

Recording requested by
And when recorded mail to:

Z Loan & Investment, LLC.
P.O. Box 12459
Zephyr Cove, NV 89448

DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS ("Declaration") dated as of June 25, 2003 is made by LARRY A. ZAVADIL, ("Owner") in favor of Richard and Carol Auslen Trust – Carol Auslen Share dated 9/23/91 as to an undivided 9% interest, David E. Barnett as to an undivided 5% interest, John N. Donovan as to an undivided 5% interest, Mary Jane Kingman as to an undivided 7.50% interest, The Mallard Company as to an undivided 10% interest, Marvin F. Peterson as to an undivided 5% interest, Bruce E. Sarkin, MD, a Medical Corporation Pension Plan as to an undivided 5% interest, John A. Schopf, Jr. as to an undivided 7.50% interest, Tall Pine Ltd. as to an undivided 10% interest, and Z Loan & Investment, LLC as to an undivided 36% interest, its successors and assigns ("Lender").

Recitals

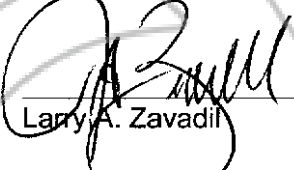
- A. Owner is the owner of that certain real property located in the County of Douglas, State of Nevada, commonly known as 442 Lakeview Avenue, Zephyr Cove, Nevada, APN 1318-16-810-005 and more particularly described in Exhibit "A" attached hereto (the "Property").
- B. Appurtenant to the Property are various rights and entitlements, including approximately Eighteen Hundred (1,800) square feet of land coverage recognized by the Tahoe Regional Planning Agency ("TRPA") and defined in the TRPA Code of Ordinances (the "Coverage").
- C. Owner has entered into a Pledge and Security Agreement in favor of Lender dated March 14, 2003, (the "Security Agreement"), whereby Owner has pledged the Coverage as security for (a) a \$2,000,000.00 loan from Lender to Larry A. Zavadil ("Borrower"), as evidenced by that certain Promissory Note dated June 25, 2003 (the "Note"); (b) future advances by Lender to Borrower, to be evidenced by similar notes; (c) all expenditures by Lender for taxes, insurance and maintenance of the Collateral insured by Lender in the collection and enforcement of the Note and other indebtedness of Borrower; and (d) all liabilities of Borrower to Lender now existing or incurred in the future matured or unmatured, direct or contingent, and any renewals, extensions and substitutions of those liabilities.
- D. Pursuant to the Security Agreement, it is the desire and intention of Owner to restrict the Property so that Owner may not, without the prior written consent of Lender, sell, contract to sell, lease, encumber, transfer, convert to a different form of development entitlement, or otherwise dispose of the Collateral or any interest therein until the Security Agreement and all debts secured by it have been fully satisfied.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Owner agrees as follows:

1. **Restriction on Use of Coverage.** Owner may not, without the prior written consent of Lender, sell, contract to sell, lease, encumber, transfer, convert to a different form of development entitlement, or otherwise dispose of the Coverage or Collateral or any interest therein until the Security Agreement and all debts secured by it have been fully satisfied.
2. **Real Covenants; Equitable Servitudes.** The rights and restrictions set forth herein shall be deemed covenants running with the land or equitable servitudes, as the case may be, shall constitute benefits to and burdens upon the Property, and shall be binding on Owner, Owner's assignees, and all persons acquiring or owning any interest in the Property.
3. **Time.** Time is of the essence of this Declaration.
4. **Miscellaneous Provisions.**
 - A. This Declaration shall be construed under and in accordance with the laws of the State of Nevada.
 - B. This Declaration shall be binding upon and inure to the benefit of the parties and their respective heirs, executives, administrators, legal representatives, successors and assigns.
 - C. Should any legal action be commenced between the parties to this Declaration concerning the Declaration or the rights and duties of either party in relation thereto, the prevailing party shall be entitled to a reasonable sum as reimbursement for attorney's fees and legal expenses.

IN WITNESS WHEREOF, this Declaration is executed as of the day and year first above written.

Owner:


Larry A. Zavadil

State of NO

ss

County of Douglas

This instrument was acknowledged before me on 6-25-03 by LARRY A. ZAVADIL.



(seal)


Signature of notarial officer

Notary Public in and for State of NO

EXHIBIT "A"

Lot 79, ELKS SUBDIVISION, as shown on the map recorded in the office of the County Recorder May 5, 1927 in the Book 1 of Maps, Douglas County Records and Amended Map recorded January 5, 1928, in Book 1 of Maps, Document No. 8537, Douglas County Records.

Excepting any portion of the above described property lying within the bed of Lake Tahoe below the line of natural ordinary high water and also excepting any artificial accretions to the land waterward of the line of natural ordinary high water or, if lake level has been artificially lowered, excepting any portion lying below an elevation of 6,223.00 feet, Lake Tahoe Datum established by NRS 321.595.

APN: 1318-16-810-005

COPY

REQUESTED BY
FIRST AMERICAN TITLE CO.
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA

2003 JUN 25 PM 4:14

WERNER CHRISTEN
RECORDER

16⁰² PAID *KZ* DEPUTY

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