

LINE OF CREDIT

(Cascades)

ATTENTION COUNTY RECORDER:

Prepared by:

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**Please record and return
to Preparer**

CONSTRUCTION DEED OF TRUST

**(With Security Agreement and Assignment of Leases,
Rents, Sales Documents and Sales Proceeds)**

THIS CONSTRUCTION DEED OF TRUST (with Security Agreement and Assignment of Leases, Rents, Sales Documents and Sales Proceeds) is granted by HARICH TAHOE DEVELOPMENTS, (whether one or more, "Trustor"), whose address for notice hereunder is 295 Highway 50, Lake Village Professional Building, Suite 10, Post Office Box 5790, Stateline, Nevada 89449 [Telecopy No. 702/588-0559] to STEWART TITLE OF DOUGLAS COUNTY, a Nevada corporation ("Trustee"), whose address for notice hereunder is 295 Highway 50, P.O. Box 1400, Zephyr Cove, Nevada 89448, [Telecopy No. (702) 588-5319], GREYHOUND FINANCIAL CORPORATION, a Delaware corporation ("Beneficiary"), whose address for notice hereunder is Dial Corporate Center, Dial Tower, 1850 North Central Avenue, Phoenix, Arizona 85077-1141 [Telecopy No. (602) 207-5036].

W I T N E S S E T H:

ARTICLE 1 - GRANT

To secure the full and timely payment and performance of the Obligations (hereinafter defined), Trustor, for good and valuable consideration, has GRANTED, BARGAINED, SOLD, CONVEYED, ASSIGNED AND TRANSFERRED, and by these presents does GRANT, BARGAIN, SELL, CONVEY, ASSIGN AND TRANSFER unto Trustee, its successors and assigns, the Trust Property (hereinafter defined), and any greater estate which Trustor may hereafter acquire therein, with power of sale, subject, however, to the Permitted Encumbrances (hereinafter

defined) and to the assignments and security interests granted to Beneficiary of and in portions of the Trust Property as set forth in Articles 8 and 9, to have and to hold the Trust Property, forever, in trust for the benefit and security of Beneficiary, for the purposes and uses herein set forth.

ARTICLE 2 - DEFINITIONS

Unless the context clearly otherwise requires, the capitalized terms used in this Deed of Trust shall have the meaning given to them in this Article 2 or elsewhere in this Deed of Trust:

2.1 Affiliate: with respect to any person or entity, another person or entity that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such person or entity.

2.2 Aggregate Incentive Fee: One Hundred Twenty-Two Thousand Four Hundred Dollars (\$122,400).

2.3 Approved Use: (a) time-share or hotel use or (b) planning and developing the Land for such future use.

2.4 Beneficiary: the person or entity named above as being the person or entity for whose benefit Beneficiary is acting and any other lawful owner, holder, pledgee or assignee of the Indebtedness.

2.5 Business Day: any day other than a Saturday, Sunday or a day on which banks in Arizona or Nevada are required to close.

2.6 Construction Loan: the loan to be made pursuant to the Construction Loan Agreement.

2.7 Construction Loan Agreement: the Construction Loan and Security Agreement between Beneficiary, as lender, and Trustor, as borrower, dated as of even date herewith providing for a construction loan in the maximum principal amount of \$15,000,000, as it may be from time to time renewed, amended, restated or replaced.

2.8 Construction Loan Note: the promissory note executed pursuant to the Construction Loan and Security Agreement in the stated principal amount of \$15,000,000, dated as of even date herewith, executed by Trustor and made payable to Beneficiary to evidence the Construction Loan, as it may be from time to time renewed, amended, restated or replaced.

2.9 Deed of Trust: this Construction Deed of Trust (with Security Agreement and Assignment of Leases, Rents, Sales Documents and Sales Proceeds), as it may be from time to time renewed, amended, restated or replaced.

2.10 Default Rate: the meaning given to it in the Notes.

2.11 Documents: the Loan Agreements, the Notes, this Deed of Trust, and all other documents now or hereafter evidencing, securing or pertaining to the Loans, as they may be from time to time renewed, amended, restated or replaced.

2.12 Event of Default: the meaning given to it in Article 6.

2.13 Fixtures: all materials, supplies, equipment, apparatus and other goods now or hereafter attached to, installed in or used in connection with (temporarily or permanently) the Improvements or the Land.

2.14 Guarantor: a person or entity now or hereafter guaranteeing payment and/or performance of any portion of the Obligations.

2.15 Impositions: all real estate and personal property taxes, charges, assessments, excises and levies (including non-governmental assessments and levies such as maintenance charges, association dues and assessments under private covenants, conditions and restrictions) and any interest, costs or penalties with respect thereto, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which at any time prior to or after the execution hereof may be assessed, levied or imposed upon any portion of the Trust Property or the ownership, use, occupancy or enjoyment of any portion of the Trust Property.

2.16 Impounds: the deposits held by Beneficiary pursuant to Paragraph 4.10.

2.17 Improvements: all improvements of any kind which now or hereafter are affixed to or erected, constructed or developed on the Land and are a part of the Real Property or in which any interest is part of the Real Property.

2.18 Incentive Fee: a fee payable at the time of each partial release of a Time-Share Interest or a Condominium Unit from this Deed of Trust, equal to \$50.00 per annual Time-Share Interest, \$25.00 per biennial Time-Share Interest and \$2,550.00 per whole Unit.

2.19 Indebtedness: (a) the Loans; (b) all sums now or hereafter due to Beneficiary under the terms of this Deed of Trust or any other Document; (c) all other indebtedness of whatever kind or character, now or hereafter owing to Beneficiary by Trustor or any Affiliate of Trustor, provided that the promissory note evidencing such indebtedness or any other document providing for such indebtedness specifically states that such indebtedness is evidenced by this Deed of Trust; and (d) all modifications, extensions, renew-

als, replacements, increases or reinstatements of the above-described indebtedness.

2.20 Incipient Default: an event which after notice and/or lapse of time would constitute an Event of Default.

2.21 Land: the land described in Exhibit A, together with the Improvements, the Fixtures and all rights, titles, hereditaments, strips, gores and other interests now or hereafter appurtenant thereto, including, without limitation, all rights in streets, roads, public places, easements and rights of way (existing or proposed, and public or private), which are adjacent to or used in connection with such land.

2.22 Leases: all leases, subleases, licenses, concessions or other agreements (whether written or oral, or now or hereafter in effect) which grant a possessory interest in and to, or the right to use, any portion of the Trust Property, as they may be from time to time renewed, amended, restated or replaced.

2.23 Legal Requirements: (a) all present and future judicial decisions, statutes, regulations, permits or certificates of any governmental authority in any way applicable to Trustor or the Trust Property; (b) all covenants, conditions and restrictions now or hereafter contained in any instrument that is applicable to the Trust Property; (c) all business association agreements forming, or granting and/or limiting the powers of, Trustor; and (d) all contracts or agreements (written or oral) by which Trustor or any portion of the Trust Property is bound.

2.24 Loans: the Construction Loan and the Receivables Loan.

2.25 Loan Agreements: the Construction Loan Agreement and the Receivables Loan Agreement.

2.26 Notes: the Construction Loan Note and the Receivables Loan Note.

2.27 Obligations: the Indebtedness and all other obligations, covenants and conditions that Trustor or any other person or entity is now or hereafter obligated to perform to Beneficiary under the Documents.

2.28 Permitted Encumbrances: the matters affecting title set forth in Exhibit B.

2.29 Personal Property: all personal property which now or hereafter is owned by Trustor or in which Trustor has an interest and either is located on the Real Property or is intended or exclusively necessary for the ownership, development, construction, improvement, repair, use, operation, sale or lease of any of the Trust Property or any business of Trustor conducted on or with

respect to the Trust Property, including, without limitation, the following:

(a) all furniture, furnishings, equipment, inventory and other goods and other items of tangible personal property, including, without limitation: all building and other materials, vehicles, machinery, engines, boilers, furnaces, oil burners, coolers, refrigeration plants, water and sewer treatment equipment, incinerators, appliances and equipment for generating, regulating or distributing air, water, heat, electricity, light and fuel, for ventilating, cooling or sanitary purposes, for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage; sprinkling and irrigation systems; alarm systems; reservation systems; telephone, communication, computer, surveillance and other electronic systems; audio-visual equipment; wall safes; cabinets, shelving, lockers, partitions, doors, vaults, elevators, awnings, window shades, venetian blinds, drapes, drapery rods, brackets, screens, floor tile, linoleum, carpets, art work, appliances, built-in furniture and bars, sofas, beds, lamps, tables, chairs and linens; walk-in refrigerator boxes, deep freeze cabinets, steam tables, dishwashers, bake ovens, set-up tables, kitchen ranges and any and all other heavy kitchen equipment; and

(b) all intangible personal property including, without limitation: (i) deposits made by third parties (including tenants' security deposits and escrow deposits under contracts of sale); (ii) bank accounts, impound accounts for the payment of taxes, insurance and other expenses, and funds deposited with Beneficiary under the Documents; (iii) causes of action, documents, insurance policies, loan commitments, accounts, chattel paper, contract rights, general intangibles and instruments, including Sales Documents, which arise from or relate to the Trust Property or any transaction with respect thereto or any business of Trustor conducted on or with respect to the Trust Property; (iv) all refunds with respect to any Impositions and all other refundable or reimbursable fees, deposits or other funds or evidences of credit or indebtedness now or hereafter deposited with respect to any portion of the Trust Property or any business of Trustor conducted on or with respect to the Trust Property with any governmental authority or other person or entity, including, without limitation, all tap fees, utility deposits, deposits on construction and materials contracts, commitment fees and development costs; (v) all books and records, computer software, plans and specifications, shop drawings, bonds, construction contracts, architect/engineer agreements, utility (including, without limitation, cable television) contracts, option rights, management agreements, marketing agreements, franchise agreements, exchange affiliation agreements, equipment leases, maintenance contracts, service contracts, warranties and Water and Utility Rights which relate to the ownership, construction, development, improvement, repair, use, operation, sale or lease of the Trust Property or any business of Trustor conducted on or with respect to the Trust Property; (vi) all trade names, trade-

marks, service marks and copyrights used in connection with the Trust Property or any business of Trustor conducted on or with respect to the Trust Property; and (vii) all permits (including, without limitation, building permits), licenses, franchises, certificates and other rights and privileges obtained in connection with the ownership, development, construction, improvement, repair, use, operation, sale or lease of the Trust Property, or any business of Trustor conducted on or with respect to the Trust Property.

2.30 Proceeds: all cash and non-cash proceeds from the Trust Property (including, without limitation, accounts, chattel paper, contract rights, documents, instruments, general intangibles and equipment, inventory and other goods) from the Trust Property, conversion of the Trust Property, including hazard and title insurance proceeds and awards for any taking (voluntary or involuntary, including the change of grade of streets, curb cuts or other rights of access) for any public or private purpose.

2.31 Real Property: Trustor's estate or interest, as described in Exhibit A, in the Land.

2.32 Receivables Loan: the loan to be made pursuant to the Receivables Loan Agreement.

2.33 Receivables Loan Agreement: the Loan and Security Agreement between Beneficiary, as lender, and Trustor, as borrower, dated as of January 1, 1993, as amended, providing for a revolving line of credit in a maximum principal amount not to exceed \$40,000,000 at any time, as it may be from time to time renewed, amended, restated or replaced.

2.34 Receivables Loan Note: the promissory note executed pursuant to the Loan Agreement in the stated principal amount of \$40,000,000, dated as of January 1, 1993, as amended, executed by Trustor and made payable to Beneficiary to evidence the Receivables Loan, as it may be from time to time renewed, amended, restated and replaced.

2.35 Rents: all rents, revenues, royalties, bonuses, delay rentals, issues, income, proceeds, profits, security and other types of deposits, and other benefits now or hereafter paid or payable for using, leasing, licensing, possessing, operating, residing in, mining, or otherwise enjoying any portion of the Trust Property or arising from the operation of any business of Trustor on or with respect to the Trust Property, including, without limitation, income from the rental or license of the use of rooms for lodging, meeting or banquet purposes.

2.36 Sales Documents: all contracts for the sale of any portion of the Trust Property (including, without limitation, contracts for the sale of Time-Share Interests and promissory notes and purchase money deeds of trust related thereto), all instru-

ments, chattel paper and general intangibles evidencing or representing purchase money indebtedness owing to Trustor in connection with such contracts, all related escrow agreements, and all deposits and security related to such contracts, instruments, chattel paper and general intangibles, whether now or hereafter existing.

2.37 Sales Proceeds: all proceeds now or hereafter paid or payable to Trustor as the result of the sale of any portion of the Trust Property including, without limitation, all proceeds paid under the Sales Documents.

2.38 Time-Share Declaration: the Declaration of Condominium which is recorded in the real estate records where the Real Property is located, is more fully described in Exhibit C and is to be supplemented in order to establish a time-share program for the Real Property.

2.39 Time-Share Interest: the property interest described in Exhibit C.

2.40 Time-Share Program: the time-share regime created pursuant to the Declaration.

2.41 Trust Property: the Real Property, Personal Property, Leases, Rents, Water and Utility Rights, and Proceeds, together with all additions, accessions, replacements or betterments thereto.

2.42 Water and Utility Rights: (a) all water stock and other water rights now or hereafter associated with the Trust Property, including, without limitation, all rights to water located on, or adjacent to, the Land, and (b) all rights to receive or install utility services, including, sewer, water, electricity, gas and telephone.

ARTICLE 3 - WARRANTIES AND REPRESENTATIONS

Trustor hereby warrants and represents the matters contained in this Article 3 to be true.

3.1 Title to Trust Property and Lien of this Instrument. Subject only to the Permitted Encumbrances, Trustor is seized of, and hereby WARRANTS AND WILL FOREVER DEFEND unto Beneficiary against the claims of all other persons, good and marketable title to a fee simple estate in the Real Property and good title to the remainder of the Trust Property. There are no liens, security interests or other rights or encumbrances existing or claimed to exist against the Trust Property, except for the Permitted Encumbrances. This Deed of Trust creates a valid and subsisting mortgage lien on that portion of the Trust Property consisting of real property and a valid and subsisting security interest in and to that portion of the Trust Property covered by the Uniform Commer-

cial Code adopted by the state in which the Trust Property is located.

3.2 Condition of Property. All existing Improvements are in good operable condition and repair.

3.3 Taxes and Assessments; Condemnation. Trustor does not know of any basis for any additional assessment in respect of any taxes or assessments on the Real Property which would cause a tax or assessment materially in excess of the taxes and assessments reflected on the most recent tax bill for the Real Property except that which may result from increased valuation resulting from the construction of any additional improvements or fixtures on the Real Property. No condemnation or similar proceedings are pending or, to the knowledge of Trustor, threatened with respect to any portion of the Land.

3.4 Disclaimer of Homestead. No part of the Property constitutes any part of the homestead of Trustor. To the extent not prohibited by applicable law, Trustor disclaims any right of homestead in the Property.

ARTICLE 4 - COVENANTS

Trustor hereby unconditionally covenants with Trustee and Beneficiary as follows:

4.1 Payment and Performance. Trustor will fully and timely pay and perform all Obligations.

4.2 Compliance with Legal Requirements. Except as permitted in Paragraph 10.6, Trustor will fully and timely comply with all Legal Requirements.

4.3 Approved Use; Easements, Plats, Restrictive Covenants and Zoning. Trustor will use the Land solely for the Approved Use and will not engage in or suffer to exist any conduct on the Land that would constitute a public or private nuisance or adversely affect the insurance required by this Deed of Trust. Without the prior written consent of Beneficiary, Trustor will not (a) grant any easement over any portion of the Land; (b) subdivide the Land or its interest in the Land or execute or record any subdivision or parcel map or plat covering any portion of the Land; (c) initiate, join in or consent to the imposition or amendment of any private restrictive covenant or other public or private restriction as to the use of any portion of the Land or any zoning reclassification of any portion of the Land; or (d) seek any variance under (or deviation from) any existing zoning laws or ordinances applicable to the Land.

4.4 Repair, Waste, Alterations, Etc. Trustor (a) will keep the Land and tangible Personal Property in good condition and

repair and restore, replace and repair any damaged, worn out or obsolete portions of such property so as to maintain the Land and tangible Personal Property in at least as good a condition as it is on the date of this Deed of Trust and, with respect to any future Improvements, Fixtures or tangible Personal Property, in at least as good a condition as they are at the time of their completion; and (b) will not commit or permit any waste, deterioration or impairment of the Land and tangible Personal Property. Without the prior written consent of Beneficiary, Trustor will not make any alterations to or remove any portion of the Improvements, Fixtures or tangible Personal Property except (x) to comply with the terms of the preceding sentence, (y) to satisfy Legal Requirements or (z) when necessary on an emergency basis to preserve and protect the property. Trustor will perform all work done to the Land and the tangible Personal Property in a good and workmanlike manner.

4.5 Maintenance of Existence and Rights. Trustor will preserve and keep in full force and effect and renew all easements, grants, privileges, licenses, governmental approvals and franchises and other rights reasonably necessary for the Approved Use of the Trust Property and the performance of the Obligations and pay all charges associated therewith when due.

4.6 Lien Status. If a claim of title, possession, lien, security interest or other encumbrance (excluding any statutory preliminary notice of a mechanic's, materialman's or similar lien claim), which is not a Permitted Encumbrance or has not been consented to by Beneficiary in writing, arises or is asserted against the Trust Property, then Trustor will notify Beneficiary of the claim and, except as permitted in Paragraph 10.6, promptly pay such claim in full or take such other action to cause such claim to be released. At any time after the assertion of such a claim, if Beneficiary has not received proof that the claim has been satisfied or is being contested as permitted in Paragraph 10.6, then Beneficiary may take whatever action it determines necessary for the defense of its lien and security interest in the Trust Property, including, without limitation, the employment of counsel, the prosecution and defense of litigation and the payment, compromise or discharge of such claim. Upon demand therefor, Trustor will reimburse Beneficiary for the costs incurred in connection with such action, together with interest thereon at the Default Rate from the date of incurrence until the date reimbursed by Trustor. In taking any such action, Beneficiary shall not be bound to inquire into the accuracy or validity of any apparent or threatened claim of title, possession, lien, security interest or other encumbrance.

4.7 Payment of Utilities and Impositions. Except as permitted in Paragraph 10.6, Trustor will pay when due all charges for utility services to the Real Property and will pay and discharge Impositions against the Trust Property prior to the date such Impositions become delinquent. However, Trustor may pay Imposi-

tions in installments, whether or not interest shall accrue on the unpaid balance of such amounts, if payment in installments is permitted by law; provided, however, that if in Beneficiary's opinion any Imposition which is levied after the date hereof and is not a Permitted Encumbrance materially adversely affects the value of the Trust Property, Trustor will pay such Imposition in full after receipt of Beneficiary's demand that it do so. If Trustor fails to furnish Beneficiary with proof that the Impositions have been paid in full or in timely installments or that Trustor is contesting such Impositions as permitted in Paragraph 10.6, then Beneficiary may pay such Impositions and all penalties, interest and legal costs associated therewith; and Trustor will pay to Beneficiary, upon demand, all such amounts plus interest thereon at the Default Rate from the date payment of such Impositions is made by Beneficiary until the date reimbursed by Trustor. If Beneficiary elects to pay any Imposition, Beneficiary may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer without inquiring into its accuracy or validity. Trustor will furnish Beneficiary with proof of payment of all Impositions within thirty (30) days after they would become delinquent.

4.8 Insurance.

(a) Maintenance of Insurance; Loss. Trustor will pay the cost of and will maintain and deliver to Beneficiary evidence of insurance policies required by Beneficiary and written by insurers and in amounts and on forms satisfactory to Beneficiary. All insurance policies relating to the Trust Property and the proceeds thereof are hereby assigned to Beneficiary. Except to the extent prohibited by law, in case of loss, Beneficiary shall be entitled to receive all insurance proceeds. Beneficiary may apply the proceeds to the payment of the Indebtedness in such order and manner as it may determine or, at its option, apply the proceeds to restoration and repair of the Trust Property upon such conditions as Beneficiary may reasonably impose. If Beneficiary has agreed that such proceeds can be used for restoration or repair, Beneficiary may apply any or all of such proceeds which remain after completion of repair and restoration to the payment of the Indebtedness in such order and manner as it may determine or, at its option, disburse any or all of such remaining proceeds to Trustor. Application of insurance proceeds by Beneficiary, regardless of the manner or order, shall not waive full and timely performance of any Obligation, cure or waive any default by Trustor in the full and timely performance of the Obligations, or invalidate or affect any act done hereunder because of any such default. Beneficiary shall not be obligated to see to the proper application of any insurance proceeds paid over to Trustor. Trustor will promptly notify Beneficiary of substantial loss or damage to the Trust Property and make proof of loss if loss or damage occurs that is covered by insurance. Trustor hereby appoints Beneficiary as its attorney-in-fact to do any of the following at Beneficiary's option: make

proof of loss, adjust or compromise in the name of Trustor any loss covered by an insurance policy on the Trust Property and collect and receipt for the proceeds from such policies. If Beneficiary acquires title to the Trust Property or the Trust Property is sold pursuant to Article 7, then Beneficiary or the purchaser at foreclosure, as the case may be, shall become the owner of the insurance policies required pursuant to this Paragraph, the unearned premiums on the policies and insurance proceeds relating to prior damage to the Trust Property.

(b) Release of Insurance Proceeds for Restoration and Repair. All loss proceeds to be used for repair or restoration of the Trust Property may be held in a non-interest bearing account and commingled with Beneficiary's general funds. Without limiting its right to impose additional conditions, Beneficiary may require satisfaction of the following conditions to the disbursement of loss proceeds: payment of a reasonable fee to compensate Beneficiary for overseeing such disbursements; receipt and approval by Beneficiary and its architect of plans and specifications for the work to be done; disbursement of proceeds through a disbursement escrow; disbursement of proceeds not more frequently than monthly for work done against invoices, lien waivers and certifications from Trustor's architect; inspection reports received by Beneficiary from a professional hired by it to inspect the work and review disbursement requests received from Trustor; title policy endorsements; retention of holdbacks until completion of construction and expiration of mechanic's lien periods; receipt of assurance (which may include the deposit with Beneficiary of additional proceeds) that the proceeds remaining after disbursement will be sufficient in Beneficiary's judgment to complete such restoration; and other conditions which Beneficiary normally imposes or which in Beneficiary's judgment a prudent lender would impose under the circumstances. Trustor will pay all reasonable fees and expenses of all architects, design professionals, engineers, inspection professionals, and attorneys engaged by it in connection with such disbursement procedure and all other expense of Beneficiary incurred in connection therewith.

4.9 Condemnation. All judgments, decrees and awards for injury or damage to the Trust Property and all awards pursuant to proceedings for condemnation thereof are hereby assigned in their entirety to Beneficiary, which may apply the proceeds thereof in the manner (and with the same effect) in which it is entitled in this Deed of Trust to apply insurance proceeds. Beneficiary is hereby authorized, in the name of Trustor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment or decree. Immediately upon obtaining knowledge of the institution or the threatened institution of any proceedings for the condemnation of any portion of the Trust Property, Trustor will notify Beneficiary. Trustor will then, if requested by Beneficiary, file or defend its claim thereunder and prosecute such claim with due diligence to its final disposition and will cause any

awards or settlements to be paid over to Beneficiary for application as set forth above. Beneficiary shall be entitled to participate in and to control such proceedings and to be represented in such proceedings by counsel of its own choice, and Trustor will deliver, or cause to be delivered, to Beneficiary such instruments as Beneficiary may request to permit such participation.

4.10 Tax and Insurance Escrow. At all times required by Beneficiary after an Event of Default has occurred, Trustor will make monthly deposits to Beneficiary as a reserve for the payment of all Impositions and the cost of all insurance policies required to be maintained under this Deed of Trust. Such installments shall be equal to the estimated Impositions and premium(s) for such insurance next due (as reasonably estimated by Beneficiary giving due consideration to the previous year's Impositions and premiums), less all amounts already paid therefor, and divided by the number of months that are to elapse before one (1) month prior to the date when such Impositions or premium(s) will become delinquent. If legal title to the Trust Property is transferred, Beneficiary shall be entitled, at its option, to treat the new holder of legal title as the owner of the Impounds. The Impounds may be held by Beneficiary in non-interest bearing accounts (unless interest is required by applicable law, in which case Beneficiary shall pay Trustor the minimum amount of interest required by such law to be paid) and commingled with Beneficiary's other funds. Upon assignment of any portion of the Indebtedness and the lien of this Deed of Trust, Beneficiary shall have the right to pay any portion of the Impounds then in its possession to the assignee, whereupon Beneficiary shall become completely released from all liability with respect to the assigned Impounds. Upon release of this Deed of Trust or at such earlier time as Beneficiary may elect, the Impounds shall be paid over to Trustor or the then owner of the Trust Property, as Beneficiary shall elect; and no other party shall have any right or claim to the assigned Impounds. If the Impounds are in an amount sufficient for that purpose and no Event of Default or Incipient Default exists, the Impounds shall be used (or, at Beneficiary's option, given to Trustor to use) to pay the Impositions and insurance premiums then due; but otherwise, Beneficiary shall have the additional option of crediting the full amount of the Impounds against the Indebtedness.

4.11 Taxes on Note or this Instrument. If at any time a change in the law results in any tax or tax increase upon any Document or upon any rights, titles, liens or security interests created by the Documents, Trustor will immediately pay all such taxes and thereafter will continue to pay such taxes as they become due. If it is unlawful for Trustor to pay such taxes, Trustor shall not be required to pay such taxes, but Beneficiary may demand payment of the Indebtedness in full and Trustor will pay the Indebtedness in full within sixty (60) days after such demand.

4.12 Further Assurances. Trustor shall execute, acknowledge, deliver and record such further instruments and do such further acts as Beneficiary reasonably determines to be necessary, desirable or proper to carry out the purposes of the Documents and to subject to the liens and security interests created by the Documents any property intended to be covered by them or any other property which is essential to the Approved Use of the Trust Property.

ARTICLE 5 - TRANSFERS

5.1 Restrictions on Transfer, Encumbrance, Merger and Consolidation. Except for sales of Time-Share Interests permitted pursuant to Paragraph 11.1, Beneficiary, at its option, may at any time declare the Indebtedness immediately due and payable if any of the following events occur without its prior written consent: (a) Trustor shall sell, convey, lease, mortgage, pledge, encumber or otherwise transfer any portion of the Trust Property or interest therein; (b) Trustor shall assign or hypothecate any Leases, Rents, Sales Documents, Sales Proceeds or other proceeds from any portion of the Trust Property; (c) Trustor shall permit or suffer to exist any change in the legal or beneficial ownership of it or either of its partners or the power to control it or either of its partners; or (d) Trustor shall approve any managing agent for any portion of the Trust Property or enter into any management agreement for any portion of the Trust Property. Any such act shall be expressly subject to this Deed of Trust and the prior lien created by this Deed of Trust, and written consent of Beneficiary to any one such act shall not be construed to be a waiver of this provision with respect to any subsequent act.

5.2 Compliance. Trustor will not take any action which would entitle Beneficiary to accelerate the Indebtedness pursuant to this Article.

ARTICLE 6 - EVENTS OF DEFAULT

6.1 Events of Default. The occurrence of any of the following events shall be an Event of Default:

(a) failure of Beneficiary to receive from Trustor within 5 Business Days of the date when due and payable (i) any amount payable under either of the Notes or (ii) any other payment due under the Documents, except for a payment due at the maturity date of any Note (for which no grace period is allowed);

(b) any representation or warranty which is made by a person other than Beneficiary and is contained in the Documents or in any certificate furnished to Beneficiary under the Documents by or on behalf of Trustor proves to

be, in any material respect, false or misleading as of the date deemed made;

(c) a default in the performance of the Obligations or a violation of any term, covenant or provision of the Documents (other than a default or violation referred to elsewhere in this Paragraph 6.1) which continues unremedied (i) for a period of 5 Business Days after notice of such default or violation to Trustor in the case of or any default or violation which can be cured by the payment of money alone or (ii) for a period of 20 Business Days after notice to Trustor in the case of any other default or violation;

(d) an "Event of Default", as defined elsewhere in any of the Documents, or any act or event whether or not described as an Event of Default which entitles Beneficiary to accelerate the Indebtedness;

(e) Trustor abandons any portion of the Trust Property and the abandoned Trust Property is material to the operation of the Land and Improvements;

(f) unless Beneficiary is proceeding in accordance with Paragraph 10.6, the holder of any lien or security interest on any part of the Trust Property (without implying Beneficiary's consent to the creation or existence of any such lien or security interest) institutes foreclosure, receivership or other proceedings for the enforcement of any remedy available to it on account of such lien or security interest; or

(g) any failure to maintain insurance as required by Paragraph 4.8.

ARTICLE 7 - REMEDIES AND FORECLOSURE

7.1 Remedies. If an Event of Default occurs, Beneficiary may, at Beneficiary's election and by or through Trustee, Beneficiary or otherwise, exercise any or all of the following rights, remedies and recourses without notice:

(a) Acceleration. Beneficiary may declare the entire accrued but unpaid portion of the Indebtedness (including without limitation, the Incentive Fee) to be immediately due and payable, without notice, grace, presentment, protest, demand for payment or any other action whatsoever (each of which hereby is expressly waived by Trustor), whereupon the same shall become immediately due and payable.

(b) Entry Upon and Operation of the Trust Property. To the extent allowed by applicable law, Beneficiary may enter

upon and into the Trust Property, or any portion thereof, and take exclusive possession thereof and of all books, records and accounts relating thereto. If Trustor remains in possession of any portion of the Trust Property while an Event of Default exists, Beneficiary may (without implying any requirement therefor) invoke any and all legal remedies to dispossess Trustor. Beneficiary may hold, sell, lease, manage, operate or otherwise use or permit the use of the Trust Property, either by itself or by other persons, firms or entities, in such manner, for such time and upon such other terms which Beneficiary determines to be appropriate under the circumstances (making such repairs, alterations, additions and improvements thereto and taking any and all other actions with reference thereto, from time to time, which Beneficiary determines to be appropriate). Beneficiary may apply all amounts collected from such activities in the same manner as Rents and Sales Proceeds may be applied by it according to the terms of this Deed of Trust. In the exercise of the foregoing rights and powers, Beneficiary shall not be liable to Trustor for any loss or damage thereby sustained unless due solely to the willful misconduct of Beneficiary.

(c) Receiver. Trustee or Beneficiary may make application to a court of competent jurisdiction, as a matter of strict right and without notice to Trustor or regard to the adequacy of the security for the payment and performance of the Obligations, for appointment of a receiver of the Trust Property; and Trustor does hereby irrevocably consent to such appointment upon *ex parte* application. Any such receiver shall have all the usual powers of receivers in similar cases; and, without limiting the generality of the foregoing and to the extent not prohibited by law, shall have all the powers of Beneficiary set forth in the preceding subparagraph (b), including the full power to sell, rent, maintain, manage and otherwise operate the Trust Property upon such terms as may be approved by the court. All sums received therefrom may be applied in the same manner as Beneficiary is entitled to apply Rents and Sales Proceeds according to the terms hereof.

(d) Foreclosure. Beneficiary may foreclose the lien and security interest of this Deed of Trust by Trustee's sale in accordance with the terms hereof or in any other manner, including judicial foreclosure, allowed at law or in equity. In any foreclosure proceeding, there shall be allowed and included as additional Obligations in the decree of sale, all expenditures and expenses which may be paid or incurred by or on behalf of Trustee in connection with such proceeding, including, without limitation, all attorneys' fees, receivers' fees, environmental consultants' fees, appraisers fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, costs (which may be estimated as

to items to be expended after entry of the decree) of procuring all such abstracts of title, title searches and examination, title insurance policies, and similar data and assurance with respect to title as Trustee may deem reasonably necessary either to prosecute such proceeding or to evidence to bidders at sales which may be had pursuant to such decree the true condition of the title to or the value of the Trust Property, and any other expenses and expenditures which may be paid or incurred by or on behalf of Trustee or Beneficiary. All expenses of the nature mentioned in this Paragraph, and such other expenses and fees as may be incurred in the protection of the Trust Property and Rents and other Proceeds therefrom and the maintenance of the lien of this Deed of Trust, including, without limitation, attorney's fees shall be part of the Obligations and shall be immediately due and payable by Trustor with interest thereon at the Default Rate from the date of expenditure until paid.

(e) Right of Set Off. Beneficiary may set off and apply any and all deposits held and other indebtedness owing by Beneficiary to or for the credit or account of Trustor against any and all Obligations, even though such obligations of Beneficiary may be unmatured.

(f) Other. Beneficiary may exercise any and all other rights, remedies and recourses granted under the Documents or now or hereafter existing at law or in equity.

7.2 Foreclosure. In addition to Beneficiary's other rights, Trustor agrees that Beneficiary shall have the following rights in connection with foreclosure of the lien and security interest of this Deed of Trust:

(a) Trustee's Sale. If Beneficiary elects to foreclose by exercise of the power of sale herein granted, Beneficiary will deposit with Trustee such items as are then required by law. After such notice(s) of default and sale and other matters have been given as are then required by law, and after lapse of such time as may then be required by law after such events, Trustee, without demand on Trustor, shall sell the Trust Property at the time and place of sale fixed by it in such notice of sale at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale, or to the extent not prohibited by law upon such other terms and conditions as are acceptable to Trustee and Beneficiary; and shall execute a deed to the purchaser for the Trust Property so sold, but without any covenant or warranty whatsoever, express or implied. Trustee may, and upon request of Beneficiary shall, postpone the sale of all or any portion of the Trust Property by public announcement at such time and place of sale, and

from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. The recitals in any deed executed pursuant to this power of sale of any matters or facts, such as facts affecting the regularity or validity of sale, shall be conclusive proof of the truthfulness thereof. Payment of the purchase price to Trustee shall satisfy the obligations of the purchaser at such sale, and such purchaser shall not be responsible for the application of such payment. With respect to any sale provided for in this Paragraph, the purchaser may disaffirm any easement granted, or lease or other contract made in violation of this Deed of Trust, and may take immediate possession of the Property free from, and despite the terms of, such grant of easement or contract. Upon any sale pursuant to the terms of this Paragraph, Trustor to the fullest extent permitted by law, shall be completely and irrevocably divested of all its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold; and such sale shall be a perpetual bar both at law and in equity against Trustor and any and all other persons claiming or to claim the property sold or any part thereof, by, through or under Trustor.

(b) Partial Sales and Sales in Separate Lots; Foreclosure for Installments. At any foreclosure sale, all or a portion of the Trust Property may be sold or the Trust Property being sold may be sold together or in separate lots or parcels in such order and manner as Trustee or Beneficiary may determine to be in Beneficiary's best interests. Beneficiary may also require the foreclosure of the lien and security interest of this Deed of Trust to satisfy any unpaid installment or portion of the Indebtedness without declaring the entire Indebtedness due and payable, and such foreclosure shall not in any manner affect the remaining Obligations as to which this Deed of Trust shall remain in full force and effect. However, Trustor shall have no right to require that the foreclosure of this Deed of Trust or the sale of the Trust Property be made in any particular manner. If the proceeds of such sale(s) of less than the whole of the Trust Property are not sufficient to pay the entire Indebtedness and the expenses thereof, this Deed of Trust shall remain in full force and effect as to the unsold portion of the Trust Property. Any number of foreclosure sales may be had, under the power of sale or otherwise, until the whole of the Trust Property is sold.

(c) Beneficiary May Bid. Any person or entity (including Beneficiary) may bid and become the purchaser of all or any part of the Trust Property at any foreclosure sale. The Indebtedness, or any portion thereof, may be

credited on the purchase price in lieu of any cash payments.

(d) Personal Property. The Personal Property may be sold separately from that portion of the Trust Property consisting of real property and may be sold in the same or separate proceedings; and, at Beneficiary's option, all Trust Property may be sold in one unit as a going business. Any notice of sale or other disposition of the Personal Property given not less than ten (10) Business Days prior to such proposed action in connection with the exercise of Beneficiary's rights and remedies shall constitute reasonable and fair notice of such action. Beneficiary may postpone or adjourn any such sale from time to time by announcement at the time and place of sale stated on the notice of sale or by announcement of any adjourned sale, without being required to give a further notice of sale. Any such sale may be for cash or, unless prohibited by applicable law, upon such credit or installment as Beneficiary may determine. Trustor shall be credited with the net proceeds of such sale only when such proceeds are actually received by Beneficiary in good current funds.

(e) Obligation to Assemble Trust Property. Upon request of Beneficiary when an Event of Default exists, Trustor shall assemble the Trust Property not already in Beneficiary's possession and make it available at a time and place determined by Beneficiary.

7.3 Application of Proceeds. The proceeds of sales of the Trust Property and any Rents and Sales Proceeds and other amounts generated by the holding, leasing, sale, operation or other use of the Trust Property shall be applied, to the extent not prohibited by law, by Trustee, Beneficiary and any receiver (if one is appointed) as follows:

(a) first, together with interest thereon at the Default Rate, to the payment of any costs and expenses incurred by Trustee, Beneficiary, or any receiver (if one is appointed) from the foreclosure of the Trust Property and the protecting, taking of possession, holding, using, leasing, repairing, improving and selling of the Trust Property, including, without limitation, (i) Trustee's and receiver's fees, (ii) court costs, (iii) attorneys' or accountants' fees (to the extent not prohibited by law), (iv) costs of advertisement, (v) Impositions, (vi) title search costs and title insurance premiums, (vii) costs of environmental investigations, (viii) any other expenses of the type mentioned in Paragraph 7.1(d); and (ix) without in any way implying Beneficiary's prior consent to the creation of such rights, titles or

interests, costs incurred to remove or cure any liens, security interests or other rights, titles or interests superior to the lien and security interest of this Deed of Trust.

(b) second, to the payment of all late charges and prepayment premiums required by the Documents to be paid by Trustor, then to accrued and unpaid interest due on the Notes in such order and manner as Beneficiary may determine, and then to the unpaid principal balance of the Notes in such order and manner as Beneficiary may determine;

(c) third, to the payment of the other Indebtedness in such order and manner as Beneficiary may determine; and

(d) last, the excess, if any, to the person or persons legally entitled thereto. If any dispute arises with respect to the person or entity entitled to the excess proceeds, Trustee or Beneficiary may, at its option, tender the excess proceeds into the registry or custody of any court of competent jurisdiction, together with such legal pleadings as it deems appropriate and thereupon be discharged from any liability hereunder.

Notwithstanding anything herein to the contrary, neither Beneficiary, nor Trustee, nor any receiver (if one is appointed) shall have any obligation to incur any cost or expense in connection with the holding, using, leasing, repairing, improving or selling of the Trust Property or to remove or cure any lien, security interest, or other right, title or interest superior to the lien and security interest of this Deed of Trust.

7.4 Tenancy at Will. If, at the time of foreclosure sale, Trustor or any other party occupies any portion of the Trust Property so sold, such occupant shall immediately become the tenant at will of the purchaser at such sale, at a reasonable rental per day established by such purchaser and based upon the value of the portion of the Trust Property so occupied. Such rental to be due and payable daily to the purchaser.

7.5 Beneficiary's Right to Perform. Without limiting Beneficiary's rights under any other Paragraph, if Trustor fails or refuses to pay or perform any Obligation (including, without limitation, the Obligations under Paragraph 4.8), then at any time thereafter, and without notice to or demand upon Trustor and without waiving or releasing any other right, remedy or recourse Beneficiary may have, Beneficiary may (but shall not be obligated to) pay or perform such Obligation for the account of and at the expense of Trustor. For such purpose, to the extent allowed by law, Beneficiary shall have the right to enter upon the Land and into the Improvements and to take all action thereon and with

respect thereto as it determines to be necessary or appropriate. Upon demand therefor, Trustor will reimburse Beneficiary for all sums paid by Beneficiary pursuant to this Paragraph, together with interest thereon at the Default Rate from the date paid until reimbursed to Beneficiary.

7.6 Discontinuance of Proceedings. Beneficiary shall have the unqualified right to invoke any right, remedy or recourse permitted under the Documents and thereafter to elect to discontinue or abandon it for any reason. In such an event, Trustor and Beneficiary shall be restored to their former positions with respect to the Obligations, the Documents, the Trust Property and otherwise, and all of the rights, remedies and recourses of Beneficiary shall continue as if never invoked.

7.7 Remedies Cumulative, Concurrent and Nonexclusive. All rights, remedies and recourses of Beneficiary (a) may, in the discretion of Beneficiary, be pursued separately, successively or concurrently and (b) may be exercised as often as occasion therefor shall arise. To the extent not prohibited by applicable law, (x) Beneficiary may sue and recover judgment on the Notes, or either of them, before, during or after foreclosure of the lien and security interest of this Deed of Trust or any of the other Documents; (y) the right of Beneficiary to recover such judgment shall not be affected by the exercise of any other right, remedy or recourse of Beneficiary; and (z) after a sale of the Trust Property or other security for the payment and performance of the Obligations and the application of the proceeds of sale as provided in any of the Documents, Beneficiary shall be entitled to enforce payment of the unpaid Obligations and to recover judgment for the unpaid Obligations, together with interest on the deficiency at the Default Rate from the date of sale to the date that payment is actually received by Beneficiary. Beneficiary may resort to any security for the payment and performance of the Obligations in such order and manner as Beneficiary may elect without affecting the lien and security interest of this Deed of Trust. No exercise of any right, remedy or recourse of Beneficiary shall have the effect of curing any default of Trustor.

7.8 No Release Implied. Neither Trustor nor any other person or entity primarily or secondarily liable for any of the Obligations shall be relieved of any such Obligation by reason of any of the following, even if done without consideration or notice to or approval from such person or entity: (a) the failure of Trustor or Beneficiary to comply with any request of Trustor or any other person to foreclose the lien of this Deed of Trust or to enforce any provision of the Documents; (b) any agreement or stipulation between Trustor or any subsequent owner of the Trust Property and Beneficiary extending, renewing, rearranging or in any other way modifying the terms of the Indebtedness or the Documents (in which event Trustor and all such other persons shall continue to be liable to pay and perform the Obligations according to the terms of

such agreement unless expressly released and discharged in writing by Beneficiary); (c) the release of any person or entity from liability to perform any Obligations or the release or subordination or taking of any security (including any portion of the Trust Property) for the performance of the Obligations; or (d) any other act or occurrence, save and except the complete release of this Deed of Trust. Furthermore, no such act or occurrence shall, except as expressly provided in writing signed by Beneficiary at the time, in any way affect, impair, subordinate or release the liens, security interests and assignments created by the Documents.

7.9 Waiver of Redemption; Notice and Marshalling of Assets. To the fullest extent permitted by law, Trustor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Trustor by virtue of any present or future law or judicial decision exempting the Trust Property from attachment, levy or sale on execution or providing for any appraisal, valuation, stay of execution, exemption from civil process, right of redemption (equitable or legal) or extension of time for payment; (b) all right to receive notices of an election by Trustee or Beneficiary to exercise, or its actual exercise of, any right, remedy or recourse provided for under the Documents; (c) all right to a marshalling of assets or sale in inverse order of alienation or rights pertaining to the administration of the estates of decedents; and (d) all other rights and matters which would defeat the right of Beneficiary to sell the Trust Property for the collection of the Indebtedness (without any prior or different resort for collection).

**ARTICLE 8 - ASSIGNMENT OF LEASES, RENTS,
SALES DOCUMENTS AND SALES PROCEEDS**

8.1 Assignment. For other good and valuable consideration, including the Indebtedness evidenced by the Notes, the receipt and sufficiency of which are hereby acknowledged, Trustor has GRANTED, BARGAINED, SOLD, CONVEYED, ASSIGNED AND TRANSFERRED, and by these presents does GRANT, BARGAIN, SELL, CONVEY, ASSIGN AND TRANSFER absolutely unto Beneficiary, its successors and assigns all of Trustor's rights, title and interest in, to, under and with respect to the Leases, Rents, Sales Documents and Sales Proceeds, subject only to the Permitted Encumbrances. Trustor hereby warrants and will forever defend the title to the Leases, Rents, Sales Documents and Sales Proceeds unto Beneficiary against every person whomsoever lawfully claiming or to claim the same or any part thereof, subject to the Permitted Encumbrances. Trustor hereby authorizes and directs any lessee or purchaser of the Trust Property to deliver any such payment to, and otherwise to attorn all other obligations under the Leases and Sales Documents directly to, Beneficiary. Trustor will perform all its obligations under the Leases and Sales Documents. Trustor authorizes and appoints Beneficiary as its attorney-in-fact to perform the obligations of Trustor in connection with the Leases and Sales Documents and/or to preserve its

rights thereunder. All sums expended by Beneficiary in so doing shall be payable by Trustor upon demand and accrue interest at the Default Rate from the date incurred until paid; and shall be secured hereby and by all other security for the payment and performance of the Obligations. No lessee or purchaser shall be required to inquire into the authority of Beneficiary to collect any Rents or Sales Proceeds, and any such person's obligation to Trustor shall be absolutely discharged to the extent of its payment to Beneficiary. Notwithstanding anything in this Deed of Trust to the contrary, but subject to the provisions of the other Documents, Beneficiary hereby grants to Trustor a license ("License") to collect and receive all Rents and, to the extent arising from the sale of Time-Share Interests permitted pursuant to Paragraph 11.1 and net of any payments due Beneficiary under such Paragraph, Sales Proceeds until an Event of Default occurs and otherwise to retain and exercise all rights and benefits of the Leases and Sales Documents. Upon the occurrence of an Event of Default, the License shall be immediately revoked and Beneficiary may collect the Rents and (as limited above) Sales Proceeds and may exercise all rights and benefits of Trustor under the Leases and Sales Documents. All Rents and Sales Proceeds collected by Beneficiary shall be applied to the following: (a) the payment of all taxes and lien assessments levied and due and payable against the Trust Property, where provision for paying them is not otherwise made to the satisfaction of Beneficiary; (b) to the payment of ground rents (if any) due and payable with respect to the Trust Property; (c) to the payment of the Obligations due and owing to Beneficiary in such order and manner as Beneficiary may determine; (d) to the payment of current operating costs and expenses (including, without limitation, repairs, maintenance and necessary acquisition of property and expenditures for capital improvements) arising in connection with the Trust Property; and (e) to the extent Trustor has any interest therein, to Trustor or its designee. All Rents and Sales Proceeds collected by Beneficiary may be applied to the items listed in the preceding sentence in any order and manner that Beneficiary determines to be advisable without regard to any order of priority. Without limiting the generality of any other provision of this Deed of Trust, if an Event of Default exists, Beneficiary may, with respect to the Leases and Sales Documents, (a) institute enforcement actions against obligors thereunder, (b) enter into modification agreements and make extension agreements with respect to payments and other performances, (c) release persons liable for performance, (d) settle and compromise disputes with respect to payments and performances claimed due, all without notice to Trustor, without being called to account therefor by Trustor and without relieving Trustor from Performance of the Obligations, and (e) receive, collect, open and read all mail of Trustor for the purpose of obtaining all items pertaining to the Leases and Sales Documents.

8.2 Hotel and Other Revenues. Based upon its familiarity with the operation or intended operation of all or a portion of the

Real Property as a hotel/motel/inn (any such use shall be considered to be "hotel" use), Trustor hereby stipulates and agrees that the Real Property consists, in part, of a finite number, or inventory, of rooms and related amenities available for sale, license and/or lease for hotel use, and that all room rate revenues generated from the sale, license or lease of room "night" (exclusive of food, beverage and other service-related revenues) ("Realty Proceeds") constitute rent or proceeds of the Real Property under Section 552(b) of the United States Bankruptcy Code. If at any time prior to full repayment of the Indebtedness, Trustor becomes the subject of any bankruptcy proceedings under the Code (whether voluntary or involuntary), Trustor intends for Beneficiary to have a continuing, valid, first priority security interest in all post-petition Realty Proceeds pursuant to Section 552(b) of the Code. In connection therewith, Trustor acknowledges and agrees that the sale, license and/or lease of each room "night" occurring after the commencement of any such bankruptcy proceeding shall constitute payment for the use and occupancy of the Trust Property, and/or a conversion of the Beneficiary's pre-petition real property security and/or a conversion of Beneficiary's pre-petition inventory security into cash or accounts, and in all cases constitutes proceeds of Beneficiary's pre-petition secured collateral, and constitutes the "cash collateral" of Beneficiary as that term is defined in Section 363(a) of the Code. Trustor further acknowledges and agrees that, in order for Beneficiary's security interest in the Real Property to be adequately protected upon the filing of any bankruptcy proceeding by or against Trustor, (a) all Realty Proceeds must and will be immediately segregated upon receipt, and (b) cash payment must and will be made to Beneficiary in an amount equal to all post-petition Realty Proceeds less such amounts as may be agreed to by Beneficiary as necessary for the continued operation of the Real Property for hotel or similar purposes. If such post-petition Realty Proceeds are not timely paid to Beneficiary, Trustor agrees that Beneficiary shall be entitled to, and that Trustor shall not oppose any request for, immediately relief from the stay pursuant to Section 362 of the Code or other Code provisions, whereupon Beneficiary shall be entitled to pursue the full extent of its remedies hereunder.

8.3 Relationship. Nothing in this Deed of Trust shall be construed to obligate Beneficiary to discharge or perform the duties of Trustor under the Leases and Sales Documents or any other instrument or of a landlord to a tenant or of a seller to a purchaser or to impose any liability as a result of the exercise of the right to collect Rents or Sales Proceeds under a Lease or Sales Document; and Beneficiary shall not be responsible or liable in any manner with respect to the Trust Property or the use, occupancy or enjoyment of all or any part thereof.

8.4 Termination of Assignment. The assignment set forth in this Article 8 will terminate upon payment and performance of the Obligations in full.

ARTICLE 9 - SECURITY AGREEMENT

9.1 Security Interest. This Deed of Trust (a) shall be construed as a deed of trust on real property and (b) shall also constitute and serve as a "security agreement" within the meaning of the applicable Uniform Commercial Code with respect to all portions of the Trust Property for which the granting of security interests therein is governed by such Uniform Commercial Code. To this end, Trustor has GRANTED, and by these presents does GRANT, unto Beneficiary, a security interest in and to all of the Trust Property subject to the Uniform Commercial Code, subject only to the Permitted Encumbrances, to secure the full and timely payment and performance of the Obligations.

9.2 Fixture Filing. Some items of the Trust Property are goods that are, or are intended to become, fixtures related to the Land. It is intended that, as to those goods, this instrument shall be effective as a financing statement and fixture filing from the date of its filing for record in the real estate records of the county in which the Land is located. Information concerning the security interest created hereby may be obtained from Beneficiary, as the secured party, at the address of Beneficiary stated above. The mailing address of Trustor as debtor shall be the address stated above for Trustor. The principal place of business of Trustor or chief executive office is not different from the mailing address stated above for Trustor.

9.3 Notice of Changes. Trustor will give advance notice in writing to Beneficiary of any proposed change in Trustor's name, identity, structure, principal place of business or chief executive office, or change in location of the Trust Property and shall execute and deliver to Beneficiary, prior to or concurrently with the occurrence of any such change, all additional financing statements that are necessary or Beneficiary may require to establish and maintain the validity and priority of Beneficiary's security interest with respect to any of the Trust Property.

9.4 Uniform Commercial Code Remedies. If Beneficiary disposes of any of the Trust Property pursuant to the Uniform Commercial Code, five (5) Business Days written notice by Beneficiary to Trustor shall be deemed to be reasonable notice.

ARTICLE 10 - MISCELLANEOUS

10.1 Notices. All notices, requests or demands required or permitted to be given under this Deed of Trust shall be in writing, and shall be deemed effective (a) upon hand delivery, if hand delivered; (b) one (1) Business Day after such are deposited for delivery via Federal Express or other nationally recognized overnight courier service; or (c) three (3) Business Days after such are deposited in the United States mails, certified or registered mail, all with delivery charges and/or postage prepaid, and address-

sed to the person being notified at the address set forth on the first page of this Deed of Trust or to such other address as the person being notified may have requested in writing to the person sought to be charged with the effect thereof; provided, however, that in the case of notice to Beneficiary, Beneficiary shall be sent two copies, one marked "Attn: Vice-President - Law" and the other marked "Attn: Vice-President - Operations Management". Written notice may be given by telecopy to the telecopier number set forth on the first page of this Deed of Trust or to such other telecopier number as the person being notified may have requested in writing, provided that such notice shall not be deemed effective unless it is confirmed within 24 hours by hand delivery, courier delivery or mailing of a copy of such notice in accordance with the requirements set forth above. Notwithstanding anything in this Deed of Trust to the contrary, notice of foreclosure of this Deed of Trust and sale of the Trust Property may be given in any manner which meets the requirements of the applicable laws of the state where the Trust Property is located with respect to foreclosure of real and personal property in effect at the time of such sale; and such alternative notices shall constitute sufficient notice under this Deed of Trust.

10.2 CHOICE OF LAW; CONSENT TO JURISDICTION AND VENUE; WAIVER OF JURY TRIAL.

(a) THE DOCUMENTS, THIS DEED OF TRUST AND THE RIGHTS, DUTIES AND OBLIGATIONS OF THE PARTIES HERETO AND THERETO SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ARIZONA INCLUDING, WITHOUT LIMITATION, THE LAWS GOVERNING RIGHT TO SEEK ANY DEFICIENCY AFTER FORECLOSURE OF THIS DEED OF TRUST, AND TO THE EXTENT THEY PREEMPT THE LAWS OF SUCH STATE, THE LAWS OF THE UNITED STATES; PROVIDED THAT THE INTERNAL LAWS OF THE STATE OF ~~ARIZONA~~ **SHALL GOVERN THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIEN, SECURITY INTEREST, ASSIGNMENT AND OTHER CHARGES OF THIS DEED OF TRUST AND THE ENFORCEMENT OF BENEFICIARY'S RIGHTS UNDER THIS DEED OF TRUST.

(b) TRUSTOR: (A) HEREBY IRREVOCABLY SUBMITS ITSELF TO THE PROCESS, JURISDICTION AND VENUE OF THE COURTS OF THE STATE OF ARIZONA, MARICOPA COUNTY, AND TO THE PROCESS, JURISDICTION, AND VENUE OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA, FOR THE PURPOSES OF SUIT, ACTION OR OTHER PROCEEDINGS ARISING OUT OF OR RELATING TO THIS DEED OF TRUST OR THE SUBJECT MATTER HEREOF OR OF THE OTHER DOCUMENTS (EXCEPT AS MAY BE REQUIRED IN CONNECTION WITH ENFORCEMENT OF THIS DEED OF TRUST), OR, IF BENEFICIARY INITIATES SUCH ACTION, ANY COURT IN WHICH BENEFICIARY SHALL INITIATE SUCH ACTION AND THE CHOICE OF SUCH VENUE SHALL IN ALL INSTANCES BE AT BENEFICIARY'S ELECTION; AND (B) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING ANY CLAIM THAT TRUSTOR IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF THE ABOVE-NAMED COURTS, THAT SUCH

SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. TRUSTOR HEREBY WAIVES THE RIGHT TO COLLATERALLY ATTACH ANY JUDGMENT OR ACTION IN ANY OTHER FORUM.

(c) TRUSTOR AND, BY ITS ACCEPTANCE HEREOF, BENEFICIARY, ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER ANY OF THE DOCUMENTS WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES AND THEREFORE, THE PARTIES AGREE THAT ANY LAWSUIT ARISING OUT OF ANY SUCH CONTROVERSY SHALL BE TRIED BY A JUDGE SITTING WITHOUT A JURY, AND TRUSTOR HEREBY KNOWINGLY AND VOLUNTARILY WAIVES TRIAL BY JURY IN ANY SUCH PROCEEDING.

(d) ALL OF THE PROVISIONS SET FORTH IN THIS PARAGRAPH ARE A MATERIAL INDUCEMENT FOR BENEFICIARY'S MAKING THE LOANS TO TRUSTOR.

[Trustor (initial A)]

10.3 Interpretation

The Article, Paragraph and Subparagraph headings of this Deed of Trust are inserted for convenience of reference only and shall not alter, define or be used in construing the text of such Articles, Paragraphs or Subparagraphs. All Schedules and Exhibits referred to herein are herein incorporated by this reference. Whenever used, the singular number shall include the plural and the plural the singular, and the use of any gender shall be applicable to all genders. If more than one person or entity collectively comprise Trustor, the term "Trustor" shall include each such person or entity in their individual capacities and jointly and each such person shall be jointly and severally liable for the performance of the Obligations under this Deed of Trust. Each Trustor who executes this instrument and each subsequent owner of the Trust Property, or any part thereof (other than Beneficiary or any purchaser at foreclosure), agrees that it will perform and be bound by each term of this Deed of Trust as if such person were the named Trustor. The provisions of this Deed of Trust shall not be construed to limit the obligations of Trustor, or the rights of Beneficiary, under the other Documents.

10.4 Subordination. The rights of any person or entity to be subrogated to the lien, security interest and assignment granted hereby by virtue of the payment or satisfaction of any portion of the Indebtedness shall be subordinated and remain inferior to the rights of Beneficiary under this Deed of Trust until all the Indebtedness has been paid in full. Any such person or entity shall be regarded as a junior lienholder at any foreclosure proceeding and shall not be entitled to notice thereof (unless otherwise required by law) and, until Beneficiary is fully paid, shall not be entitled to participate in any proceeds therefrom.

10.5 Subrogation. To the extent funds are at any time advanced by Beneficiary under any of the Documents for the purpose of paying any indebtedness now or hereafter secured by any liens, security interests or assignments other than the liens, security interests and assignments created by this Deed of Trust, Beneficiary shall be subrogated to any and all rights, liens, security interests and equities owned or claimed by the holder of such other liens, security interests and assignments.

10.6 Permitted Contests. After prior written notice to Beneficiary, Trustor at its expense may contest, by appropriate legal or other proceedings conducted in good faith and with due diligence, the amount or validity of any Imposition, Legal Requirement or any monetary lien, so long as: (a) in the case of an unpaid Imposition or lien, such proceedings suspend the collection thereof from Trustor and the Trust Property and any Rents or Proceeds, and shall not interfere with the payment of any such Rents or Proceeds; (b) none of the Trust Property is, in the judgment of Beneficiary, in any imminent danger of being sold, forfeited or lost; (c) in the case of a Legal Requirement, neither Trustor, Beneficiary nor Beneficiary is in any danger of any civil or criminal liability for failure to comply therewith; and (d) Trustor has furnished such security, if any, as may be required in the proceedings or as Beneficiary reasonably requests up to 150% of the amount in controversy.

10.7 Defeasance. This Deed of Trust shall be released when all the Obligations are paid and performed in full; and Beneficiary will execute at that time such defeasements of release and satisfaction as are necessary for that purpose.

10.8 Power of Attorney. Beneficiary shall have the right, but not the obligation: (a) to demand and receive payment and performance and to enforce and/or preserve any and all of Trustor's rights with respect to the Leases, the Sales Documents and the personal property covered hereby; (b) to exercise any right and to perform any obligation of Trustor under or in connection with the Declaration, Leases and Sales Documents and any other instrument covered hereby, at Trustor's expense; (c) with respect to rights to payment and performance assigned hereunder, while an Event of Default exists, to make extension agreements, release persons liable thereon or securities for payment or other performance, and settle and compromise disputes in connection with those rights; (d) while an Event of Default exists, to modify, cancel, or accept the surrender of the terms of any Lease or Sales Document; (e) to take any action Beneficiary determines to be necessary or desirable to perfect the liens, the security interests and assignments made and granted to Beneficiary under this Deed of Trust; and (f) to perform all these acts in the name of Trustor or in the name of Beneficiary. For all of the foregoing purposes, Trustor irrevocably appoints Beneficiary, until performance of its obligations in full, as its attorney-in-fact.

10.9 Trustee's Exercise of Duties. Trustee shall not be required to take any action which in its opinion will be likely to involve it in expense or liability, unless Trustee is tendered security and indemnity reasonably satisfactory to it against all costs, expense and liability arising therefrom. In taking or refusing to take any action, Trustee shall be entitled to rely in good faith on the advice of its counsel. Trustee shall have the right to take any and all actions Beneficiary may instruct Trustee to take to protect or enforce Beneficiary's rights under this Deed of Trust. Trustee shall have the right to rely on any instrument, documents or signature authorizing or supporting any action taken or proposed to be taken by it under this Deed of Trust, which is believed by it in good faith to be genuine. Trustor will, from time to time, pay the compensation due to Trustee hereunder and reimburse Trustee from, and indemnify, defend and hold it harmless against, all liability and expenses which may be incurred by it in the performance of its duties. Both Trustor and Beneficiary agree that, except for negligence, willful misconduct or breach of contract, Trustee shall not be liable for any act or omission or error of judgment in connection with the performance of its duties under this Deed of Trust. All monies received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received.

10.10 Successor Trustees. Trustee may resign by written notice to Beneficiary. If Beneficiary desires for any reason to appoint a substitute trustee to act instead of the forenamed Trustee, Beneficiary may appoint a substitute trustee and, if preferred, several substitute trustees in succession who shall succeed to all the estates, rights, powers and duties of Trustee. Any successor trustee appointed pursuant to the provisions of this Paragraph shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor as if originally named as Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all such estates, properties, rights, powers and trusts.

10.11 Standard Applied to Beneficiary's Discretion. Unless otherwise specifically stipulated elsewhere in this Deed of Trust, if a matter is left in this Deed of Trust to the decision, determination, judgment, opinion, approval, consent, satisfaction, acceptance, agreement, request, requirement, option, election or discretion of Beneficiary, its employees, Beneficiary's counsel or any agent for or contractor of Beneficiary, such action shall be deemed to be exercisable by Beneficiary or such other person in its sole and absolute discretion and according to standards established in its sole and absolute discretion. Without limiting the generality of the foregoing, "option" and "discretion" shall be implied by use of the words "if" or "may".

10.12 Scope of Reimbursable Attorney's Fees. As used in this Deed of Trust and the other Documents, the term "attorneys' fees" includes the fees of attorneys licensed to practice law in any jurisdiction, the fees of law clerks, paralegals, investigators and others not admitted to the bar but performing services under the supervision of a licensed attorney, and the expenses incurred by them in the performance of their services. As used in this Deed of Trust and the other Documents, attorneys' fees incurred by Beneficiary in the enforcement of any remedy or covenant include, without limitation, attorneys' fees incurred by Trustee or Beneficiary in any foreclosure of this Deed of Trust, in protecting or sustaining the lien or priority of the security, or in any proceeding arising from or connected with any such matter, including any bankruptcy, receivership, injunction or other similar proceeding, or any appeal from or petition for review of any such matter, and with or without litigation.

ARTICLE 11 - ADDITIONAL PROVISIONS

11.1 Partial Release of Time-Share Interests. Notwithstanding anything in Article 5 to the contrary, Trustor may enter into agreements ("Time-Share Sales Contracts") for the sale of Time-Share Interests to third party purchasers ("Purchasers") upon the terms and conditions set forth in this Paragraph. The sale shall be made in the ordinary course of Trustor's business in a bona fide transaction when no Event of Default exists; the sale shall comply with all applicable laws and regulations; and the Time-Share Sales Contract shall close through an escrow established with an escrow agent satisfactory to Beneficiary resulting in the payment of the appropriate Partial Release Fee (as defined in Paragraph 11.3). Trustor shall be entitled to close a Time-Share Sales Contract and have the Time-Share Interest(s) covered by such contract released from this Deed of Trust only upon satisfaction of the following conditions: (a) no Event of Default exists at the time of such release; (b) the sale satisfies the criteria set forth in the preceding sentence; (c) Trustor has paid all recording and escrow fees incurred in connection with the partial releases; and (d) Beneficiary has received (i) a written request from Trustor certifying to Beneficiary that the sale and partial release satisfy the criteria set forth in this Paragraph at least five (5) Business Days prior to the date of the requested release, (ii) a completed partial release document in recordable form and otherwise satisfactory to Beneficiary; and (iii) the appropriate Partial Release Fee and all its out-of-pocket expenses incurred in connection with the partial release.

11.2 Partial Release of Units. Trustor shall also be entitled to the release of whole time-share occupancy units in the Real Property from this Deed of Trust upon satisfaction of the following conditions: (a) there exists neither an Event of Default nor an Incipient Default; (b) Completion of the Work (as defined in the Construction Loan Agreement has occurred or Beneficiary has receiv-

ed a performance bond or bonds issued by a surety satisfactory to Beneficiary covering contracts for at least major portions of the Improvements (as defined in the Construction Loan Agreement) and naming Beneficiary as a co-obligee; (c) the unit requested to be released is a legal subdivision of the Real Property (d) sales of Time-Share Interests in such unit have not yet commenced; (e) Trustor has delivered to Beneficiary the Minimum Required Time-Share Approvals, the Time-Share Program Governing Documents and the Time-Share Program Consumer Documents (as such terms are defined in the Construction Loan Agreement); (f) all pertinent Time-Share Program Governing Documents have been recorded; and (g) Beneficiary has received (i) a written request from Trustor certifying to Beneficiary that the sale satisfies the criteria set forth in this paragraph, (ii) a completed partial release document in recordable form and otherwise satisfactory to Beneficiary and (iii) the Partial Release Fee and all its out-of-pocket expenses incurred in connection with the partial release.

11.3 Partial Release Fee. As used in this Deed of Trust, the term "Partial Release Fee" means an amount to be paid at the time of the partial release of a Time-Share Interest or Unit equal to: (a) the sum of the Incentive Fee then due and (b) (i) if a Time-Share Interest is being released, \$7,200 or 36%, whichever is greater, of the gross sales price for each annual Time-Share Interest or \$3,600 or 28%, whichever is greater, of the gross sales price for each biennial Time-Share Interest or (ii) if a whole unit is being released, \$367,200.

11.4 Revolving Lines of Credit. Trustor intends that this Deed of Trust secure the repayment of the Construction Loan Note, the Receivables Loan Note, and the other Obligations. The Receivables Loan Note evidences a revolving line of credit pursuant to which advances may be made to Trustor.

11.5 Variable Interest Rate. Interest accrues under the Note at a variable interest rate to the extent provided in the Note.

11.6 Recordation of Time-Share Declaration Supplement; Non-Disturbance. Without limiting the generality of any other provision contained in this Deed of Trust, Trustor will not record any supplement annexing the Real Property to the plan of the Declaration without the prior written consent of Beneficiary, not to be unreasonably withheld. An annexation effected in accordance with the provisions of the preceding sentence is hereinafter referred to as the "Approved Annexation". Notwithstanding anything in this Deed of Trust to the contrary, by acceptance of this Deed of Trust, Beneficiary for itself, its successors and assigns, agrees that it shall not exercise any rights it has under this Deed of Trust or any rights it may hereafter acquire in the Trust Property to diminish or disturb the quiet and peaceful enjoyment by a Purchaser of its Time-Shares Interest so long as the Purchaser is not in default of its obligations under any Sales Document or under

the Time-Share Declaration or any other document governing the Time-Share Program (the Time-Share Declaration and all such governing documents collectively, "Project Governing Documents").

11.7 Controlling Documents. After the Approved Annexation, Beneficiary hereby covenants and agrees to comply with the provisions of the Project Governing Documents. After the Approved Annexation, in the event of conflict with respect to the use and application of insurance and condemnation proceeds, the terms and conditions of Project Governing Documents shall prevail over the terms of this Deed of Trust.

11.8 Performance of Certain Obligations by Association. The Ridge Tahoe Property Owners Association ("Association") is non-stock, non-profit cooperative corporation and its members are owners of Interests (as defined in the Time-Share Declaration). After the Approved Annexation, if the Association is obligated to Beneficiary under the Project Governing Documents to perform any of the Obligations of Trustor under Paragraphs 4.4, 4.5, 4.7, 4.8 and 4.10 of this Deed of Trust and fails to perform such Obligation and should such failure continue, Trustor shall not be deemed to be in default under this Deed of Trust for failure to perform such Obligation so long as: (A) Trustor uses its best efforts to cause the Association to correct the default, including, without limitation, exercising all of such Trustor's rights in the Association and under the Project Governing Documents to enforce the performance of such Obligation; and (B) Trustor is in compliance with paragraph 4.8 of this Deed of Trust. Additionally, Trustor shall, upon Beneficiary's written request, execute proxies in favor of Beneficiary as necessary or convenient to carry out the purposes of this Paragraph.

11.9 Construction Mortgage. This Deed of Trust is a "Construction Mortgage" as that term is defined in the Uniform Commercial Code. Only a portion of the loan will be available for payment of construction costs, as provided in the Loan Agreement.

11.10 Release of Tangible Personal Property, Etc. Notwithstanding anything in this Deed of Trust to the contrary, the Partial Release of a Time-Share Interest from this Deed of Trust shall ipso facto cause the Partial Release of the Purchaser's interest in the tangible Personal Property, Leases, Rents, Sales Documents and Sales Proceeds appurtenant to such Time-Share Interest to be released from the lien, assignment and security interest of this Deed of Trust. Trustor shall be entitled to the partial release of tangible Personal Property from this Deed of Trust if (and only to the extent) there exists neither an Event of Default nor Incipient Default and such partial release is necessary for and is required by the Nevada or California Department of Real Estate to approve the sale of Time-Share Interests and the released Personal Property is simultaneously conveyed to the Ridge Tahoe Property Owners Association.

EXECUTED as of the 5th day of April, 1994.

Trustor:

HARICH TAHOE DEVELOPMENT, a Nevada general partnership

By: Lakewood Development Inc., a Nevada corporation

By: [Signature]
Type\Print Name: Brian R. Walker
Title: ASST. TREAS.

By: Ridgewood Development Inc., a Nevada corporation

By: [Signature]
Type\Print Name: Brian R. Walker
Title: ASST. TREAS.

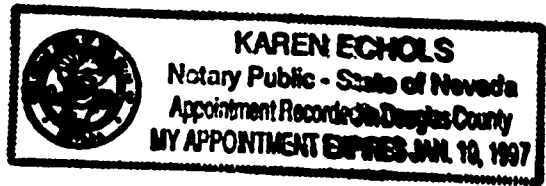
STATE OF Nevada)
County of Douglas) ss.

This instrument was acknowledged before me this 6th day of April, 1994, by Brian R. Walker, the ASST. TREASURER of LAKEWOOD DEVELOPMENT, INC., a Nevada corporation and a general partner of Harich Tahoe Developments, a Nevada general partnership, on behalf of the corporation for the partnership.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Signature]
Notary Public

My commission expires:
1-10-97



STATE OF Nevada)
County of Douglas) ss.

This instrument was acknowledged before me this 6th day of April, 1994, by Brian P. Walker, the Asst. Treasurer of RIDGEWOOD DEVELOPMENT, INC., a Nevada corporation and a general partner of Harich Tahoe Developments, a Nevada general partnership, on behalf of the corporation for the partnership.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Karen Echols
Notary Public

My commission expires:
1-10-97



EXHIBIT A

DESCRIPTION OF LAND REAL PROPERTY

Parcel One

An undivided fee simple interest in and to a parcel of land located within the East one-half of Section 30, Township 13 North, Range 19 East, MDB&M, Douglas County, Nevada, being more particularly described as follows:

BEGINNING at a point which bears S. 76°44'58" E., 398.64 feet from Control Point "C" as shown on the Tahoe Village Unit No. 3, 13th Amended Map, Document No. 269053 of the Douglas County Recorder's Office;

thence S. 44°56'40" E., 117.02 feet;
thence S. 45°03'12" W., 178.90 feet;
thence S. 44°56'48" E., 10.80 feet;
thence S. 37°33'12" W., 74.03 feet;
thence N. 59°56'48" W., 10.80 feet;
thence S. 30°03'12" W., 165.02 feet;
thence S. 61°18'25" W., 16.24 feet;
thence N. 59°56'48" W., 114.84 feet;
thence N. 30°03'12" E., 233.88 feet;
thence N. 45°03'12" E., 204.38 feet;
thence N. 57°01'10" E., 30.16 feet to the POINT OF BEGINNING

Containing 56,512 square feet more or less.

Such parcel of land has been platted as Lot 42, TAHOE VILLAGE UNIT NO. 3, as shown on the 14th Amended Map thereof, recorded in the real estate records of Douglas County, Nevada, in Book 494 at Page 120 as Document Number 333985.

Parcel Two -- Bridge Easement

A 13-foot wide easement located within a portion of Section 30, Township 13 North, Range 19 East, MDB&M, Douglas County, Nevada, being more particularly described as follows:

BEGINNING at the Northwest corner of this easement said point bears S. 43°19'06" E., 472.67 feet from Control Point "C" as shown on the Tahoe Village Unit No. 3, 13th Amended Map, Document No. 269053 of the Douglas County Recorder's Office;

thence S. 52°20'29" E., 24.92 feet to a point on the Northerly line of Lot 36 as shown on said 13th Amended Map;
thence S. 14°00'00" W., along said Northerly line, 14.19 feet;
thence N. 52°20'29" W., 30.59 feet;
thence N. 37°33'12" E., 13.00 feet to the POINT OF BEGINNING.

Containing 361 square feet more or less.

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EXHIBIT B

PERMITTED ENCUMBRANCES

1. Taxes; a lien not yet due and payable.
2. Any liens, charges or assessments that may become due in the future by virtue of the fact that the herein described property lies within the boundaries of Kingsbury General Improvement District and the Tahoe Village Homeowners Association.
3. The effect of the following recital as shown on the map entitled "TAHOE VILLAGE UNIT NO. 3":
 - A. Easements for the storage of snow, as shown on the map, on, over and across strips of land 10 feet in width adjacent to the boundary lines which are contiguous to a public street as designated.
 - B. Rights of way and easements for water, gas, sewer and drainage pipes, and for poles, anchors and guys, overhead and underground wires and/or cables, conduits and boxes for electric and telephone service together with any and all appurtenances thereto on, over, across and under all that land lying outside the building sites as shown on this map, together with the right to cut, trim and remove any tree, limbs, or brush thereon that would interfere with or constitute a hazard to above-mentioned facilities, and to comply with Nevada Revised Statutes 116 and 278 and Douglas County Ordinance 158.
 - C. Easements as delineated and noted on the subdivision map, together with easements and rights of way as may be matter of record.
 - D. The right of ingress and egress from all easements and rights of way over the land shown on the subdivision map.
4. Limitations, covenants, conditions, restrictions, reservations, easements, terms, assessments, liens and charges in an instrument, but deleting restrictions, if any, based on race, color, religion, or national origin, recorded January 11, 1973, in Book 173 of Official Records, page 229, Douglas County, Nevada, as Document No. 63681.

Said Covenants, Conditions and Restrictions have been modified by an instrument recorded September 28, 1973, in Book 973 of Official Records, Page 812, Douglas County, Nevada, as Document No. 69063.

Said Covenants, Conditions and Restrictions have been modified by an instrument recorded July 2, 1976, in Book 776 of Offi-

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cial Records, Page 87, Douglas County, Nevada, as Document No. 01472.

Which provide that a violation thereof shall not defeat nor render invalid the lien of any mortgage or Deed of Trust made in good faith and for value.

The effect of the Declaration of Covenants, Conditions and Restrictions of TAHOE VILLAGE Unit Nos. 1, 2 and 3, dated July 22, 1989, and recorded July 26, 1989, by TAHOE VILLAGE HOMEOWNERS ASSOCIATION in Book 789 of Official Records at Page 3011, Douglas County, Nevada, as Document No. 207446.

5. An easement affecting the portion of said land and for the purposes stated herein, and incidental purposes, in favor of HEAVENLY VALLEY, a Nevada limited partnership, for snow removal and the right to cross and re-cross, recorded October 29, 1981, as Document No. 61613 of Official Records, and re-recorded December 8, 1981, as Document No. 63026 of Official Records.

Affects the most Westerly portion of the Project Common Area.

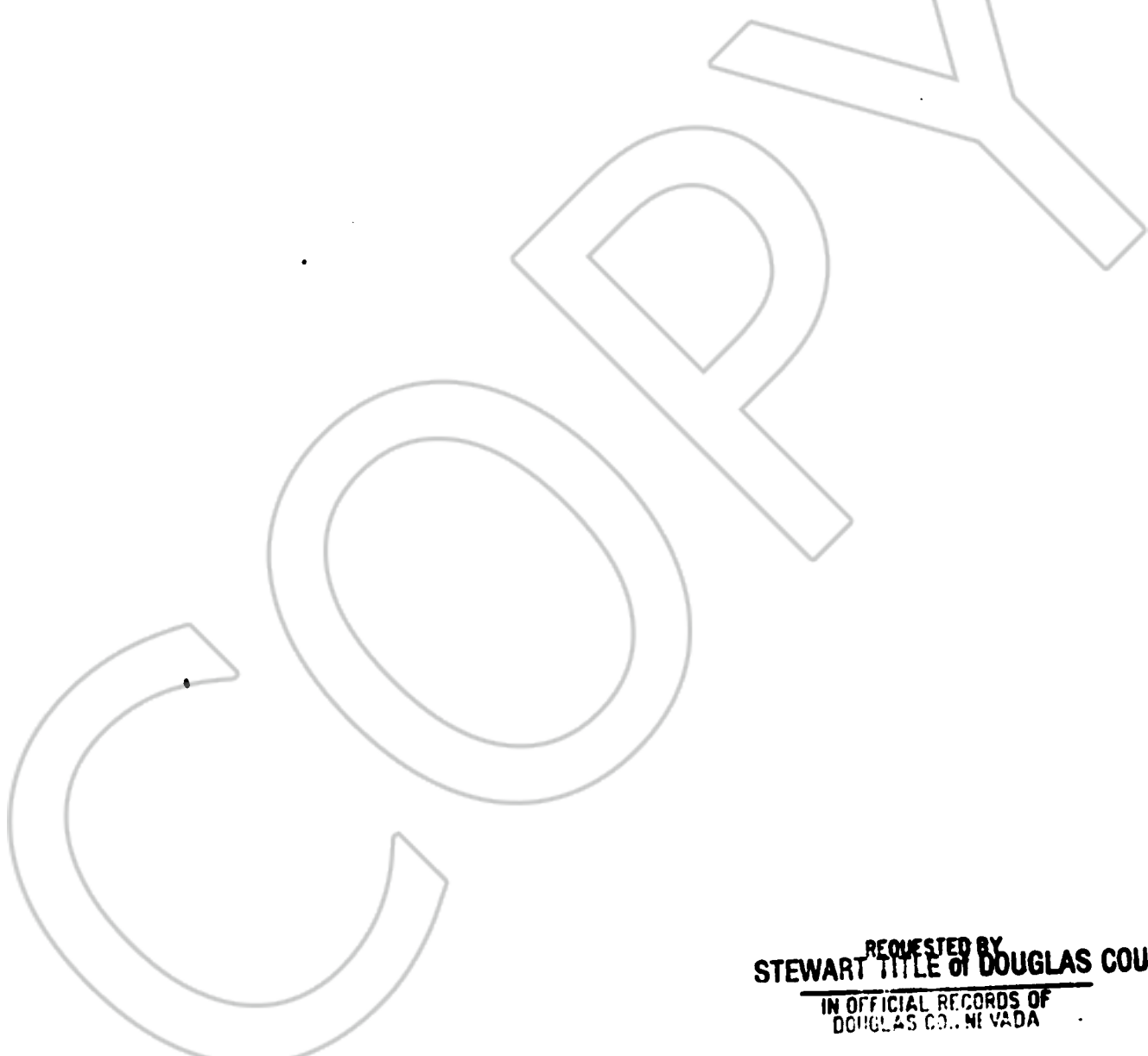
6. By-Laws of the Tahoe Village Homeowners' Association, a non-profit corporation, dated November 21, 1985, and recorded November 26, 1985, in Book 1185 of Official Records at Page 2763, Douglas County, Nevada, as Document No. 127487.

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EXHIBIT C

TIME-SHARE INTEREST DESCRIPTION

an undivided 1/51st or 1/102nd fee simple ownership interest in an undivided 1/48th interest in the Land, together with a pro-rata interest in the common elements of the The Ridge Tahoe time-share project], and together with the exclusive right to use such Unit at least one (1) week each year if pertaining to an annual Time-Share Interest, or at least one (1) week every other year if pertaining to a biennial Time-Share Interest, and a non-exclusive right to use the common elements of the time-share project during such occupancy period.



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

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SUZANNE BEAUDREAU
RECORDER
543⁰⁰ PAID K8 DEPUTY