

EXHIBIT "A"

LEGAL DESCRIPTION

ESCROW NO.: ACCOM16

**LOT 4, AS SHOWN ON THE MAP OF KINGSBURY VILLIAGE UNIT NO 1,
FILED FOR RECORD IN THE OFFICE OF THE COUNTY RECORDER OF
DOUGLAS COUNTY, NEVADA, ON DECEMBER 27, 1961 IN BOOK 9, PAGE
792, AS DOCUMENT NO 19281, AND AS AMENDED ON JULY 10, 1963 IN
BOOK 18, PAGE 352, AS DOCUMENT 22952.**

APN; 1319-19-112-004

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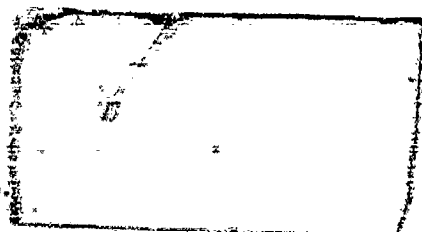


EXHIBIT "B"

When Recorded

Mail To:

MIKE SKAAR
PO BOX 5037
STATELINE NV 89449

TENANCY IN COMMON AGREEMENT

DATE: Feb 20, 2003

BETWEEN: Mike Skaar ("Skaar")
P.O. Box 5037
Stateline, NV 89449

AND: Will Philips ("Philips")
PMB 10-203
1329 Hwy 395
Gardnerville, NV 89410

RECITALS:

A. Skaar and Philips (collectively, the "Owners" and individually each an "Owner") intend to own, as tenants in common, the real property in Stateline, Nevada, commonly referred to as 269 Andria Lane more fully described in Exhibit A, attached hereto, together with all improvements thereon (the "Property").

B. Skaar has obtained a loan (the "Purchase Loan"), secured by a trust deed ("Trust Deed"), for the purchase of the Property. This Tenancy in Common Agreement (the "Agreement") provides for additional rights and obligations of the Owners and is not intended to supersede any rights, obligations or remedies arising from the Trust Deed or related documents.

C. The Owners desire to provide for the allocation between them of various rights and obligations with respect to the Property as more fully set forth in this Agreement.

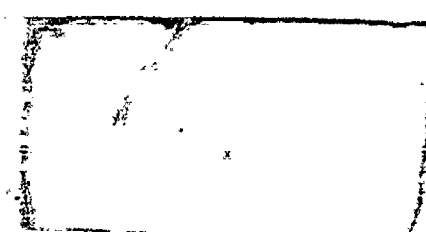
AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

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Section 1. Declaration of Ownership. The Owners intend that their relationship with respect to the Property shall be as tenants in common, effective upon recordation of a Grant Deed from Skaar to Philips conveying to Philips a one-half (1/2) interest in the property. The Owners intend that no provision of this Agreement shall be construed as establishing a partnership or joint venture or entity of any nature whatsoever.

Section 2. Ownership Interests.

2.1 Limited Ownership Interests. The Owners stipulate that their undivided percentage interests in the Property, based upon their respective contributions to the total purchase price for the Property, are as follows:

<u>Owner</u>	<u>Percentage Ownership</u>
Skaar	50%
Philips	50%

2.2 Adjustment of Ownership Interest. The percentage ownership stated in Section 2.1 shall be adjusted only upon the sale or transfer of an Owner's undivided interest in the Property, except as specifically provided herein. Under certain circumstances, Philips' interest may be valued at less than 50% of the value of the Property.

Section 3. Additional Funds.

3.1 Expenses.

3.1.1 All expenses incurred with respect to the Property shall be the joint obligation of the Owners. Each Owner shall pay half of all such expenses. These anticipated expenses include, but are not limited to, costs of repairs and maintenance, landscaping and yard maintenance, snow removal, insurance, sewer, water and garbage service, electricity, etc.

3.1.2 The Owners shall be jointly responsible for payment of the purchase money encumbrance on the Property, although Skaar is the only party directly liable under such obligation, in proportion to their ownership percentages as stated in Subsection 2.1. Philips agrees to cooperate with Skaar as reasonably requested with respect to any requirements under the Note or Deed of Trust securing the property.

3.2 Improvements. In the event the Owners agree to improve the Property, each Owner shall pay for the costs of such improvements in an amount

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proportionate to the Owner's undivided interest in the Property as set forth in Section 2.1, unless the Owners agree to a different allocation. The Owners shall determine whether to assess themselves for the amount necessary to complete the improvements or to finance such amount as a joint debt. In the event an assessment is made, each Owner shall deposit its share of the costs into the Joint Account within thirty (30) days of receipt by the Owner of notice of the amount due, but in no event later than five (5) business days before payment is due to the creditor.

3.3 Default.

3.3.1 In the event an Owner fails to pay within the time limits set forth above any amount due under the terms of Section 3 or under the terms of the Trust Deed and related documents, the Owner shall be deemed to be in default. If the defaulting Owner fails to pay the amount past due within five (5) days of receiving oral or written notice to pay from the non-defaulting Owner, the non-defaulting Owner may pay the defaulting Owner's obligation, which shall be considered a loan ("Loan") from the non-defaulting Owner to the defaulting Owner. Interest shall accrue on the unpaid balance of the Loan at the rate of twelve percent (12%) per annum. All amounts due plus interest thereon shall be immediately due and payable to the non-defaulting Owner without further demand and notice. In addition, the non-defaulting Owner, by written notice to the defaulting Owner, may revoke the right of the defaulting Owner to participate in the affairs of the cotenancy during the term of such default. Any proceeds of a Capital Transaction, as defined in Section 4.2, that become payable to the defaulting Owner, shall be first applied to cure the default, either as payment to the creditor, if any, to whom the funds are owed, or to the non-defaulting Owner to pay the outstanding Loan balance. If the defaulting Owner does not cure the default within one hundred eighty (180) days of the date of default occurred, the non-defaulting Owner shall have the right, exercisable at his or her option, to purchase the defaulting Owner's interest in the Property at a price mutually agreed upon by the Owner, or if the Owners cannot agree on a price, at the fair market value of the defaulting owner's interest in the Property.

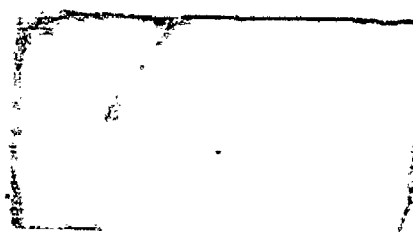
3.3.2 Provided, however, that if Philips is the defaulting owner and the default occurs within twenty four (24) months of the date of this Agreement, then Skaar shall be entitled to purchase the interest of Philips for the sum of \$54,100. If after twenty-four (24) months from the date of this Agreement, Philips attempts to sell his interest under Section 9.3 or is in default under this Section 3.3, Skaar's purchase price for such interest, determined by the valuation procedure described in section Section 10.2, will be as follows:

- (a) 24 months - 36 months, 35% of the net equity of a one-half (1/2) interest.

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(b) 36 months - 48 months, 60% of the net equity of a one-half (1/2) interest.

(c) 48 months or longer - 100% of the net equity of a one-half (1/2) interest.

3.4 The rights granted to a non-defaulting Owner hereunder shall not be exclusive, and a non-defaulting Owner shall be entitled to pursue all remedies available at law or in equity.

Section 4. Revenue, Expenses, Deductions and Distributions.

4.1 **Deductions.** For tax purposes, each Owner shall be entitled to claim a deduction for interest or other deductible expenses allowed by law in an amount equal to the Owner's contribution to such expenses as set forth in Section 3 or as otherwise agreed upon by the Owners.

4.2 The proceeds of a Capital Transaction, as defined below, shall first be applied to (i) the payment of any indebtedness or other obligation with respect to the Property required to be paid in connection with such Capital Transaction, including payment necessary to cure any default pursuant to Section 3.3 or 7, or determined by the Owners to be appropriate for payment, (ii) the cost of any repair, replacement or improvement to the Property arising out of such Capital Transaction or for which it was incurred, and (iii) the establishment of such reserves for working capital or other purposes as the Owners may determine to be appropriate. Any remaining proceeds from a Capital Transaction shall be distributed to the Owners in proportion to their respective undivided interests in the Property, as set forth in Section 2.1, (i.e. 50/50). For purposes of this Agreement, the term "Capital Transaction" shall mean an insurance recovery, a condemnation award, an easement sale, or a sale or other disposition of all or any part of the Property (other than sale of a single Owner's undivided interest under Section 9.4), as well as any other transaction, the proceeds of which are considered capital in nature under generally accepted accounting principals.

Section 5. Management.

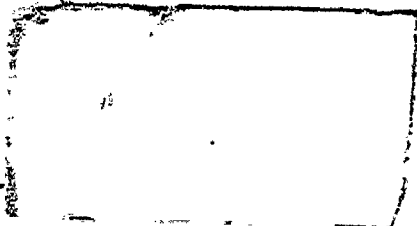
5.1 **Owners' Right to Manage.** All decisions with respect to the management and operation of the Property shall be made jointly by the Owners, except as otherwise provided in this Agreement.

5.2 **Compensation.** Neither Owner shall be entitled to any compensation for management or other services rendered in connection with the Property unless such compensation is expressly authorized by mutual agreement of the Owners.

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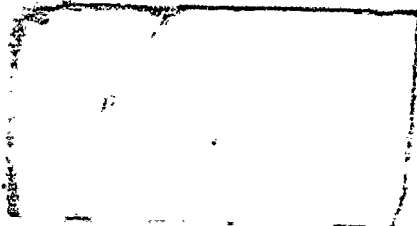
Section 6. Books, Reports and Accounting. Full and complete books and records shall be maintained for the Property on a calendar year basis. The Owners may, if mutually deemed appropriate, select a certified public accountant to assist in maintaining the books and records and in preparing any reports desired by the Owners or required herein. The accountant's fee shall be paid by the Owners as an expense of the cotenancy. The books and records shall be available for examination by any Owner and the Owner's attorneys, accountants or other agents or representatives at reasonable times upon reasonable notice. Any expenses incurred for the examination shall be paid by the requesting Owner.

Section 7. Liens and Encumbrances. The Property, at all times, shall be and remain free from any and all judgment liens, mechanics', materialmen's, suppliers' liens, other liens or security interests, charges or claims for the payment of money or otherwise, and other encumbrances of any kind except (i) those encumbrances on the Property at the time of its acquisition by the Owners, (ii) encumbrances reflecting financing incurred upon the mutual agreement of the Owners, and (iii) encumbrances expressly approved or permitted by both Owners. In the event that any other encumbrance is placed upon the Property as a result of the act or omission of any Owner, such Owner shall discharge and cause the removal thereof from the Property, by bonding or otherwise, within fifteen (15) days after becoming aware of the encumbrance, and indemnify and hold harmless the other Owner from any loss in connection with such encumbrance, and indemnify and hold harmless the other Owner from any loss in connection with such encumbrance, including any attorney fees and expenses of any kind. The failure to discharge the lien within the stated time shall constitute a default. In the event of a default, the non-defaulting Owner may discharge and cause the removal of the encumbrances from the Property and any funds expended by the non-defaulting Owner to discharge and remove the encumbrance, including attorney fees and expenses of any kind, shall be considered a loan from the non-defaulting Owner to the defaulting Owner. Interest shall accrue on the unpaid balance of such loan at the rate of twelve percent (12%) per annum. All amounts due, plus interest thereon, shall be immediately due and payable to the non-defaulting Owner without further demand or notice. In addition, the non-defaulting Owner, by written notice to the defaulting Owner, may revoke the right of the defaulting Owner to participate in the affairs of the cotenancy during the term of such default. Any proceeds of a Capital Transaction, as defined in Section 4.2, that become payable to the defaulting Owner, shall be first applied to cure the default, either as payment to the creditor, if any, to whom the funds are owed, or the non-defaulting Owner to pay the outstanding loan balance. If the defaulting Owner does not cure the default within one hundred eighty (180) days from the date the default occurred, the non-defaulting Owner shall have the right, exercisable at his or her option, to purchase the defaulting Owner's interest in the Property at a price mutually agreed upon by the Owners, or if the Owners cannot agree on a price, at the fair market value of the defaulting Owner's interest in the Property. Provided, however, that if Philips is the defaulting owner and the default occurs within forty-eight (48) months from the date of this Agreement, then Skaar shall be entitled to purchase the interest of Philips as outlined in Section 3.3. The rights granted to a non-

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defaulting Owner hereunder shall not be exclusive, and a non-defaulting Owner shall be entitled to pursue all remedies available at law or in equity.

Section 8. Waiver of Right of Partition. Notwithstanding any statutory or other legal right to the contrary, each Owner irrevocably waives the right to directly or indirectly maintain an action or petition in any court or other forum for a partition of the Property unless approved in advance by the other Owner, which approval may be withheld for any or no reason.

Section 9. Sale of Ownership Interest/ Rental or Lease of Property.

9.1 Restrictions on Sale. An Owner may sell, convey, or transfer the Owner's undivided interest in the Property during life or upon death or disability only in compliance with the terms of this Section 9. Upon death or disability of any Owner, the legal representative of the Owner shall have authority to act on behalf of and with the same rights and restrictions as the Owner. Any sale or transfer is subject to the limitations, conditions and restrictions on sale or transfer imposed by the Trust Deed and any other loan documents using the Property as security for the loan. No sale or transfer shall be permitted unless both Owners agree to the sale or transfer in writing, except in accordance with Section 9.3 below.

9.2 Restrictions on Rental, Lease, or Use of Property. An Owner may not rent, lease or allow third parties to use the Property without the written consent of the other Owner, which consent may be withheld for any or no reason whatsoever. Provided, however, that reasonable use by relatives, spouses, "significant others" or domestic partners is allowed, as long as it does not conflict with use by any Owner.

9.3 Right of First Refusal. No Owner shall sell, exchange, assign, gift or otherwise transfer such Owner's undivided interest in the Property without first giving written notice to the non-transferring Owner and allowing the non-transferring Owner the opportunity to purchase the transferring Owner's interest on comparable terms to those offered to other potential buyers. Provided, however, that if such proposed sale is by Philips and is within forty-eight (48) months from the date of this Agreement, then Skaar shall be entitled to purchase the interest of Philips as outlined in Section 3.3. The notice shall set forth the bona fide purchase price offered by the proposed purchaser (the "Third Party"), the terms of payment and the other terms of the sale and the identity of the Third Party. In no event shall any Owner offer to sell less than all of such Owner's undivided interest. The non-transferring Owner shall have a period of thirty (30) days after personal delivery of the notice to elect to acquire such interest at the price and upon the same terms designated in the notice. If the non-transferring Owner elects to purchase the interest, they must purchase all and not part of the interest.

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9.4 Sale to Third Party. In the event the non-transferring Owner does not elect to purchase the offered interest, the Owner giving the notice to sell shall have the right to sell the interest to the Third Party on the same terms as set forth in the notice for a period of forty-five (45) days following mailing of the notice of rejection or the expiration of the thirty (30) day period set forth in Section 9.3, whichever is earlier. After the expiration of the period to complete the sale to the Third Party, the Owner giving the notice shall not sell or transfer the interest without again complying with the terms of this Section 9. Any sale to the Third Party designated in the notice shall be subject to all of the terms of this Agreement.

Section 10. Sale of the Property.

10.1 Voluntary Sale. Upon mutual agreement of the Owners, the Property shall be sold and the net proceeds distributed to the Owners pursuant to Section 2.1, i.e. fifty percent (50%) to each owner.

10.2 Involuntary Sale. If an Owner becomes insolvent, files a petition for bankruptcy, is the subject of a petition for involuntary bankruptcy or dies (the "Triggering Event"), the other Owner shall have the right, exercisable at his or her option and superior to the rights of all other persons, to purchase the Owner's interest in the Property at a price mutually selected by the Owners, or if Owners cannot agree on a price, at the fair market value of the selling Owner's interest in the Property as determined by a mutually agreed upon appraiser. Provided, however, that if Philips is responsible for the Triggering Event and the Triggering Event occurs within forty-eight (48) months from the date of this Agreement, then Skaar shall be entitled to purchase the interest of Philips as stated in Section 3.3. If the Owners cannot agree on an appraiser, they shall jointly request an impartial third party to select the appraiser, subject to one veto apiece. The purchasing Owner shall have thirty (30) days from the date of the Triggering Event to decide whether to exercise his or her purchase rights and an additional ninety (90) days to tender the funds for the purchase to the selling Owner. Each Owner agrees to take whatever actions are necessary to complete the transaction within the time prescribed. If necessary, the parties may agree to extend the deadlines set forth in this section.

Section 11. Termination of Agreement.

11.1 Events of Termination. This Agreement shall continue until terminated by the occurrence of one of the following events:

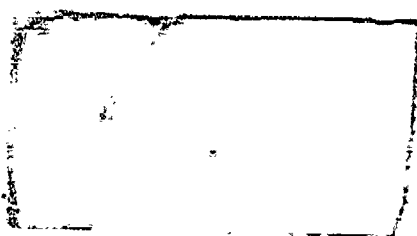
11.1.1 The joint sale of the Property by the Owners; or

11.1.2 The agreement of the Owners to terminate this Agreement.

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11.2 Effect on Obligations. The termination of this Agreement shall not affect any accrued rights or obligations of the Owners that arose prior to the termination.

Section 12. Notices. All notices shall be in writing and delivered personally or by certified mail addressed to each Owner at the addresses first set forth above, or at such other address as any Owner may hereafter designate in a writing delivered to the other Owner. A notice sent by certified mail shall be deemed received on the third (3rd) day following the date on which it is mailed.

Section 13. Attorneys' Fees. In the event of suit, action or arbitration to enforce any of the terms of this Agreement, the prevailing party or parties shall be awarded such sum as the court or arbitrator may adjudge reasonable as attorneys' fees and costs incurred in mediation and such suit, action or arbitration and in any appeal or review therefrom. No attorney fees or costs shall be awarded to a prevailing party unless that party made a good faith effort to mediate the dispute pursuant to Section 14.

Section 14. Mediation and Arbitration.

14.1 Mediation. Any dispute arising from the interpretation or operation of this Agreement or otherwise related to this Agreement shall be first submitted to mediation initiated by the request of either Owner. The Owners shall agree on a mediator within fifteen (15) days of an Owner's request for mediation. If the Owners cannot agree on a mediator in that time, either Owner may request that the Presiding Judge of Douglas County appoint a mediator. Mediation shall take place within ten (10) days of the appointment of a mediator at a time and location set by the mediator after consulting each Owner.

14.2 Arbitration. If the Owners cannot resolve their dispute through mediation, either Owner may request arbitration according to the then-existing rules of the America Arbitration Association. The demand for arbitration of the dispute shall be delivered in writing to the other party to this Agreement. The decision of the arbitrator(s) shall be final and binding on the parties. Judgment on any arbitration award may be entered in any court of competent jurisdiction. This provision shall be specifically enforceable under the laws of the State of Nevada.

Section 15. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of each of the Owners, their respective heirs, executors, administrators, legal representatives, successors and assigns.

Section 16. Amendment. This Agreement may be amended at anytime by written agreement of the Owners.

Section 17. Integration. This Agreement contains the entire agreement of the Owners and supersedes all prior and contemporaneous agreements between them with respect to the cotenancy, except agreements made in connection with the initial purchase

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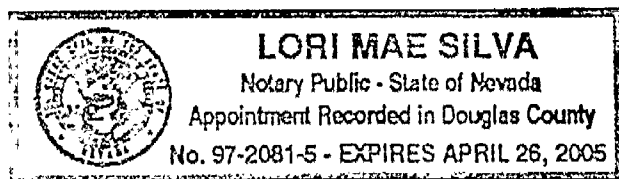
and financing of the purchase of the Property. Except as fully set forth herein, there are no representations, agreements or understandings, oral or written, among the Owners relating to the cotenancy.

Section 18. Severability. If any term or provision of this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby. Each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 19. Governing Law. This Agreement shall be subject to, and governed by, the laws of the State of Nevada.

Section 20. Recording. A memorandum of this Agreement may be recorded in the public records of Douglas County at the time the Owners take title to the Property or upon execution of this Agreement, whichever occurs last.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.





Mike Skaar

Subscribed and Sworn to before me
this 4 day of March, 2003.

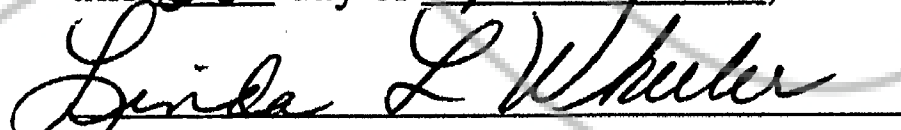


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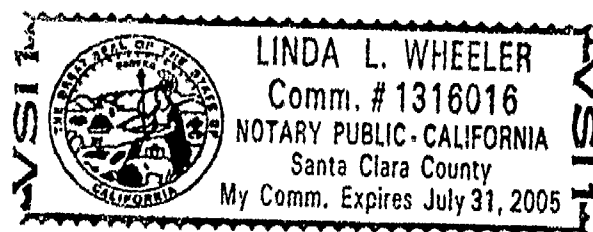


Will Philips

Subscribed and Sworn to before me
this 20 day of Feb., 2003.

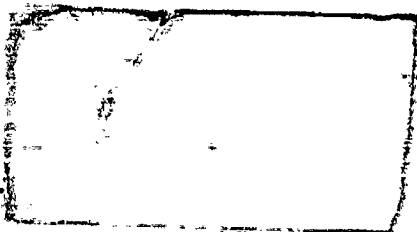


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*State of California
County of Santa Clara*



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COPY

REQUESTED BY
Stewart Title of Douglas County
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2003 MAR -5 AM 10: 59

WERNER CHRISTEN
RECORDER

25⁰⁰ PAID *Bl* DEPUTY

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