Bene-
15 ficiary all the Trustor's right, title, and interest in and to
16 said sum. Any insurance proceeds paid to Beneficiary pursuant
17 to this paragraph will not constitute a prepayment under the
18 terms of the prepayment charge provisions of the promissory
19 note secured hereby.

20 9. COMPLIANCE WITH LAW: Without limiting any other
21 provision contained herein relating to the same or similar mat-
22 ters as hereinafter set forth, Trustor covenant and agree that
23 in the ownership, operation, and management of the premise that
24 Trustor will observe and comply with all applicable federal,
25 state, and local statutes, ordinances, regulations, orders,
26 and covenants, conditions and restrictions affecting the
27 Exhibit "A" property.

28 10. ASSIGNMENT OF RENTS: As a portion of the secur-
29 ty hereunder, Trustor hereby assign and give to and confer
30 upon the Trustee and Beneficiary the right, title and interest,
31 and, during the continuance of these trusts to collect the rent
32 issues and profits of the real property encumbered by this deed

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AND A. TAYLOR LTD
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Columbus, Ohio 43215

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1 of trust or of any personal property located therein, 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 affecting 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 Trust-
20 tee and Beneficiary shall be entitled at any time, at its option
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 its 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-

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GENERAL & TAYLOR LTD
242 - 2nd Avenue St
Canton City NY 13611

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1 force, so long as Trustor, is not in default in performance
 2 any act to be made or performed hereunder; and, in the event
 3 issues, and profits to the satisfaction or satisfaction of
 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 enumeration
 8 herein not excluding the general. In the event that the Tr-
 9 or Beneficiary shall exercise the option granted in this pa-
 10 graph the Trustors agree to surrender to the Trustee or Ben-
 11 efiary 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 rent
 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 here-
 23 in Trustor agree to deliver said rents and deposits to the Trust-
 24 ee.
 25 Trustor shall not, without Beneficiary's prior writ-
 26 ten consent, further assign the rents, issues and profits from
 27 the encumbered property, nor enter into any agreement or do
 28 any act to amend, modify, extend, terminate or cancel, except
 29 the surrender, subordinate, accelerate the payment of rent, or
 30 change the terms of any renewal option of any lease now or here-
 31 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-

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 GEORGE W. ANDREWS
 PATRICK & TAYLOR LLP
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1 nate this deed of trust to a construction loan for construc-
2 tion of improvements on the Exhibit "A" property to be consi-
3 by Trustor in accordance with Paragraph 7.3 of the March 5,
4 1981 General Partnership Agreement between LAKEWOOD DEVELOPME
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 ever
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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Carson City, NV 89401

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

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

16. TRUST: The trusts created hereby are irrevocable by the Trustors.

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

Beneficiary: RICHARDSON HOLDINGS, INC.
One Lombard Place, 30th Floor
Winnipeg, Manitoba CANADA

Trustors: HARICH TAHOE DEVELOPMENTS
South Lake Tahoe, Nevada

IN WITNESS WHEREOF, the Trustors have executed this

27 ---
28 ---
29 ---
30 ---
31 ---
32 ---

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ALLANSON BARNETT
SINZIE & JAYLENE LTD
242 W. Dufferin St.
Columbus, Ohio 43081

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USER 982-4: 818

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USER 381-1496

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2 above written.

4 HARICH TAHOE DEVELOPMENTS
5 a general partnership

6 General Partner:

HARLESK NEVADA, INC.
a Nevada corporation

7
8 *[Signature]*
9 HARRY S. WOLFE President

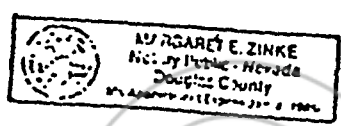
10 General Partner:

LAKWOOD DEVELOPMENT, INC
a Nevada corporation

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

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

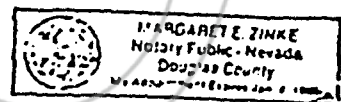
16 On this 17th day of MARCH, 1981, personally
17 appeared before me, a Notary Public, HARRY S. WOLFE,
18 known to me to be the ^{VICE} President of HARLESK NEVADA, INC., a
19 general partner of HARICH TAHOE DEVELOPMENTS, who acknowledged
20 to me that he executed the foregoing Deed of Trust and Assignm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

22 
23

[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. LEANEY,
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 Assignme
31 of Rents on behalf of said corporation.

32 

[Signature]
NOTARY PUBLIC

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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 TARGON VILLAGE UNIT 13, recorded January 22, 1971, as Document No. 63805, Official Records of Douglas County, State of Nevada.

BANK TRANSIT NO.	CHECKS	CASH	DATE	RECEIVED FROM	REC'D BY	RECORDING FEES	REAL PROPERTY TRANSFER TAX	DOC AND HL
				<i>1/3 Silver State Title Co</i>	<i>Che</i>	<i>24.00</i>		<i>63</i>

RECEIPT 63862

DOUGLAS COUNTY RECORDER AND AUDITOR
 POST OFFICE BOX 218 BEND, NEVADA 89423
 TELEPHONE (702) 792-3176

BOOK 182 PAGE 583

Received By: *J. J.*

REQUESTED BY
 SILVER STATE TITLE CO.
 IN OFFICIAL RECORDS OF
 DOUGLAS COUNTY NEVADA
 \$ 20.00
 1981 MAR 18 PM 12:13

REQUESTED BY
Suzanne Beaudreau
 IN OFFICIAL RECORDS OF
 DOUGLAS COUNTY NEVADA
 \$ 24.00
 1982 SEP 17 PM 3:46
 SUZANNE BEAUREAU
 RECORDER
Carol J. Pritchard
 dep.

MARIE A. RADEL
 RECORDER
Russ Blaney 51482
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BOOK 987 PAGE 514

DEED OF TRUST
AND ASSIGNMENT OF RENTS

CONFIRMED COPY
AS NOT BEEN COMPARED
TO THE ORIGINAL

1
2
3
4 THIS DEED OF TRUST, made this 12th day of MARCH,
5 1981, by and between HARICH TAIHON DEVELOPMENTS, a general part-
6 nership, Trustor, to SILVER STATE TITLE COMPANY, Trustee, for
7 RICHARDSON HOLDINGS, INC., a Nevada corporation, Beneficiary,

8 W I T N E S S E T H:

9 That the Trustors do hereby grant, bargain, sell and
10 convey unto the Trustee in trust with power of sale all that
11 certain property situate in Douglas County, Nevada, more partic-
12 ularly described on Exhibit "A" attached hereto and incorpor-
13 ated herein by reference.

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

17 TOGETHER with all and singular the tenements, here-
18 ditaments and appurtenances thereunto belonging or in any wise
19 appertaining, and the reversion and reversions, remainder and
20 remainders, rents, issues and profits thereof, subject, how-
21 ever, to the right, power and authority hereinafter given to
22 and conferred upon the Beneficiary to collect and apply such
23 rents, issues and profits; and also all the estate, right, title
24 and interest, homestead or other claim or demand, as well in
25 law as in equity, which the Trustors now have or hereafter may
26 acquire of, in, and to the said property, or any part thereof,
27 with the appurtenances; and all of the buildings and improve-
28 ments now or hereafter situated on said property together with
29 all personal property and fixtures therein or attached thereto.

30 TO HAVE AND TO HOLD the same unto the said Trustee
31 and its successors, upon the trusts hereinafter expressed, for
32 the purpose of securing the following:

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EXHIBIT "A-2"

EVIDENCE

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1 FIRST: As security for the payment of an indebtedness
2 in the total principal amount of \$1,500,000, 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 liabilities

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PAGE 251-1500

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1 ities of : stors hereunder, including, but not limited to, **COPIED COPY**
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 Trustors' account any obli-
5 gations of Trustors or to collect the rents or prevent waste.

6 AND THIS INDENTURE FURTHER WITNESSETH:

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

8 The Trustors 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: Trustors 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

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2 Trustors covenant to keep, relative to the premises,
3 including all buildings and improvements, that may now, or at
4 any time, be on said property during the continuance of this
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 par-
10 graph 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 better
13 in the "Best's Ratings" book, CHOSEN BY TRUSTOR and approved
14 by Beneficiary, and shall provide thirty (30) days written no-
15 tice to Beneficiary prior to policy cancellation or modifica-
16 tion.

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

23 3. DEFAULT: 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 prin-
31 cipal or interest, or obligation, in accordance with the terms
32 of any note or notes secured by a deed of trust having priority

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1 over junior to this deed of trust, or in the performance
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 13%), 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

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are hereto adopted and made a part of this deed of trust.

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

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

Following any default in payment of any sum or performance of any act to be made or performed hereunder by Trustors, and upon written demand of Beneficiary, or its collection agent, Trustors shall deposit with Beneficiary, or its collection agent, with and in addition to the monthly payments of principal and interest payable under the terms of the note secured hereby a sum equal to the taxes and special assessments next due on the property covered by this Deed of Trust plus the premium that will next become due and payable on policies of fire and other hazard insurance on the said property (all as estimated by the Beneficiary), less all sums already paid therefor, divided by the number of months to elapse before one month prior to the date when such premiums, taxes and assessments will become delinquent. Such sums to be held by the Beneficiary, or its collection agent, in trust to pay said premiums, taxes and special assessments before the same become delinquent. Moneys so deposited shall be held in a separate account and no interest shall accrue or be payable on such

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3 voices in sufficient time to pay such items before penalty
4 attaches and before insurance policies lapse.

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5 All the payments mentioned in the above sub-section
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 Trustors 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 Trustors prior
17 to the due date of the next payment, constitute an event of
18 default under this Deed of Trust.

19 If the Trustors 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 Trustors, or any successor
23 in interest of the Trustors, 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 Trustors 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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damages, proceeds, and consideration for such acquisition to the extent of the full amount of indebtedness secured hereby remaining unpaid, are hereby irrevocably assigned by Trustor to Beneficiary, and shall be paid forthwith to Beneficiary, to be applied on account of the last maturing installments of such indebtedness. Such payment will not constitute a prepayment under the terms of the promissory note secured hereby.

8. INSURANCE PROCEEDS, REPAIRS AND RESTORATION:

All insurance moneys received by Trustee or Beneficiary on account of any loss or damage to the real or personal property encumbered by this deed of trust (hereinafter referred to as the encumbered property) shall be paid over to and held by Beneficiary as part of the encumbered property and, after deduction therefrom the reasonable charges and expenses of Trustee or Beneficiary in connection with the collection and disbursement of such moneys. In the event Trustors are not in default under the terms and conditions of this deed of trust and the promissory note secured hereby, Beneficiary may pay the same out from time to time for the purpose of paying the cost of repairs, restoration, reconstruction, or replacement of the encumbered property damaged or destroyed, or may apply the same to the prepayment or partial prepayment of the note secured hereby, in the manner and under and subject to the conditions hereinafter stated, to-wit:

Trustor shall be entitled to use and apply the proceeds of said policies to the repair, restoration, reconstruction or replacement of the encumbered property damaged or destroyed, provided (a) Trustor shall within sixty (60) days after the date of loss, notify Beneficiary of the intention of Trustor to so utilize such proceeds; and (b) Trustor shall submit to Beneficiary, within ninety (90) days after the date

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-11-2010 BY
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1 of loss, plans and specifications for the contemplated repair,
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) Trustor
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 afores-
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-

1 struction 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 to
4 such damage or destruction, and Trustor will not suffer to be
5 created or filed against the encumbered property or any part
6 thereof any mechanics', materialmen's, laborers' or other liens
7 in connection with such work and will pay all bills and other
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 respect
11 to the use and application of such insurance proceeds for the
12 repair, reconstruction, restoration or replacement of the encum-
13 bered 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 re-
16 placement of the encumbered property as damaged or destroyed,
17 or (b) to the prepayment in full or partial prepayment of the
18 note secured hereby in inverse order of the regular stated
19 maturities, and any partial prepayment shall not excuse or be
20 in payment of the next and succeeding installment payments due
21 under the promissory note which shall be paid on the date due
22 as stated in the note until the total balance of principal and
23 interest, after application of the prepayment, is paid in full.

24 In the event the insurance proceeds are used to repair
25 restore, reconstruct or replace the encumbered property so
26 damaged or destroyed as aforesaid and there remains any surplus
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 matu-

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ities, a. any use of the surplus as partial prepayment shall not excuse or be in payment of the next and succeeding installment payments due under the promissory note which shall be paid on the date due as stated in the note until the total balance of principal and interest, after application of the prepayment, is paid in full.

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

In the event of foreclosure of this deed of trust, or other transfer of title to the property covered hereby in full or partial extinguishment of the indebtedness secured hereby, all right, title and interest of the Trustor in and to any insurance policies then in force may pass to the purchaser or grantee, or Trustee or Beneficiary may take such other steps as they may deem advisable with respect thereto and to cause the interest of such purchaser or grantee to be protected by any such insurance policies, or if the Trustee or Beneficiary elects so to do, they may collect any unearned premiums and apply the same on the debt secured hereby and Trustor shall not be entitled in either event to any unearned premiums. In the event that prior to the extinguishment of the indebtedness any claim under any hazard insurance policies had not been paid and distributed in accordance with the terms of this deed of trust,

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

20 9. COMPLIANCE WITH LAW: Without limiting any other
21 provision contained herein relating to the same or similar mat-
22 ters as hereinafter set forth, Trustor covenant and agree that
23 in the ownership, operation, and management of the premise that
24 Trustor will observe and comply with all applicable federal,
25 state, and local statutes, ordinances, regulations, orders,
26 and covenants, conditions and restrictions affecting the
27 Exhibit "A" property.

28 10. ASSIGNMENT OF RENTS: As a portion of the secur-
29 ity hereunder, Trustor hereby assign and give to and confer
30 upon the Trustee and Beneficiary the right, title and interest;
31 and, during the continuance of these trusts to collect the rents
32 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 affecting 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 option
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 its 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-

force so long as Trustor, is not in default in performance of
any act to be made or performed hereunder; and apply such rents,
issues, and profits, to the reduction or satisfaction of any
obligation secured by this deed of trust, and also to do any
other act or acts, as it may deem necessary or proper, in the
use, management or operation of the said premises, or to pro-
tect or conserve the value thereof, the specific enumerations
herein not excluding the general. In the event that the Trust
or Beneficiary shall exercise the option granted in this para-
graph the Trustors agree to surrender to the Trustee or Benefi-
ciary peaceable possession of said property, and not to inter-
fere in any manner with the exercise of the rights granted
herein; and the expenses therein incurred, including compensa-
tion to said Trustee and Receiver, and attorneys' fees and
costs and disbursements, shall be deemed to be a portion of
the expense of this trust, and secured hereby. Trustor also
assign to Trustee, as a portion of the security for the per-
formance of the obligations secured hereby, all prepaid rents
and all monies which have been or may hereafter be deposited
with said Trustors by any lessee of the property encumbered
by this deed of trust, to secure the payment of any rent, and
upon default in the performance of any of the provisions hereof
Trustor agree to deliver said rents and deposits to the Trustee
Trustor shall not, without Beneficiary's prior writ-
ten consent, further assign the rents, issues and profits from
the encumbered property, nor enter into any agreement or do
any act to amend, modify, extend, terminate or cancel, accept
the surrender, subordinate, accelerate the payment of rent, or
change the terms of any renewal option of any lease now or here-
after affecting such property or any portion thereof.

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

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1 note 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 to 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 herei
7 shall accrue to, and the obligations thereof shall bind the
8 heirs, representatives, successors, and assigns of the parti
9 hereto and the Beneficiary hereof. Whenever used, the singu
10 lar shall include the plural, the plural the singular and
11 the use of any gender shall include all other genders, and t
12 term "Beneficiary" shall include any payee of the indebtedne
13 hereby secured or any transferee thereof whether by operatio
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 TAROE DEVELOPMENTS
26 South Lake Tahoe, Nevada

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

LAW OFFICES
ALLIANCE BANKERS
ATTORNEYS & TRUSTEES LTD
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1 deed of trust and assignment of rents the day and year 1981
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 Harlesk Nevada President

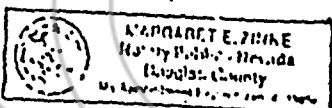
10 General Partner:

LAKEMOOD DEVELOPMENT, INC
a Nevada corporation

11
12 By [Signature]
13 Donald P. Leaney President

14 STATE OF NEVADA)
15 County Douglas) ss.

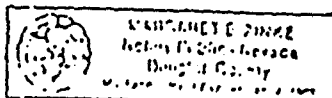
16 On this 17th day of MARCH, 1981, personally
17 appeared before me, a Notary Public, Harlesk Nevada
18 known to me to be the President of HARLESK NEVADA, INC., a
19 general partner of HARICH TAHOE DEVELOPMENTS, who acknowledge
20 to me that he executed the foregoing Deed of Trust and Assign-
21 of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



22 [Signature]
23 NOTARY PUBLIC

24 STATE OF NEVADA)
25 County Douglas) ss.

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



32 [Signature]
NOTARY PUBLIC

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 13, recorded January 22, 1973, as Document No. 63805, Official Records of Douglas County, State of Nevada.

			1/12	Silver State Title Co.	24.25		63863
CASH PAYMENT NO.	\$ CHECKS	\$ CASH	DATE	RECEIVED FROM	REC'D BY	RECORDING FEES	REAL PROPERTY TRANSFER TAX

RECEIPT 63863

DOUGLAS COUNTY RECORDER AND AUDITOR
POST OFFICE BOX 318 MINDEN, NEVADA 89423
TELEPHONE (702) 782-5176

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Received By

J. Gray

REQUESTED BY
SILVER STATE TITLE CO.
OFFICIAL RECORDS OF
DOUGLAS COUNTY, NEVADA
\$20.00 Pd.
1981 MAR 18 PM 12:16

MARIE A. RANCI

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DEED OF TRUST
AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 18th day of JULY,
1983, by and between HARICH TAHOE DEVELOPMENTS, a general part-
nership, Trustor, to STEWART TITLE COMPANY, Trustee, for
RICHARDSON HOLDINGS, 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 incorporated
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, hereditaments
and appurtenances thereunto belonging or in anywise appertaining,
and the reversion and reversions, remainde. and remainders, rents,
issues and profits thereof, subject, however, to the right, power
and aauthority 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

EXHIBIT "A-3"

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BOOK 987 PAGE 533

Trustor now has or hereafter may acquire of, in and to the said property, or any part thereof, with the appurtenances; and all of the buildings and improvements now or hereafter situated on said property together with all personal property and fixtures therein or attached thereto.

TO HAVE AND TO HOLD the same unto the said Trustee and its successors, upon the trusts hereinafter expressed, for the purpose of securing the following:

FIRST: As security for the payment of an indebtedness in the total principal amount of \$10,000,000, in lawful money of the United States of America, which includes future amounts or so much as may have been disbursed, with interest thereon in like lawful money and such other obligations with expenses and counsel fees according to that certain promissory note of even date herewith executed by Trustor which has been delivered to and is payable to the order of Beneficiary and any and all modifications, extensions and renewals thereof.

SECOND: Payment of such additional amounts as may be hereafter loaned by the Beneficiary or its successors, to the Trustor, or any successor in interest of said Trustor, with interest thereon and any other indebtedness or obligation of said Trustor, and any present or future demands of any kind or nature which the Beneficiary, or its successor, may have against said Trustor, whether created directly : acquired by assignment; whether absolute or contingent; whether due or not, or whether otherwise secured or not, or whether existing at the time of

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the execution of this instrument, or arising thereafter; also as security for the payment and performance of every obligation, covenant, promise or agreement herein or in any note or notes secured by this deed of trust, or in connection with the preservation of the property encumbered herein or the preservation or enforcement of the lien created hereby. Trustor grants to Beneficiary the right to record notice that this deed of trust is security for additional amounts and obligations not specifically mentioned herein but which constitute indebtedness or obligations of the Trustor, for which Beneficiary may claim this deed of trust as security.

THIRD: The expenses and costs incurred or paid by Beneficiary or Trustee in preservation or enforcement of the rights and remedies of Beneficiary and the duties and liabilities of Trustor hereunder, including, but not limited to, attorneys' fees, court costs, witnesses' fees, expert witnesses' fees, collection costs, and costs and expenses paid by Beneficiary or Trustee in performing for Trustor's account any obligations of Trustor or to collect the rents or prevent waste.

AND THIS INDENTURE FURTHER WITNESSETH:

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

The Trustor promises to properly care for, maintain, and keep the said property in first class condition, order and repair; to properly care for, maintain and protect, and repair all buildings, improvements and fixtures damaged or destroyed thereon;

to complete in a good workmanlike manner any building or other improvement which may be constructed thereon, and to pay, when due, all claims for labor performed and for materials furnished therefor; to underpin and support, when necessary, any building or other improvement situate thereon, and otherwise to protect and preserve the same; to comply with all laws, ordinances and regulations with reference to any alterations or improvements made thereon; not to commit or permit any waste or deterioration of said buildings and improvements or said property; to pay, when due, all taxes, assessments and levies affecting said property and any costs or penalties thereon, to pay when due, all leases, mortgages, deeds of trust and other encumbrances which are or appear to be a lien or a charge upon the property, or any part thereof, either prior or subordinate to this deed of trust.

2. INSURANCE: Trustor covenants to keep all buildings and improvements that may now or at any time be on said property during the continuance of this trust insured by an All Risk policy of insurance including but not limited to coverage for loss by fire, lightning and flood with extended coverage endorsement, for 100% replacement value but not less than the amount of the loan.

Trustor covenants to keep relative to the premises, including all buildings and improvements, that may now, or at any time, be on said property during the continuance of this trust, public liability insurance, property damage insurance, in amounts as may be approved by Beneficiary. Beneficiary RECOMMENDS, BUT DOES NOT REQUIRE, that Trustor purchase business interruption **161591** insurance.

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All insurance policies provided pursuant to this paragraph shall name Beneficiary as a loss payee as its interest appears, SHALL BE WITH A COMPANY OR COMPANIES authorized to issue such insurance in the State of Nevada rated "A" or better in the "Best's Ratings" book, CHOSEN BY TRUSTOR and approved by Beneficiary, and shall provide thirty (30) days' written notice to Beneficiary prior to policy cancellation or modification.

Trustor shall deliver to Beneficiary or to the collection agent of Beneficiary the original policy or policies of insurance and copies of paid receipts annually. In default thereof, Beneficiary may procure such insurance and expend such sum or sums as Beneficiary may deem proper, any such advance for insurance to be deemed secured hereby.

3. DEFAULT: Trustor promises and agrees that if default be made in the payment when due of any installment of principal and interest, or obligation, in accordance with the terms of any note secured hereby; or if default be made in the performance of any of the covenants, promises or agreements contained herein or if default be made in the performance of any of the covenants, promises or agreements contained herein or if default be made in the payment of any installment of principal or interest, or obligation, in accordance with the terms of any note or notes secured by a deed of trust having priority over or junior to this deed of trust, or in the performance of any of the covenants, promises or agreements contained in said prior or junior deed of trust; or if the Trustor, becomes insolvent

or makes a general assignment for the benefit of creditors;
or consent to or apply for appointment of a trustee or receiver
for the property encumbered hereby, or any part thereof, or if
a trustee or receiver is appointed for said property, or any
part thereof; or if a petition in bankruptcy or for any debtor
relief under any Federal or State Bankruptcy Act or other
similar law or statute is filed by or against the Trustor;
OR IN THE EVENT THE PROPERTY ENCUMBERED HEREBY, AND ALL PERSONAL
PROPERTY THEREON, OR ANY PART THEREOF, OR ANY INTEREST THEREIN,
IS SOLD, AGREED TO BE SOLD BY CONTRACT OF SALE OR OTHERWISE
CONVEYED OR ALIENATED BY THE TRUSTOR; OR IF THE TRUSTOR SHALL
BE DIVESTED OF TITLE TO THE SAID PROPERTY, REAL OR PERSONAL, IN
ANY MANNER OR WAY, WHETHER VOLUNTARILY OR INVOLUNTARILY, OR BY
THE OPERATION OF LAW OR OTHERWISE; OR IN THE EVENT SAID PROPERTY,
REAL OR PERSONAL, OR ANY PART THEREOF OR ANY INTEREST THEREIN
IS BY TRUSTOR, IN ANY WAY, ENCUMBERED, MORTGAGED, PLEDGED, OR
ASSIGNED AS SECURITY, COLLATERAL OR OTHERWISE: then, except as
otherwise permitted by Paragraph 12, hereof, upon the happening
of any such events, the Beneficiary, at its option may declare
all promissory notes, sums and obligations secured hereby imme-
diately due and payable without demand or notice, irrespective
of the maturity dates expressed therein, and Beneficiary or
Trustee may record a notice of such breach or default and elect
to cause said property to be sold to satisfy the indebtedness
and obligations secured hereby.

4. N.R.S. COVENANTS: The following covenants, Nos.
1, 3, 4 (interest 18%), 5, 6, 7, (counsel fees shall be in an

amount equal to the actual and reasonable attorneys' fees incurred by Trustee and Beneficiary), 8 and 9 of NRS 107.030, when not inconsistent with covenants and provisions contained herein, are hereby adopted and made a part of this deed of trust.

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

6. DEPOSITS: Trustor shall pay for and provide the Beneficiary or its collection agent with a tax service satisfactory to Beneficiary which reports the date and amount of real property taxes and assessments due on the encumbered real property. Trustor shall also deposit with Beneficiary, or its collection agent, receipts showing satisfactory evidence of payment of all taxes and special assessments on the encumbered real property at least ten (10) days before the due date of the taxes or assessments.

Following any default in payment of any sum or performance of any act to be made or performed hereunder by Trustor, and upon written demand of Beneficiary, or its collection agent, Trustor shall deposit with Beneficiary, or its collection agent, with and in addition to the monthly payments of principal and interest payable under the terms of the note secured hereby a sum equal to the taxes and special assessments next due on the property covered by this Deed of Trust plus the premium that will next become due and payable on policies of fire and other hazard insurance on the said property (all as estimated by the Beneficiary), less all sums already paid therefor, divided by the number of months to elapse before one month prior to the

date when such premiums, taxes and assessments will become delinquent. Such sums to be held by the Beneficiary, or its collection agent, in trust to pay said premiums, taxes and special assessments before the same become delinquent. Moneys so deposited shall be held in separate account and no interest shall accrue or be payable on such deposits. It shall be the responsibility of Trustor to furnish Beneficiary, or its collection agent, with bills or invoices in sufficient time to pay such items before penalty attaches and before insurance policies lapse.

All the payments mentioned in the above sub-section of this paragraph, and all payments to be made under the note secured hereby shall be added together and the aggregate amount thereof shall be paid by the Trustor each month in a single payment to be applied by the Beneficiary, or its collection agent, to the following items in order set forth:

- (a) Taxes, special assessments, fire and other hazard insurance premiums.
- (b) Interest on the note secured hereby.
- (c) Amortization of the principal of said note.

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

If the Trustor fails to make any payment or perform any act which they are obligated to make or perform hereby, then the Trustee, or Beneficiary, at the election of either of them, without demand or notice to the Trustor, or any successor in

interest of the Trustor. may make such payment or perform such act and incur any liability, or expend whatever amounts, in its absolute discretion, it may deem necessary therefor. All sums incurred or expended by the Trustee, or Beneficiary, under the terms hereof, shall become immediately due and payable by the Trustor to the Trustee, or Beneficiary when so incurred or expended, and shall bear interest until paid at the annual percentage rate of 18% and shall be secured hereby.

7. EMINENT DOMAIN: If the above-described property, or any portion thereof, be condemned under any power of eminent domain or acquired for any public use or quasi-public use, the damages, proceeds, and consideration for such acquisition to the extent of the full amount of indebtedness secured hereby remaining unpaid, are hereby irrevocably assigned by Trustor to Beneficiary, and shall be paid forthwith to Beneficiary, to be applied on account of the last maturing installments of such indebtedness. Such payment will not constitute a prepayment under the terms of the promissory note secured hereby.

8. INSURANCE PROCEEDS, REPAIRS AND RESTORATION: All insurance moneys received by Trustee or Beneficiary on account of any loss or damage to the real or personal property encumbered by this deed of trust (hereinafter referred to as the encumbered property) shall be paid over to and held by Beneficiary as part of the encumbered property and, after deducting therefrom the reasonable charges and expenses of Trustee or Beneficiary in connection with the collection and disbursement of such moneys. In the event Trustor is not in default under

the terms and conditions of this deed of trust and the promissory note secured hereby, Beneficiary may pay the same out from time to time for the purpose of paying the cost of repairs, restoration, reconstruction, or replacement of the encumbered property damaged or destroyed, or may apply the same to the prepayment or partial prepayment of the note secured hereby, in the manner and under and subject to the conditions hereinafter stated, to-wit:

Trustor shall be entitled to use and apply the proceeds of said policies to the repair, restoration, reconstruction or replacement of the encumbered property damaged or destroyed, provided (a) Trustor shall within sixty (60) days after the date of loss, notify Beneficiary of the intention of Trustor to so utilize such proceeds; and (b) Trustor shall submit to Beneficiary, within ninety (90) days after the date of loss, plans and specifications for the contemplated repair, restoration, reconstruction or replacement of the encumbered property, together with the estimated cost thereof, prepared by an architect or engineer satisfactory to Beneficiary, with a certificate of such architect or engineer certifying that in his opinion the encumbered property upon completion of such repairs, restoration, reconstruction, or replacement will be worth not less than the value of the encumbered property immediately prior to such loss or damage; or the estimated cost may be established by bids for the construction thereof by contractor or contractors satisfactory to Beneficiary; and (c) Trustor shall, before beginning any work, also deposit with Beneficiary an amount in cash equal to the amount by which the estimated cost of such repairs, restoration, recon-

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struction or replacement exceeds the amount of the insurance proceeds then held by Beneficiary. Upon compliance with the foregoing conditions Trustor shall be entitled to proceed with such work of repair, restoration, reconstruction or replacement and to utilize and apply the proceeds of said insurance policies as aforesaid against customary architects' or engineers' progress certificates satisfactory to Beneficiary and presented to Beneficiary from time to time during the progress of such repair, restoration, reconstruction or replacement. Beneficiary shall turn over to Trustor from the proceeds of said insurance policies and any other funds deposited with it as aforesaid, the amount certified to in said certificates representing the cost of labor and materials used in said construction work to the date thereof. Trustor covenants and agrees that if it elects to repair, restore, reconstruct or replace the encumbered property as aforesaid, and to utilize the proceeds of insurance policies for such purpose, Trustor shall and will, not less than ninety (90) days after the date of loss, proceed with the work of construction and will thereafter prosecute such work diligently so that the encumbered property will be restored in substantially the same condition for the purposes hereof as prior to such damage or destruction, and Trustor will not suffer to be created or filed against the encumbered property or any part thereof any mechanics', materialmen's, laborers' or other lien in connection with such work and will pay all bills and other charges therefor promptly when due.

If Trustor shall not meet and comply in all respects with the terms and conditions hereinabove set forth with respect

to the use and application of such insurance proceeds for the repair, reconstruction, restoration or replacement of the encumbered property, then and in any event such insurance proceeds may, at the option of Beneficiary be used and applied either (a) to the cost of repair, restoration, reconstruction or replacement of the encumbered property as damaged or destroyed, or (b) to the prepayment in full partial prepayment of the note secured hereby in inverse order of the regular stated maturities, and any partial prepayment shall not excuse or be in payment of the next and succeeding installment payments due under the promissory note which shall be paid on the date due as stated in the note until the total balance of principal and interest, after application of the prepayment, is paid in full.

In the event the insurance proceeds are used to repair, restore, reconstruct or replace the encumbered property so damaged or destroyed as aforesaid and there remains any surplus of cash in the hands of the Beneficiary, after the completion of such repairs, restoration, reconstruction or replacement, free and clear of all liens of every nature or claims likely to ripen into such liens, such surplus may be used and applied by Beneficiary to the prepayment of the principal installments of said note in the inverse order of their regular stated maturities, and any use of the surplus as a partial prepayment shall not excuse or be in payment of the next and succeeding installment payments due under the promissory note which shall be paid on the date due as stated in the note until the total balance or principal and interest, after application of the prepayment, is paid in full.

Trustor shall give immediate notice to Beneficiary of any damage to or destruction of the encumbered property or any part thereof, Trustor hereby grants to Trustee and to Beneficiary full power and authority to make proof of loss under any and all insurance policies, either in the name of Trustor or in the name of the Beneficiary or adjust, settle and collect insurance and to endorse for and in behalf and in the name of Trustor any check, draft or other instrument received therefor and to collect the proceeds thereof, and also, if default shall occur hereunder, to collect any unearned premiums and apply the same to the debt secured hereby.

In the event of foreclosure of this deed of trust, or other transfer of title to the property covered hereby in full or partial extinguishment of the indebtedness secured hereby, all right, title and interest of the Trustor in and to any insurance policies then in force may pass to the purchaser or grantee, or Trustee or Beneficiary may take such other steps as they may deem advisable with respect thereto and to cause the interest of such purchaser or grantee to be protected by any such insurance policies, or if the Trustee or Beneficiary elects so to do, they may collect any unearned premiums and apply the same on the debt secured hereby and Trustor shall not be entitled in either event to any unearned premiums. In the event that prior to the extinguishment of the indebtedness any claim under any hazard insurance policies had not been paid and distributed in accordance with the terms of this deed of trust,

and if (a) any such insurance claim shall be paid after the full or partial extinguishment of the indebtedness secured hereby, 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 assigns, transfers, and sets 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 covenants and agrees that in the ownership, operation, and management of the premise that 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 assigns and gives to and confer upon the

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 of trust or of any personal property located thereon, with or without taking possession of the property affected hereby, and further assigns all the right, title and interest in and to any and all leases now or hereafter on or affecting the encumbered property; reserving unto the Trustor the right, prior to any default by Trustor, in payment of any indebtedness secured hereby, or default by Trustor in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they may accrue and become payable. The foregoing assignment of any lease shall not be deemed to impose upon the Trustee and Beneficiary any of the obligations or duties of Trustor provided in any such lease, and Trustor agrees to fully perform all obligations of the lessor under all such leases.

The Trustee or Beneficiary may enter the encumbered property and inspect the same at any time during the existence of the trust hereby created, and in case default be made in the payment of any sum secured hereby, or in the performance of any act the performance of which is secured hereby, the Trustee and Beneficiary shall be entitled at any time, at its option either by itself, by an agent, or a Receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, to enter upon and take possession of the encumbered property, or any part thereof, and to do and perform such acts of repair, cultivation, protection or irrigation as may be necessary or proper to conserve the value thereof;

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to rent or lease the same or any part thereof for such rental, term and upon such conditions as its judgment may dictate, and to collect and receive the rents, issues and profits thereof; which rents, issues, profits, present and future, are hereby assigned to the Trustee as further security, but which assignment Trustee or Beneficiary agrees not to enforce so long as Trustor, is not in default in performance of any act to be made or performed hereunder; and apply such rents, issues, and profits, to the reduction or satisfaction of any obligation secured by this deed of trust, and also to do any other act or acts, as it may deem necessary or proper, in the use, management or operation of the said premises, or to protect or conserve the value thereof, the specific enumerations herein not excluding the general. In the event that the Trustee or Beneficiary shall exercise the option granted in this paragraph the Trustor agrees to surrender to the Trustee or Beneficiary peaceable possession of said property, and not to interfere in any manner with the exercise of the rights granted herein; and the expenses therein incurred, including compensation to said Trustee and Receiver, and attorneys' fees and costs and disbursements, shall be deemed to be a portion of the expense of this trust, and secured hereby. Trustor also assigns to Trustee, as a portion of the security for the performance of the obligations secured hereby, all prepaid rents and all monies which have been or may hereafter be deposited with said Trustor by any lessee of the property encumbered by this deed of trust, to secure the payment of any rent, and upon default in the performance of any of the provisions hereof Trustor agrees to deliver said rents and deposits to the Trustee.

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Trustor shall not, without Beneficiary's prior written consent, further assign the rents, issues and profits from the encumbered property, nor enter into any agreement or do any act to amend, modify, extend, terminate or cancel, accept the surrender, subordinate, accelerate the payment of rent, or change the terms of any renewal option of any lease now or hereafter affecting such property or any portion thereof.

11. SUBORDINATION: Beneficiary hereby irrevocably agrees that upon the request of Trustor, it will subordinate this deed of trust to one or more construction loans for construction of improvements on the property described on Exhibit "A" hereto.

12. RELEASE AND RECONVEYANCE: At any time during the existence of this deed of trust, in consideration of the Trustor's performance of the Development Agreement between DOUGLAS COUNTY, HARLESK NEVADA, INC. or KINGSBURY GENERAL IMPROVEMENT DISTRICT, Trustor shall have the right from time to time during the term of this deed of trust to obtain a release or releases, and reconveyance, from the lien and provisions of this deed of trust of such parcels, lots, or pieces of the encumbered real property in accordance with Paragraph 7.3 of the March 5, 1981 General Partnership Agreement between LAKEWOOD DEVELOPMENT, INC., and HARLESK NEVADA, INC.

13. EXERCISE OF POWERS AND REMEDIES: Each and every power or remedy herein specifically given shall be in addition to every other power or remedy, existing or implied, now or hereafter given or existing in law or in equity, and each and every power and remedy herein specifically given or otherwise

so existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by Beneficiary or the holder of the promissory note and the exercise or the beginning of the exercise of one power or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any power or remedy. No delay or omission of the Beneficiary in the exercise of any such right or power or be construed to be a waiver of any default or acquiescence therein.

14. SEVERABILITY: The unenforceability or invalidity of any provision or provisions of this deed of trust as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other persons or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

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

16. TRUST: The trusts created hereby are irrevocable by the Trustor.

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

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Beneficiary: RICHARDSON HOLDINGS, INC.
One Lombard Place, 30th Floor
Winnipeg, Manitoba CANADA

Trustor : HARICH TAHOE DEVELOPMENT
c/o Stephen D. Hartman, Esq.
P. O. Box 646
Carson City, Nevada 89701

IN WITNESS WHEREOF, the Trustor has executed this deed of trust and assignment of rents the day and year first above written.

HARICH TAHOE DEVELOPMENTS,
a general partnership

General Partner: RIDGEWOOD DEVELOPMENT INC.
a Nevada corporation

By *D.P. Leaney*
D.P. Leaney
Its *D.P.*

General Partner: LAKEWOOD DEVELOPMENT INC.
a Nevada corporation

By *D.P. Leaney*
D.P. Leaney
Its *D.P.*

STATE OF MN,
COUNTY OF Hennepin ss.

On this 27th day of May, 1983, personally appeared before me, a Notary Public, D.P. Leaney, known to me to be the President of RIDGEWOOD DEVELOPMENT INC., a general partner of HARICH TAHOE DEVELOPMENTS, who acknowledged to me that he executed the foregoing Deed of Trust and Assignment of Rents on behalf of said corporation.

[Notarial Seal]

Elaine C. Martig

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ELAINE C MARTIG
NOTARY PUBLIC - MINNESOTA
HENNEPIN COUNTY
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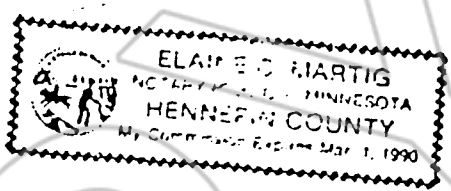
STATE OF MN,
COUNTY OF Hennepin

On this 27th day of May 1983, personally appeared before me, a Notary Public, D.P. Leaney, known to me to be the President of LAKEWOOD DEVELOPMENT INC., a general partner of HARICH TAHOE DEVELOPMENTS, who acknowledged to me that he executed the foregoing Deed of Trust and Assignment of Rents on behalf of said corporation.

[Notarial Seal]

Elaine C. Martig

THIS INSTRUMENT DRAFTED BY:
DORSEY & WHITNEY
2200 First Bank Place East
Minneapolis, Minnesota 55402



COPY

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EXHIBIT "A"

PARCEL 1:

Lot 26 through 30 inclusive and 33 through 41 inclusive of TAHOE VILLAGE UNIT NO. 3, Fifth Amended Map, recorded October 29, 1981, 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.

EXCEPTING THEREFROM Lots 29, 39, 40 and 41 of said TAHOE VILLAGE UNIT NO. 3, Fifth Amended Map.

PARCEL 2:

(A)

Lots 31 and 32 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.

EXCEPTING THEREFROM, those time-interval units previously conveyed.

PARCEL 3:

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.

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PARCEL 4:

(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 5:

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.

JD/PCG

REQUESTED BY
STEWART TYLE OF NORTHERN NEVADA
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA
\$26.00 pd
1983 AUG 24 PM 4:28

SUZANNE BEAUDREAU
RECORDER

03C063

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COPY

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

'87 SEP -4 P1:06

SUZANNE BLAUDREAU
RECORDER

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