

ESCROW NO. 126496PAH / 87909

APNs: 1022-29-402-001; 1022-29-402-002;  
1022-29-402-003; 1022-29-411-003;  
1022-29-411-008; and 1022-29-411-017

After recordation, please return  
Memorandum to the following  
address:

Roger H. Elton, Trustee  
The RHE Trust  
P. O. Box 2878  
Reno, Nevada 89505

### MEMORANDUM OF OPTION AGREEMENT

This Memorandum of Option Agreement (the "Memorandum") is entered into between William M. Pelter, M.D. and Andrea G. Pelter, as Co-Trustees under The Pelter Family Trust Agreement dated June 29, 1998 (the "Pelter Trust"), and Roger H. Elton, as Trustee of The RHE Trust dated May 1, 1990 (the "RHE Trust").

#### I

#### RECITALS

This Memorandum is entered into with reference to the following facts:

A. The Pelter Trust and the RHE Trust entered into a Real Estate Exchange Agreement dated December 27, 2002, as amended by the First Amendment thereto dated February 28, 2003. The Real Estate Exchange Agreement dated December 27, 2002, as amended by the First Amendment dated February 28, 2003, is hereafter referred to as the "Agreement."

B. Pursuant to the Agreement, the RHE Trust has agreed to convey to the Pelter Trust an undivided fifty percent (50%) interest in the real property situated in Douglas County, Nevada, the legal description of which is contained on Exhibit A attached to this Memorandum. The real property described on Exhibit A is hereafter referred to as the "Topaz Lodge Property."

C. The Agreement grants to the RHE Trust the option to repurchase the undivided 50% interest in the Topaz Lodge Property from the Pelter Trust, and the parties desire to execute and record this Memorandum to give public notice of the existence of the option.

Based upon the foregoing recitals, the Pelter Trust and the RHE Trust hereby agree upon the following terms and conditions.

#### II

#### GRANT OF OPTION

Pursuant to article XI of the Agreement, the Pelter Trust has granted to the RHE Trust the option to repurchase the Pelter Trust's ownership interest in the Topaz Lodge Property for the price and on the terms and conditions described therein. The Pelter Trust hereby confirms the grant to the RHE Trust of that option. The option is remain in effect for a term of five (5) years from the date on which the undivided fifty percent (50%) interest in the Topaz Lodge Property is conveyed by the RHE Trust to the Pelter Trust. All of the provisions of the Agreement that pertain to the

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option are hereby incorporated by reference. If any provision of this Memorandum conflicts with any provision of the Agreement, then the provision of the Agreement is to control.

III

MISCELLANEOUS

A. Binding Effect. Except as otherwise provided in the Agreement, this Memorandum is to be binding upon and is to inure to the benefit and detriment of the parties hereto and their respective personal representatives, heirs, successors, and assigns.

B. Gender and Number. As used in this Memorandum, the masculine, feminine, and neuter gender and the singular and plural number are to each be considered to include the others whenever the context so indicates.

C. Choice of Law. This Memorandum is to be governed by and construed in accordance with the laws of the State of Nevada as in effect from time to time.

D. Time of the Essence. Time is of the essence of each provision of this Memorandum and the Agreement which pertains to the option.

Dated this 28<sup>th</sup> day of February, 2003.

The Pelter Family Trust

By William M. Pelter  
William M. Pelter, M.D., Co-Trustee

By Andrea G. Pelter  
Andrea G. Pelter, Co-Trustee

PELTER TRUST

The RHE Trust

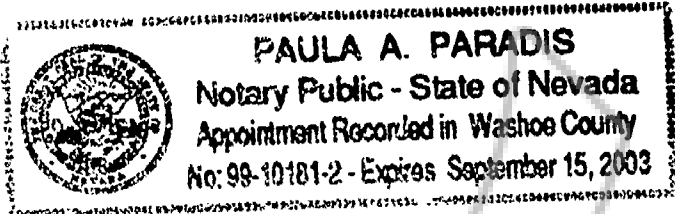
By Roger H. Elton  
Roger H. Elton, Trustee

RHE TRUST

WALTHER, KEY, MAUPIN, OATS, COX & LEGOVY, ATTORNEYS AT LAW, RENO, NEVADA

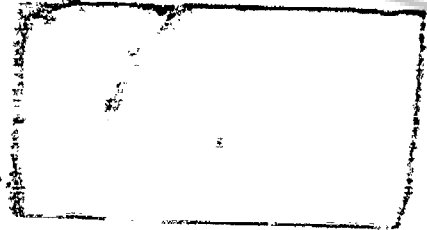
State of Nevada )  
County of Washoe )

The foregoing Memorandum of Option Agreement was acknowledged before me on February 28, 2003, by William M. Pelter, M.D. and Andrea G. Pelter, as Co-Trustees under The Pelter Family Trust Agreement dated June 29, 1998.



Paula A. Paradis  
Notary Public 0568720

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State of Nevada )  
County of Washoe )

The foregoing Memorandum of Option Agreement was acknowledged before me on ~~February~~ <sup>March</sup> 3, 2003, by Roger H. Elton, as Trustee under The RHE Trust Agreement dated May 1, 1990.



*[Signature]*  
\_\_\_\_\_  
Notary Public

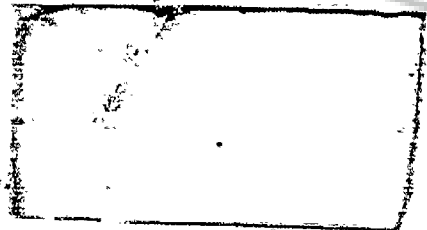
EXPIRES 8/30/2004

WALTHER, KEY, MAUPIN, OATS, COX & LEGOVY, ATTORNEYS AT LAW, RENO, NEVADA

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**EXHIBIT A**  
**(Legal Description)**

All that property situate in the County of Douglas, State of Nevada, described as follows:

**PARCEL 1**

Lots 120, 121, 122, 123, 152, 153 and 154, of TOPAZ SUBDIVISION, according to the map thereof, filed in the office of the County Recorder of Douglas County, State of Nevada, on August 10, 1954, as File No. 9774.

TOGETHER WITH that real property lying and being in Section 29, Township 10 North, Range 22 East, M.D.B. & M., Douglas County, State of Nevada, and more particularly described as follows:

COMMENCING at a point on the Northwest corner of Lot 123 of the Topaz Subdivision as recorded August 10, 1954, in the Official Records of Douglas County, Nevada; said point being the TRUE POINT OF BEGINNING;

Thence West, a distance of 60.00 feet;  
Thence South  $00^{\circ} 04'$  West, a distance of 420.00 feet;  
Thence East, a distance of 60.00 feet to the Southwest corner of Lot 120 of aforesaid subdivision;  
Thence North  $00^{\circ} 04'$  East, a distance of 420.00 feet to the TRUE POINT OF BEGINNING.

ALSO TOGETHER WITH all that certain piece or parcel of land situated in the Southwest Quarter of Section 29, Township 10 North, Range 22 East, M.D.B. & M., Douglas County, State of Nevada, and more particularly described as follows:

BEGINNING at the intersection of the West line of Genoa Street and the South line of Topaz Subdivision, as shown on the map thereof, filed in the office of the County Recorder of Douglas County, Nevada, on August 10, 1954;

Thence North  $0^{\circ} 4'$  East along said West line of Genoa Street, a distance of 154.86 feet to the TRUE POINT OF BEGINNING;  
Thence continuing North  $0^{\circ} 4'$  East 265.14 feet to the South line of Kit Carson Avenue, as shown on the map of Topaz Subdivision;  
Thence West 385.87 feet to a point on the Easterly right of way curve of U.S. Highway 395 as described in the conveyance to the State of Nevada, recorded August 31, 1948, in Book Y of Deeds, Page 474, Douglas County, Nevada, records;  
Thence Southeasterly along a curve having a radius of 4,575 feet subtending a central angle of  $3^{\circ} 28' 38''$  an arc distance of 277.71 feet to a point;  
Thence leaving said right of way line East, a distance of 303.29 feet to the TRUE POINT OF BEGINNING.

All that certain piece or parcel situate in the Southwest Quarter of Section 29, Township 10 North, Range 22, East, M.D.B. & M., described as follows:

BEGINNING at a  $7/8$  inch iron bar at the intersection of the West line of Genoa Street and the South line of TOPAZ SUBDIVISION, according to the map thereof, filed in the office of the County Recorder of Douglas County, Nevada, on August 10, 1954, under Document No. 9774, Douglas County, Nevada Records;  
Thence from the POINT OF BEGINNING North  $0^{\circ} 04'$  East along the West line of Genoa Street a distance of 154.86 feet to a  $7/8$  inch iron bar;

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Thence West 303.29 feet, to a point in the Easterly right of way line of U.S. Highway 395, as described in the conveyance to the State of Nevada, recorded August 31, 1948, in Book Y of Deeds, Page 473, Douglas County, Nevada Records;

Thence along said highway right of way line along a curve to the right having a radius of 4575 feet, through an angle of  $2^{\circ} 00' 12''$ , for an arc distance of 160.00 feet, to the intersection thereof, with the North line of the parcel conveyed to the M.K. & D. Company, recorded April 1, 1955, in Book B-1 of Deeds, Page 316, Douglas County, Nevada Records;

Thence East along the line common to said M.K. & D. Company parcel, a distance of 263.06 feet to the POINT OF BEGINNING.

ALSO TOGETHER WITH all that certain piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

A parcel of land being a portion of the Northwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 29, Township 10 North, Range 22 East, M.D.B. & M., Douglas County, Nevada and more particularly described as follows:

COMMENCING at the Southwest corner of Lot 152, of TOPAZ SUBDIVISION, according to the map thereof, filed in the office of the County Recorder of Douglas County, State of Nevada, on August 10, 1954;

Thence West a distance of 60 feet to the TRUE POINT OF BEGINNING;

Thence continuing West, a distance of 406.39 feet more or less, to a point in the curve of the Easterly right of way line of U.S. Highway 395, and

Thence a Radial bearing South  $70^{\circ} 20' 59''$  West;

Thence Northerly along said right of way line through a curve whose central angle is  $3^{\circ} 45' 26''$  having a radius of 4,574.00 feet, an arc length of 300.00 feet to a point;

Thence South  $89^{\circ} 57' 00''$  East, a distance of 516.88 feet to a point in the Westerly line of Genoa Street (60 feet in width);

Thence South  $0^{\circ} 04' 00''$  West along said Westerly line, a distance of 288.50 feet to the TRUE POINT OF BEGINNING.

ALSO TOGETHER WITH all that real property lying and being in the Southwest  $\frac{1}{4}$  of Section 29, Township 10 North, Range 22 East, M.D.B. & M., Douglas County, State of Nevada, and more particularly described as follows:

COMMENCING at the Southwest corner of Lot 152 of TOPAZ SUBDIVISION, as recorded August 10, 1954;

Thence West 60.00 feet to the TRUE POINT OF BEGINNING;

Thence West, a distance of 406.39 feet more or less to a point on the Easterly right of way of U.S. Highway 395;

Thence in a generally Southerly direction along the Easterly right of way of U.S. Highway 395 to the Northwest corner of that certain parcel of land as defined on Page 4 of Exhibit A as recorded in Book 784, Page 138, of County Records, said point being further defined as lying on the South right of way line of Kit Carson Avenue per aforesaid subdivision;

Thence East, a distance of 385.87 feet more or less to the Southwest corner of Kit Carson Avenue with Genoa Street per aforesaid subdivision;

Thence North  $00^{\circ} 04'$  East, a distance of 60.00 feet to the TRUE POINT OF BEGINNING.

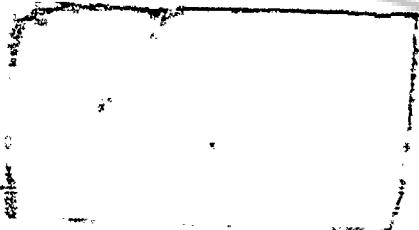
ALSO TOGETHER WITH commencing at a point on the Northeast corner of that certain parcel of land as defined in Book 1084, Page 2650, of County records, said point being the TRUE POINT OF BEGINNING;

Thence East, 60.00 feet, to the Easterly right of way line of Genoa Street as shown on the TOPAZ SUBDIVISION (as recorded August 10, 1954)

Thence South  $00^{\circ} 04'$  West along the Easterly right of way line of Genoa Street to the Southwest corner of Lot 152 of the aforesaid TOPAZ SUBDIVISION;

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Thence East 200 feet to the Southeast corner of aforesaid Lot 152;  
Thence South 00° 04' West, 60 feet to the Northeast corner of Lot 123 of the aforesaid TOPAZ SUBDIVISION;  
Thence West along the Southerly right of way line of Kit Carson Avenue to the Southwest corner at the intersection of Kit Carson Avenue with Genoa Street;  
Thence North 00° 04' East along the Westerly right of way of Genoa Street to the TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM a general Public Utility Easement being a strip of land, 10 feet in width, (measured at right angles) lying 5 feet on both sides of the following described centerline being in portions of the former Kit Carson Avenue right of way as shown on the TOPAZ SUBDIVISION, recorded August 10, 1954 and being more particularly described as follows:

**Section 1**

Beginning at the Northeast corner of Lot 123 of said TOPAZ SUBDIVISION ;  
Thence North 0° 04' 00" East, 5.00 feet to the TRUE POINT OF BEGINNING;  
Thence 89° 59' 04" West, 524.00 feet to an angle point in said centerline;  
Thence South 55° 14' 05" West, 5 feet to the end thereof.

**Section 2**

Beginning at the angle point in the above described Section 1;  
Thence North 89° 59' 04" West, 22.00 feet to the end thereof.

**PARCEL 2**

A parcel of land on the East side of U.S. Highway 395 in the South ½ of the Southwest ¼ of Section 29, Township 10 North, Range 22 East, M.D.B. & M. in Douglas County, Nevada, more fully described as follows:

BEGINNING at a point which the ¼ corner of the South boundary of said Section 29 lies East 1,070.00 feet and South 225 feet;  
Thence West parallel to the South line of Section 29, 416.84 feet to a point on the East right of way line of Highway 395;  
Thence following the said right of way line Northerly on a curve to the left with a radius of 4,575 feet from a tangent bearing to the left with a radius of 4,575 feet from a tangent bearing North 5° 23' 40" West, a distance of 608.90 feet,  
Thence East 519.13 feet  
Thence South 600 feet to the POINT OF BEGINNING.

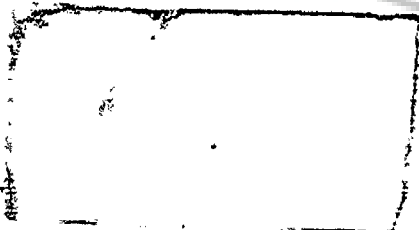
**PARCEL 3**

All that certain property situate in the County of Douglas, State of Nevada, located in the South ½ of the Southwest ¼ of Section 29, Township 10 North, Range 22, East, M.D.B. & M., in Douglas County, Nevada, more particularly described as follows:

BEGINNING at a point on the South line of said Section 29, from which the South ¼ corner thereof bears East, 1,076.30 feet;  
Thence along the said Section line West 394.00 feet to the Easterly right of way line of U.S. Highway 395;

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Thence Northerly along said right of way line following a curve to the left with a radius of 4,575 feet, through an angle of 2° 49' 35" from a tangent bearing of 2° 56' 44" length of 225.69 feet;  
Thence East 411.24 feet;  
Thence South 225.00 feet to the TRUE POINT OF BEGINNING

**PARCEL 4**

All that real property situate in the County of Douglas, State of Nevada, described as follows:

Lots 18, 24 and 38, as shown on the Amended Map of TOPAZ LODGE SUBDIVISION, FIRST AND SECOND SECTIONS, filed in the office of the County Recorder of Douglas County, State of Nevada, on September 16, 1958, in Book 3 of Maps, Page 3, as File No. 13594

NOTE (NRS 111.312): The above metes and bounds description appeared previously in that certain MEMORANDUM OF Ground Lease, recorded in the office of the County Recorder of Douglas County, Nevada on March 29, 2001, in Book 301, Page 7611, as Document No. 511284, of Official Records.

1979 U.S. Highway 395 S.  
Gardnerville, Nevada

Unit: Topaz Lodge

REQUESTED BY  
WESTERN TITLE COMPANY, INC.  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

2003 MAR -3 PM 4: 28

WERNER CHRISTEN  
RECORDER

\$20<sup>00</sup> PAID *Bh* DEPUTY

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