

107
RECORDATION REQUESTED BY:

✓ Mid-Peninsula Bank
420 Cowper St.
Palo Alto, Calif. 94301

WHEN RECORDED MAIL TO:

Mid-Peninsula Bank
420 Cowper St.
Palo Alto, Calif. 94301
Attn. C. Banovac

COVENANT NOT TO CONVEY OR ENCUMBER

This Covenant is made by James S. Ward ("Borrower") with reference to the following facts:

1. Borrower is the owner of the real property and improvements thereon, including but not limited to 30 Lakefront Drive, Uppaway Estates, Glenbrook, Lake Tahoe, County of Douglas, State of Nevada, particularly described in Exhibit "A" attached hereto by reference ("collectively the "Property"). (Assessor's Parcel No. 01-100-30).
2. Borrower desires to borrow Five Hundred Thousand Dollars (\$500,000) (the "Funds") from Mid-Peninsula Bank ("Lender"). Lender is willing to lend the Funds to Borrower upon Borrower's execution and delivery to Lender of: (a) the promissory note (the "Note") a copy of which is attached hereto as Exhibit "B" and incorporated herein by reference and (b) a fully executed copy of this Covenant.

NOW, THEREFORE, in order to induce Lender to lend the Funds to Borrower, Borrower hereby represents, covenants, warrants and agrees as follows:

1. Borrower is the sole owner of the Property, free and clear of all liens, claims and encumbrances, other than property taxes and a deed of trust ("the Deed of Trust") dated June 7, 1988 and recorded on June 9, 1988 in the Official Records of the county of Douglas, Nevada, which Deed of Trust secures a promissory note dated June 7, 1988, in the initial principal amount of \$500,000, the unpaid principal balance of which does not and shall not hereafter exceed \$500,000.

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2. If the property, or any part thereof, or any interest therein, is sold, conveyed, alienated, hypothecated, encumbered, or otherwise transferred, whether voluntarily or involuntarily, without the prior written consent of Lender, all obligations of Borrower under the Note, irrespective of the maturity dates expressed therein, shall, at Lender's option without demand or notice, become immediately due and payable.

3. Notwithstanding anything to the contrary contained herein, the acceleration clause in Paragraph 2 above shall not apply to the Deed of Trust and the obligations presently secured thereby.

4. Borrower agrees to pay reasonable attorney's fees and all other costs and expenses which may be incurred by Lender in the enforcement of this Covenant.

5. This Covenant shall be governed by and construed in accordance with the laws of the State of Nevada.

6. This Covenant shall be binding upon Borrower and inure to the benefit of Lender and their respective successors and permitted assigns.

7. This Covenant may be recorded by Lender at any time.

8. James S. Ward is authorized to execute this Covenant as Borrower.

9. Except as expressly provided herein, this Covenant in no way diminishes or alters the rights and remedies of Lender and the obligations of Borrower under the Note or applicable law.

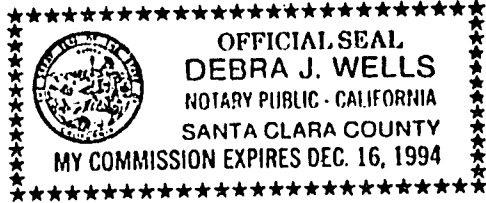
Dated 8-21, 1991

James S. Ward
James S. Ward

STATE OF CALIFORNIA

COUNTY OF Santa Clara

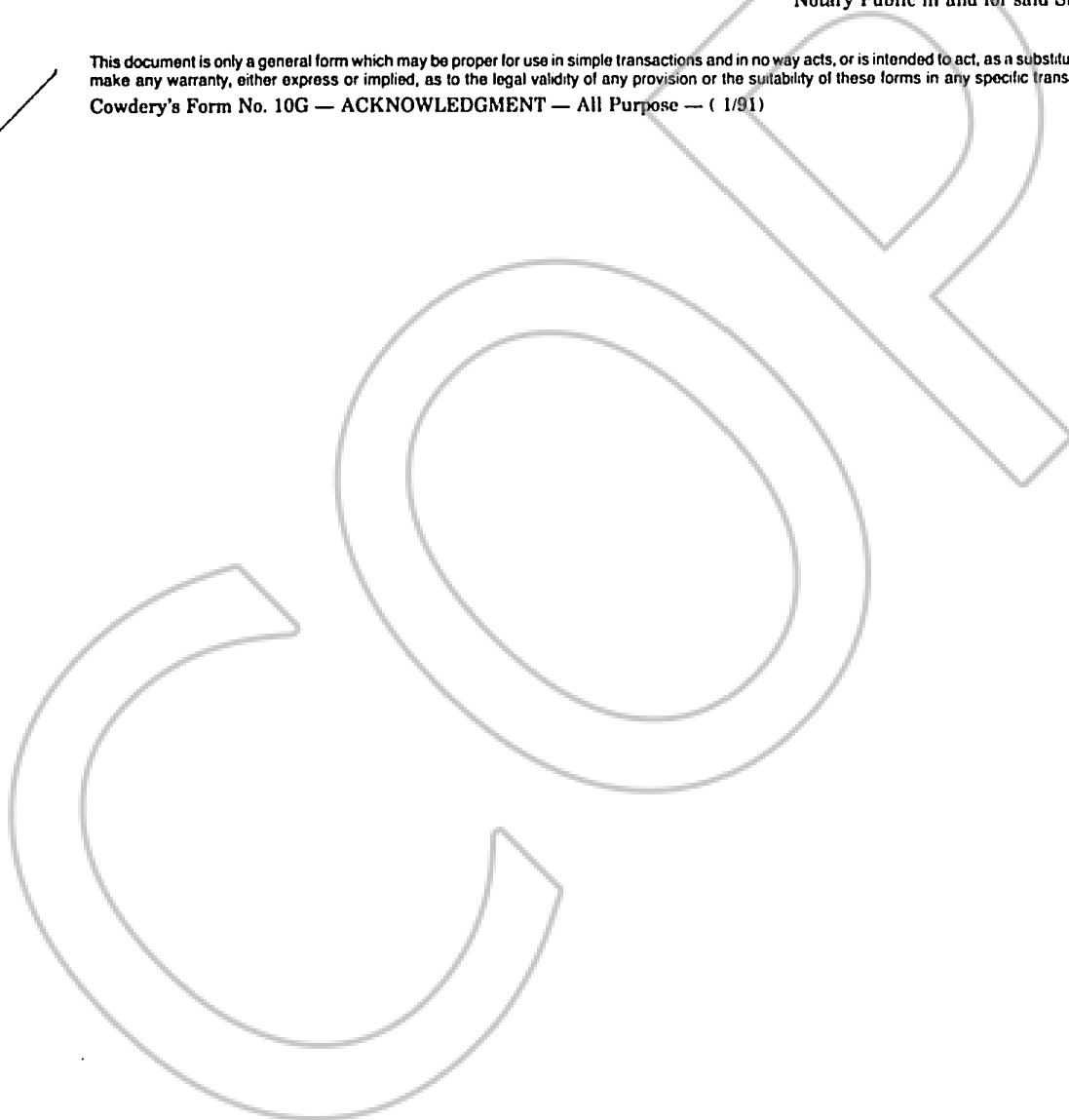
On this 21st day of August in the year of 1991, before me, the undersigned, a Notary Public in and for said State, personally appeared James S. Ward, personally known to me (or proved on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

[Signature of Debra J. Wells]
Notary Public in and for said State.

This document is only a general form which may be proper for use in simple transactions and in no way acts, or is intended to act, as a substitute for the advice of an attorney. The printer does not make any warranty, either express or implied, as to the legal validity of any provision or the suitability of these forms in any specific transaction.
Cowdery's Form No. 10G — ACKNOWLEDGMENT — All Purpose — (1/91)



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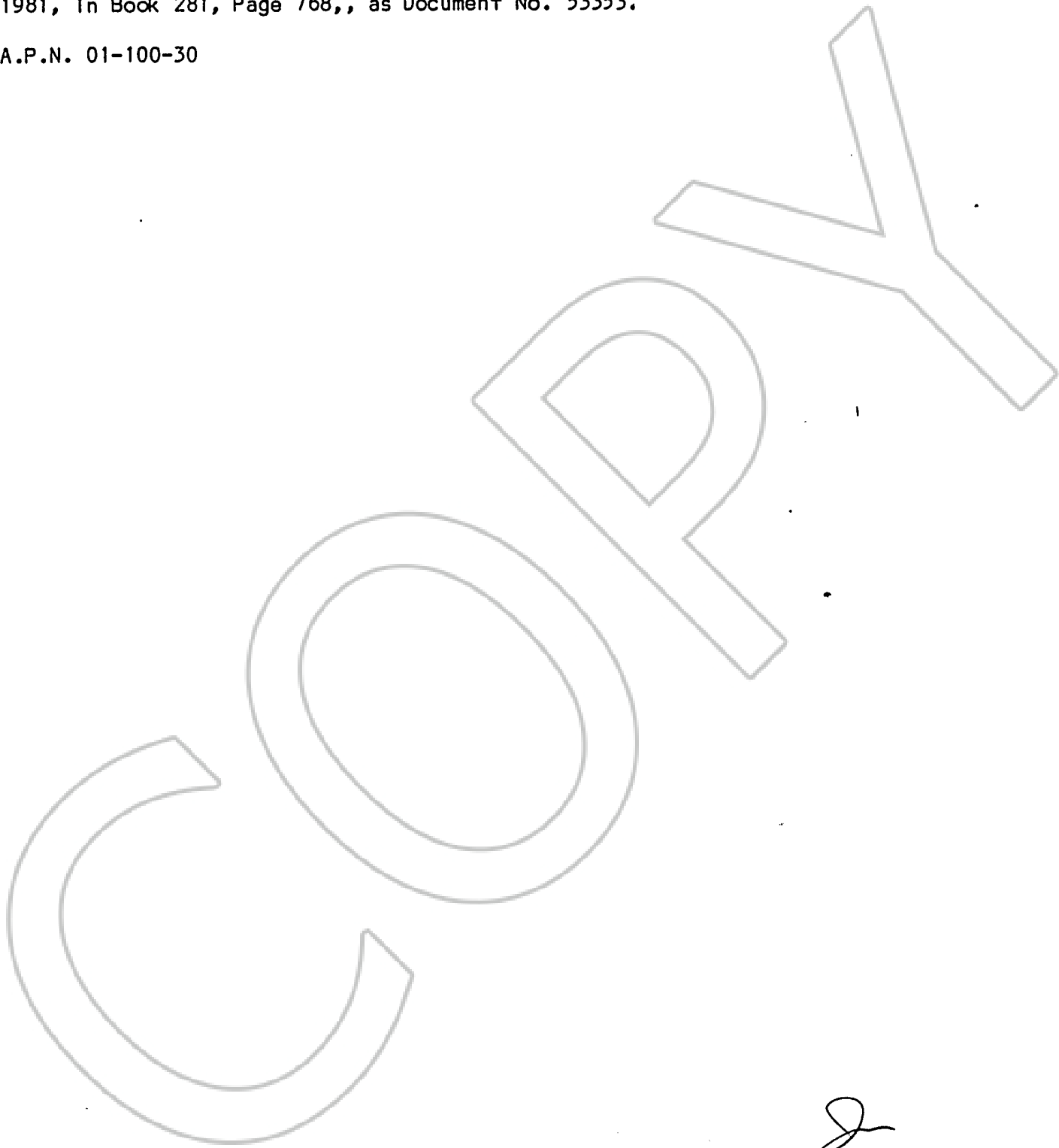
EXHIBIT "A"

the land referred to herein is described as follows:

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

Lot 30, as shown on the map of 2ND AMENDED PLAT OF UPPAWAY, filed for record in the office of the County Recorder of Douglas County, State of Nevada, on February 6, 1981, in Book 281, Page 768,, as Document No. 53353.

A.P.N. 01-100-30



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PROMISSORY NOTE

Principal \$500,000.00	Loan Date 08-20-1991	Maturity 11-20-1991	Loan No 057081-56	Call 6B	Collateral Unsec	Account	Officer cb	Initials JWS
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References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Borrower: James S. Ward
P.O. Box 3683
Stanford, CA 94309

Lender: Mid-Peninsula Bank
420 Cowper Street
P. O. Box 210
Palo Alto, CA 94301



Principal Amount: \$500,000.00 **Initial Rate: 10.500%** **Date of Note: August 20, 1991**

PROMISE TO PAY. For value received James S. Ward ("Borrower") promises to pay to Mid-Peninsula Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Five Hundred Thousand & 00/100 Dollars (\$500,000.00) or so much as may be outstanding, together with interest on each of the unpaid outstanding principal balances from the date of the advance until repayment of the advance or maturity, whichever occurs first.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan on demand, or if no demand is made, in one payment of all outstanding principal plus all accrued unpaid interest on November 20, 1991. In addition, Borrower will pay regular monthly payments of accrued unpaid interest beginning September 20, 1991, and all subsequent interest payments are due on the same day of each month after that. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year, times the outstanding principal balance, times the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an index which is the Mid-Peninsula Bank Base Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans and is set by Lender in its sole discretion. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. Borrower understands that Lender may make loans based on other rates as well. The interest rate change will not occur more often than each Day. The Index currently is 8.500% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 2.000 percentage points over the Index, resulting in an initial rate of 10.500% per annum. **NOTICE:** Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

PREPAYMENT; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$250.00. Other than Borrower's obligation to pay any minimum interest charge, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower's making fewer payments.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$10.00, whichever is greater.

LENDER'S RIGHTS. Upon Lender's demand, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, without notice, and then Borrower will pay that amount. Upon Borrower's failure to pay all amounts declared due pursuant to this section, including failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, do one or both of the following: (a) increase the variable interest rate on this Note to 7.000 percentage points over the Index, and (b) add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower also will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also will pay any court costs, in addition to all other sums provided by law. This Note has been delivered to Lender and accepted by Lender in the State of California. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Santa Clara County, the State of California. This Note shall be governed by and construed in accordance with the laws of the State of California.

RIGHT OF SETOFF. Borrower grants to Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to Lender all Borrower's right, title and interest in and to, Borrower's accounts with Lender (whether checking, savings, or some other account), including without limitation all accounts held jointly with someone else and all accounts Borrower may open in the future, excluding however all IRA, Keogh, and trust accounts. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on this Note against any and all such accounts.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note may be requested orally by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following party or parties are authorized to request advances under the line of credit until Lender receives from Borrower at Lender's address shown above written notice of revocation of their authority: James S. Ward. Borrower agrees to be liable for all sums either: (a) advanced in accordance with the instructions of an authorized person or (b) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (a) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower has with Lender, including any agreement made in connection with the signing of this Note; (b) Borrower or any guarantor ceases doing business or is insolvent; (c) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; or (d) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender.



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EXHIBIT "B" (page two)
PROMISSORY NOTE
(Continued)

GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, protest and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew, extend (repeatedly and for any length of time) or modify this loan, or release any party or guarantor, or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

x James S. Ward
James S. Ward

Variable Rate. Line of Credit.

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COPIES

REQUESTED BY
Mid-Peninsula Bank
IN OFFICIAL RECORDS OF
COUNTY OF NEVADA

'91 AUG 27 P12:37

SUZANNE BEAUBAT
RECORDED

\$10⁰⁰ PAID K2 DEPUTY **258828**
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