

✓ ATTN.: JANET HAYES  
Litchfield Financial Corp.  
13701 W. Jewell Ave.,  
Suite 200  
LAKWOOD, CO 80228

Prepared by:

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Return to:

James E. Brown, Esq.  
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1350 17<sup>th</sup> Street, Suite 306  
Denver, CO 80202

### NEGATIVE PLEDGE AGREEMENT

**THIS NEGATIVE PLEDGE AGREEMENT** (this "Agreement"), dated as of the 26<sup>th</sup> day of May, 1999, is made by **WORLD CLASS RESORTS INTERNATIONAL, INC.**, a Nevada not-for-profit corporation doing business as Perennial Vacation Club, having an address for purposes hereof at 1625 Highway 88, Suite 203, Minden, Nevada 89423 ("Borrower"), to **LITCHFIELD FINANCIAL CORPORATION**, a Massachusetts corporation, having an address for purposes hereof at 13701 West Jewell Avenue, Suite 200, Lakewood, Colorado 80228 (the "Lender"), to secure the payment of funds loaned to Borrower under the Loan Agreement referred to hereinbelow. Capitalized terms not defined in this introductory paragraph, in the recitals below or elsewhere herein shall have the meanings given to them in the Loan Agreement.

### RECITALS

WHEREAS Borrower and Lender entered into that certain Secured Line of Credit Lending Agreement of even date herewith (the "Loan Agreement"), providing for the availability of credit (the "Loan") to Borrower upon the terms and conditions set forth therein.

WHEREAS Borrower is the owner of certain real property in Stateline, Nevada, described on the attached Exhibit "A" ("Property").

WHEREAS as a condition, among other things, to the making of the Loan under the Loan Agreement, Lender has required and Borrower has agreed to execute and deliver this Agreement.

## STATEMENT OF AGREEMENT

**NOW, THEREFORE,** in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower hereby agrees as follows:

1. **Negative Pledge, Certain Actions.** Borrower will not sell or otherwise dispose of, grant any option with respect to, mortgage, pledge, grant any lien with respect to or otherwise encumber any of the Property, by Borrower or any interest therein, except as may be otherwise permitted in accordance with the terms of the Loan Agreement and except as may be permitted by prior written consent of Lender.

2. **Representations, Warranties and Covenants of Borrower.** Borrower represents and warrants that, as of the date hereof and so long hereafter as any portion of the subject Loan remains outstanding and unpaid: (a) it is the sole legal, record and beneficial owner of, and has good and marketable title to, the Property and that the Property is free and clear of all liens and monetary encumbrances save and except the lien for current taxes and owners' association dues not yet due or payable; (b) this Agreement has been duly authorized, executed and delivered by such Borrower and constitutes a legal, valid and binding obligation of such Borrower, enforceable in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditor's rights generally or by general principle of equity; (c) no authorization, consent or approval of, or declaration or filing with, any governmental authority is required for the valid execution, delivery and performance by such Borrower of this Agreement; (d) neither the execution, delivery or performance of this Agreement by such Borrower nor compliance by it herewith: (i) conflicts or will conflict with or results or will result in any material breach of, or constitutes or will constitute with the passage of time or the giving of notice or both, a material default under, (x) any law, order, writ, injunction or decree of any court or governmental authority, or (y) to the knowledge of the Borrower, any written or oral agreement or instrument to which such Borrower is a party or by which it, or any of the Property, is bound, or (ii) results or will result in the creation or imposition of any lien upon the Property of such Borrower pursuant to any such agreement or instrument, except as contemplated by this Agreement.

3. **Termination, Release.** After the occurrence of the Termination Date (as hereinafter defined), this Agreement shall terminate and Borrower shall be released hereunder, and the Lender will execute and deliver to Borrower a proper instrument or instruments acknowledging the termination of this Agreement and discharging this Agreement of record. For purposes of this Agreement, "Termination Date" shall mean the date upon which all Obligations have been indefeasibly paid in full, and the Obligations under the Loan Agreement have been terminated.

4. **Amendments.** No amendment, modification, waiver, discharge or termination of this Agreement or any provision hereof shall in any event be effective unless in writing and signed by

Borrower and the Lender.

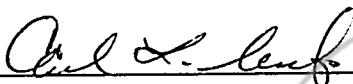
5. **Binding Effect; Survival.** This Agreement shall be binding upon and enforceable against Borrower and its successors and permitted assigns. This Agreement shall inure to the benefit of and be enforceable by Lender and its successors and permitted assigns. All representations, warranties, covenants and agreements herein shall survive the execution and delivery of this Agreement.

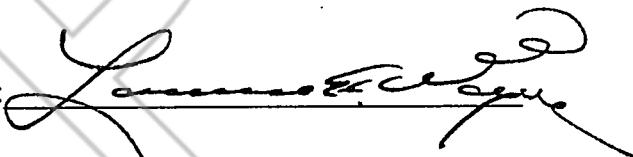
6. **Severability.** To the extent any provision of this Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.


IN WITNESS WHEREOF, Borrower has caused this Agreement to be executed by its duly authorized officers as of the date first above written.

WITNESSES:

"BORROWER"  
WORLD CLASS RESORTS  
INTERNATIONAL, INC., a Nevada not-  
for-profit corporation

  
\_\_\_\_\_  
Signature  
CARL L. AVERY  
\_\_\_\_\_  
Print Name

By:   
\_\_\_\_\_  
LAURENCE H. WAYNE  
\_\_\_\_\_  
Print Name


  
\_\_\_\_\_  
Signature  
PATRICK DUFFY  
\_\_\_\_\_  
Print Name

As its: PRESIDENT

STATE OF NEVADA )  
 ) S.S.  
COUNTY OF DOUGLAS )

ACKNOWLEDGED before me this 26th day of MAY, 1999, by  
LAURENCE H. WAYNE, as PRESIDENT of World Class Resorts  
International, Inc., who is personally known to me or has produced \_\_\_\_\_  
\_\_\_\_\_ as identification.

 (NOTARY SEAL)  
MELISSA BISERA  
Notary Public - State of Nevada  
Appointment Recorded in Douglas County  
No: 98-49762-5 - Expires Dec. 2, 2002

  
(Notary Signature)

MELISSA BISERA  
(Notary Name Printed)  
NOTARY PUBLIC

Commission No. 98-49762-5

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**EXHIBIT "A"**

The land referred to herein is situated in the State of Nevada, County of Douglas, described as follows:

Unit 5, as set forth on the Condominium Map of Lot 24, Tahoe Village Unit No. 3, filed for record August 27, 1979, as Document No. 36009, Official Records of Douglas County, State of Nevada.

Assessors Parcel No. 42-070-140

TOGETHER WITH an undivided 1/8<sup>th</sup> interest in and to those portions designated as Common Area as set forth on the Condominium Map of Lot 24, Tahoe Village Unit No. 3, filed for record August 27, 1979, as Document No. 36009, Official Records of Douglas County, State of Nevada.

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REQUESTED BY  
*Litchfield Financial*  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

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LINDA SLATER  
RECORDER  
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