

OFFICIAL RECORD

Requested By:

STEWART TITLE OF DOUGLAS

COUNTY

Douglas County - NV

Werner Christen - Recorder

Page: 1 Of 15 Fee: 31.00

BK-0805 PG- 4331 RPTT: # 0



APN: 1318-26-101-011
(formerly APN 007-180-900)

When Recorded, Mail to:

Steven C Kenninger
QMO, LLC
P.O. Box 129
Zephyr Cove, NV 89448

**MEMORANDUM OF AGREEMENT AND IRREVOCABLE SPECIAL POWER-OF-ATTORNEY
REGARDING TRANSFER OF RESIDENTIAL UNIT OF USE**

This Memorandum of Agreement and Irrevocable Special Power-of-Attorney Regarding Transfer of Residential Unit of Use ("Memorandum and Irrevocable Special Power-of-Attorney") is made as of this 1st day of July 2005 ("Effective Date"), by and between MARKET STREET BUSINESS COMPLEX, LLC, a Nevada limited liability company ("Seller") and QMO, LLC, a Nevada limited liability company ("Purchaser").

RECITALS

- A. On or about June 7, 2005, Seller and Purchaser entered into an Agreement for the Purchase and Sale of Residential Unit (the "Agreement") with respect to the sale and purchase of one (1) residential unit of use ("the Unit"), as defined in the Tahoe Regional Planning Agency ("TRPA") Code of Ordinances, appurtenant to that certain real property located in Douglas County, Nevada, as more particularly described on **Exhibit "1"** to the Memorandum and Irrevocable Special Power-of-Attorney, and commonly known as Assessor's Parcel Number 1318-26-101-011 (formerly APN 007-180-900) (the "Sending Parcel"). Seller is the sole legal and equitable owner of both the Sending Parcel and the Unit.
- B. Seller and Purchaser have executed this Memorandum and Irrevocable Special Power-of-Attorney for the limited purposes of:
 - (1) Memorializing of record the close of the sale of the Unit to Purchaser and for the purpose of affording constructive notice of such sale to all subsequent purchasers and encumbrancers;
 - (2) Granting to Purchaser an Irrevocable Special Power-of -Attorney which is set forth below relating to the transfer of the Unit from the Sending Parcel to one or more receiving parcels designated by Purchaser, or its assignees, and approved by TRPA; and
 - (3) Providing constructive notice that each successive grantee of the Sending Parcel is bound by the provisions of this Memorandum and Irrevocable Special Power-of-Attorney and is required to execute and cause to be recorded concurrently with the deed conveying title to the Sending Parcel, or any portion thereof, an agreement substantially in the form of this Irrevocable Special Power-of-Attorney Regarding Transfer of Residential Unit of Use, assuming Seller's obligations thereunder, in favor of Purchaser, or its assignees, ("Grantee Special Power of Attorney").

NOW, THEREFORE, Seller and Purchaser hereby memorialize the Agreement of record and Seller hereby grants to Purchaser, or its nominees, an irrevocable special power of attorney as follows:

1. Memorandum of Agreement. This Memorandum and Irrevocable Special Power-of-Attorney is recorded for the purpose of serving as constructive notice to all subsequent purchasers and encumbrancers that: (a) on or about July 1, 2005, Purchaser bought from Seller the Unit described on Recital A hereof which is banked on the Sending Parcel owned by Seller; (b) Purchaser is the owner of the Unit and Seller has no right, title or interest in, or claim or lien on the Unit; and (c) Purchaser is entitled to bank the Unit on the Sending Parcel pursuant to the terms of the Agreement for a period of five (5) years ending on July 1, 2010. Seller has agreed, among other things, not to use, transfer, encumber or limit the transferability of the Unit in any manner and to fully cooperate to facilitate the transfer of the Unit off of the Sending Parcel as specified by Purchaser and approved by TRPA. This Memorandum and Irrevocable Special Power-of-Attorney will further serve as constructive notice to all subsequent purchasers and encumbrancers that each successive grantee of the Sending Parcel by accepting title to all or any portion of the Sending Parcel, is bound by the provisions of this Memorandum and Irrevocable Special Power-of-Attorney and is required to execute and record a Grantee Special Power of Attorney, which obligation is a covenant running with the land binding the present and future owners of the Sending Parcel and every portion of the Sending Parcel and interest therein in favor of Purchaser and its assignee. In the event any such grantee fails to execute and record such Grantee Special Power of Attorney, then such grantee, by acceptance of its deed to the Sending Parcel, shall be deemed to have granted the powers set forth in the Grantee Special Power of Attorney to Purchaser or its assignees and shall be deemed to have assumed the obligations of Seller under the Agreement as the owner of the Sending Parcel.

2. Irrevocable Special Power-of-Attorney. Seller authorizes, empowers and appoints Purchaser, and/or its assignee(s), or a person or persons later designated by Purchaser, and/or its assignee(s), as their attorney(s)-in-fact to act as the attorney-in-fact and agent (the "Agent") for Seller, as the legal owner of both the Unit and the Sending Parcel, for the limited purposes of executing and recording all documentation and taking all action(s), from time to time, necessary to transfer (i) the Unit to an appropriate receiving parcel or parcels later designated by Purchaser (and/or its assignee(s)) and approved by TRPA, and/or (ii) to Purchaser's third party assignee(s) any or all of Purchaser's rights, authority and remedies under the Agreement to later transfer the Unit to appropriate receiving parcel(s) to be later designated by Purchaser's third party assignee(s) and approved by TRPA, including but not limited to Agent being irrevocably authorized, empowered and appointed to do each and all of the following acts:

- a) Executing and acknowledging as the attorney-in-fact of the owner of the Sending Parcel (i) the TRPA Project Review Application Form(s); (ii) any and all other and/or further TRPA required applications, forms, deeds, deed restrictions and/or other declarations of covenants, conditions, and restrictions or documents; and/or (iii) any permits or approvals issued by TRPA, which are necessary to apply for, to obtain approval for and to transfer the Unit from the Sending Parcel to an appropriate receiving parcel as approved by TRPA, including all other documentation necessary to transfer the Unit a second time, if applicable, from the first receiving parcel designated by Purchaser and approved by TRPA to a second receiving parcel designated by Purchaser and approved by TRPA.
- b) Recording on the Sending Parcel as the attorney-in-fact of the owner of the Sending Parcel all TRPA required deeds, deed restrictions and other declarations of covenants, conditions, and restrictions pertaining to the transfer the Unit from the Sending Parcel to an appropriate receiving parcel as approved by TRPA, including all other documentation necessary to transfer the Unit a second time, if applicable, from the first receiving parcel designated by Purchaser and approved by TRPA to a second receiving parcel designated by Purchaser and approved by TRPA.

(The foregoing authorized actions are sometimes collectively referred to herein as the "Authorized TRPA Designated Unit Transfer Actions and Documentation").



Seller hereby grants to Purchaser (and/or its assignee(s)) or its Agent the irrevocable power of attorney coupled with an interest to perform and execute (A) all Authorized TRPA Designated Unit Transfer Actions and Documentation and (B) all post-closing covenants and obligations of Seller under the Agreement with respect to the future transfer of the Unit from the Sending Parcel to appropriate receiving parcel(s) as approved by TRPA.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Agreement and Irrevocable Special Power-of-Army Regarding Transfer of Residential Unit of Use effective as of date first set forth above.

Seller:

MARKET STREET BUSINESS COMPLEX, LLC
A Nevada limited liability company

By: *Gordon R. Lane*
GORDON R. LANE, Member

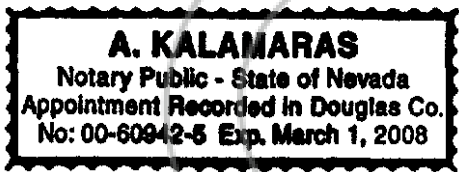
Purchaser:

QMO, LLC
A Delaware Limited Liability Company

By: *Steven C. Kenninger*
STEVEN C. KENNINGER, President

STATE OF Nevada)
County of Douglas) ss.

This instrument was acknowledged before me on August 2, 2005, by G. Randy Lane, as Member of MARKET STREET BUSINESS COMPLEX, LLC, a Nevada limited liability company.



A. Kalamaras
Notary Public
My Commission Expires: 3/1/08

STATE OF Nevada)
County of Douglas) ss.

This instrument was acknowledged before me on August 3, 2005, by Steven C. Kenninger, as Trustee of the Steven C. Kenninger Living Trust, the Managing Member of QMO, LLC, a Nevada limited liability company.

Juliette P. Snyder
Notary Public
My Commission Expires: 01/01/06

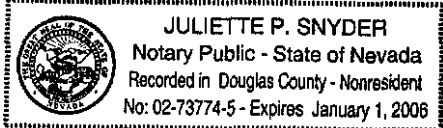


Exhibit "A"
Legal Description of Sending Parcel

(See attached.)

COPY



LEGAL DESCRIPTION

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

PARCEL NO. 1

A parcel of land situated in and being a portion of the Northeast 1/4 of the Northwest 1/4 of Section 26, Township 13 North, Range 18 East, M.D.B.&M., more particularly described as follows, to-wit:

BEGINNING at a point on the Section line between Sections 23 and 26, Township 13 North, Range 18 East, M.D.B.&M., which is 1,146.60 feet West from the 1/4 corner between Sections 23 and 26; thence South 0 degrees 08' East, 1,317.13 feet; thence North 89 degrees 42' West, a distance of 157.02 feet; thence North 0 degrees 08' West, a distance of 1,316.93 feet; thence South 89 degrees 46' East, a distance of 160.95 feet to the POINT OF BEGINNING.

EXCEPT THEREFROM that portion of said land conveyed to SPIVAK DEVELOPMENT COMPANY, a Partnership, in Deed recorded July 23, 1970 in Book 77, Page 655, Document No. 48829, Official Records.

ALSO FURTHER EXCEPTING THEREFROM all that portion of said land conveyed to KINGSBURY GENERAL IMPROVEMENT DISTRICT, a Municipal corporation, in Deed recorded March 10, 1976 in Book 376, Page 476, Document No. 88812, Official Records.

TOGETHER WITH a parcel of land situate in the Northeast Quarter of the Northwest Quarter of the Northwest Quarter of Section 26, Township 13 North, Range 18 East, M.D.B.&M. in Douglas County, Nevada, that is described as follows:

Beginning at a point on the left or westerly highway right-of-way line of the reroute of U.S. 50, project F-002-1(31), said point of beginning being 175.00 feet left of and at right angles to Highway Engineer's Station "04" 48+ 65.00 P.O.T.; and further described as bearing South 84 degrees 19'17" East a distance of 944.42 feet from the Northwest corner of Section 26, Township 13 North, Range 18 East, M.D.B.&M.; thence North 61 degrees 46'56" West along said right-of-way line a distance of 78.61 feet to a point on the right of southerly right-of-way line of SR-19 (Kingsbury Grade); thence South 88 degrees 55'43" East along said SR-19 right-of-way line a

Continued on next page

-1-



distance of 434.86 feet to a point on the easterly boundary of the Northwest Quarter of the Northwest Quarter of said Section 26, said point also being on the right or easterly highway right-of-way line; thence South 0 degrees 50'01" West along said easterly boundary a distance of 102.34 feet to a point, said point being the true point of beginning; thence South 6 degrees 58'18" West a distance of 671.14 feet to a point on the southerly boundary of that parcel of land as granted to Water Cox and John E. Michelsen, in deed recorded August 22, 1963, in Book 19, Page 135, Document No. 23282, Official Records of Douglas County, Nevada; thence South 60 degrees 41'40" East along said southerly boundary a distance of 82.28 feet to a point, said point being the southeasterly corner of said Cox and Michelsen parcel; thence North 0 degrees 03'56" East a distance of 707.55 feet to the true point of beginning.

Assessor's Parcel No. 1318-26-101-011

"IN COMPLIANCE WITH NEVADA REVISED STATUTE 111.312, THE HEREIN ABOVE LEGAL DESCRIPTION WAS TAKEN FROM INSTRUMENT RECORDED AUGUST 23, 2002, BOOK 0802, PAGE 8245, AS FILE NO. 0550370, RECORDED IN THE OFFICIAL RECORDS OF DOUGLAS COUNTY, STATE OF NEVADA."

Reference is made to Record of Survey for Robert M. Malnikoff, et al and filed for record with the Douglas County Recorder on July 6, 1993, in Book 793, at Page 693, as Document No. 311703, Official Records of Douglas County, Nevada.

PARCEL NO. 2:

TOGETHER WITH all the right, title, and interest of the Grantor in and to that certain easement for Common Roadway to service the above described parcel of land, to which said easement is appurtenant to the adjoining parcel of land, as set forth in Agreement dated December 30, 1969, executed by PHILIP H. FENN and CHARLES BARBER, recorded January 22, 1970 in Book 73, Page 38, Document No. 46935, Official Records, more particularly described as follows:

(A) A strip of land being the East 30 feet of that certain lot, piece or parcel of land situate in the county of Douglas, State of Nevada, described as follows:

BEGINNING at a point on the Section line between Sections 23 and
Continued on next page

-2-



26, Township 13 North, Range 18 East, M.D.B.&M., which is 1,146.60 feet West from the 1/4 corner between Sections 23 and 26; thence South 0 degrees 08' East, a distance of 1,317.13 feet; thence North 89 degrees 49' West, a distance of 157.02 feet; thence North 0 degrees 08' West, a distance of 1,316.93 feet; thence South 89 degrees 46' East, a distance of 160.95 feet to the POINT OF BEGINNING.

(B) A strip of land being the West 30 feet of that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

BEGINNING at a point on the Section line between Sections 23 and 26, Township 13 North, Range 18 East, M.D.B.&M., which is 1,146.60 feet West from the 1/4 corner between Sections 23 and 26; thence South 0 degrees 08' East, a distance of 1,317.13 feet; thence East 163.80 feet; thence North 1,316.93 feet; thence West, a distance of 163.80 feet to the POINT OF BEGINNING.



Exhibit "2"
Irrevocable Special Power-of-Attorney
(Grantee Form)

(See attached.)

COPY



APN: 1318-26-101-011
(formerly APN 007-180-900)

When Recorded, Mail to:

Steven C. Kenninger
QMO, LLC
P.O. Box 129
Zephyr Cove, Nevada 89448

**IRREVOCABLE SPECIAL POWER-OF-ATTORNEY
REGARDING TRANSFER OF RESIDENTIAL UNIT OF USE
AND ASSUMPTION OF OBLIGATIONS UNDER AGREEMENT**

(I) (We), _____, a _____,
and _____, a _____, do hereby
make, constitute and appoint QMO, LLC, a Delaware limited liability company, or its assignees
(collectively "QMO"), to be (my)(our) true and lawful attorney-in-fact for (me)(us) and in (my)(our)
name(s), place and stead, for the following limited purposes relating to the transfer of one (1)
Existing Residential Unit of Use (as defined in the Tahoe Regional Planning Agency ("TRPA")
Code of Ordinances and herein referred to as "Purchaser's ERU"), which Purchaser's ERU is
identified in that certain Memorandum of Agreement and Irrevocable Special Power-of-Attorney
Regarding Residential Unit of Use ("Memorandum and Irrevocable Special Power-of-Attorney")
recorded on _____, 2005 in the office of the County Recorder of Douglas County,
Nevada, as document no. _____, official records which Purchaser's ERU is appurtenant to that
certain real property situate in Douglas County, Nevada, which is described in **Exhibit "A"** hereto
("Sending Parcel"): (a) executing and submitting any and all applications to the TRPA for the
transfer of Purchaser's ERU; (b) submitting to TRPA such other applications and documents
required by TRPA to cause such transfer; (c) transferring any portion of Purchaser's ERU to one
or more receiving parcels designated by QMO or its assignees and approved by TRPA; and
(d) executing all declarations of covenants, conditions and restrictions in a form approved by
TRPA relating to the of Purchaser's ERU.

This power-of-attorney includes, but is not limited to, the power to do any or all of the
following acts:

- (1) Executing and acknowledging as the attorney-in-fact of the owner of the Sending
Parcel (i) the TRPA Project Review Application Form(s); (ii) any and all other and/or
further TRPA required applications, forms, deeds, deed restrictions and/or other
declarations of covenants, conditions and restrictions or documents; and/or (ii) any
and all other and/or further TRPA required applications, forms, deeds, deed
restrictions and/or other declarations of covenants, conditions and restrictions or

Single ERU

8/3/05

documents; and/or (iii) any permits or approvals issued by TRPA, which are necessary to apply for, to obtain approval for and to transfer any and all of Purchaser's ERU from the Sending Parcel to an appropriate receiving parcel or parcels as approved by TRPA; and

- (2) Recording on the Sending Parcel as the attorney-in-fact of the owner of the Sending Parcel all TRPA required deeds, deed restrictions and other declarations of covenants, conditions and restrictions pertaining to the transfer of any or all of Purchaser's ERU from the Sending Parcel to an appropriate receiving parcel or parcels as approved by TRPA.

(I) (We) do further hereby ratify and confirm whatever (my)(our) attorney-in-fact shall lawfully do or cause to be done by virtue of the authority granted herein.

The undersigned hereby assumes and agrees to perform all obligations of Market Street Business Complex, LLC, a Nevada limited liability company, under the Agreement (as defined in the Memorandum and Irrevocable Special Power-of-Attorney). The undersigned agrees not to encumber Purchaser's ERU and to fully cooperate with QMO or its assignees to facilitate the transfer of Purchaser's ERU from the Sending Parcel.

This Irrevocable Special Power-of-Attorney Regarding Transfer of Residential Unit of Use and Assumption of Obligations Under Agreement ("Grantee Special Power of Attorney") is coupled with an interest and is irrevocable. This Grantee Special Power of Attorney shall expire on the earlier of (i) the date of transfer of Purchaser's ERU from the Sending Parcel or (ii) July 20, 2015.

This Grantee Special Power of Attorney may be executed in one or more counterparts, each of which will constitute one original document.

Dated: _____, 2005 _____

Print Name: _____

Dated: _____, 2005 _____

Print Name: _____

Single ERU

8/3/05

STATE OF _____)
) ss.
County of _____)

This instrument was acknowledged before me on _____, 2005, by

Notary Public

My Commission Expires: _____

STATE OF _____)
) ss.
County of _____)

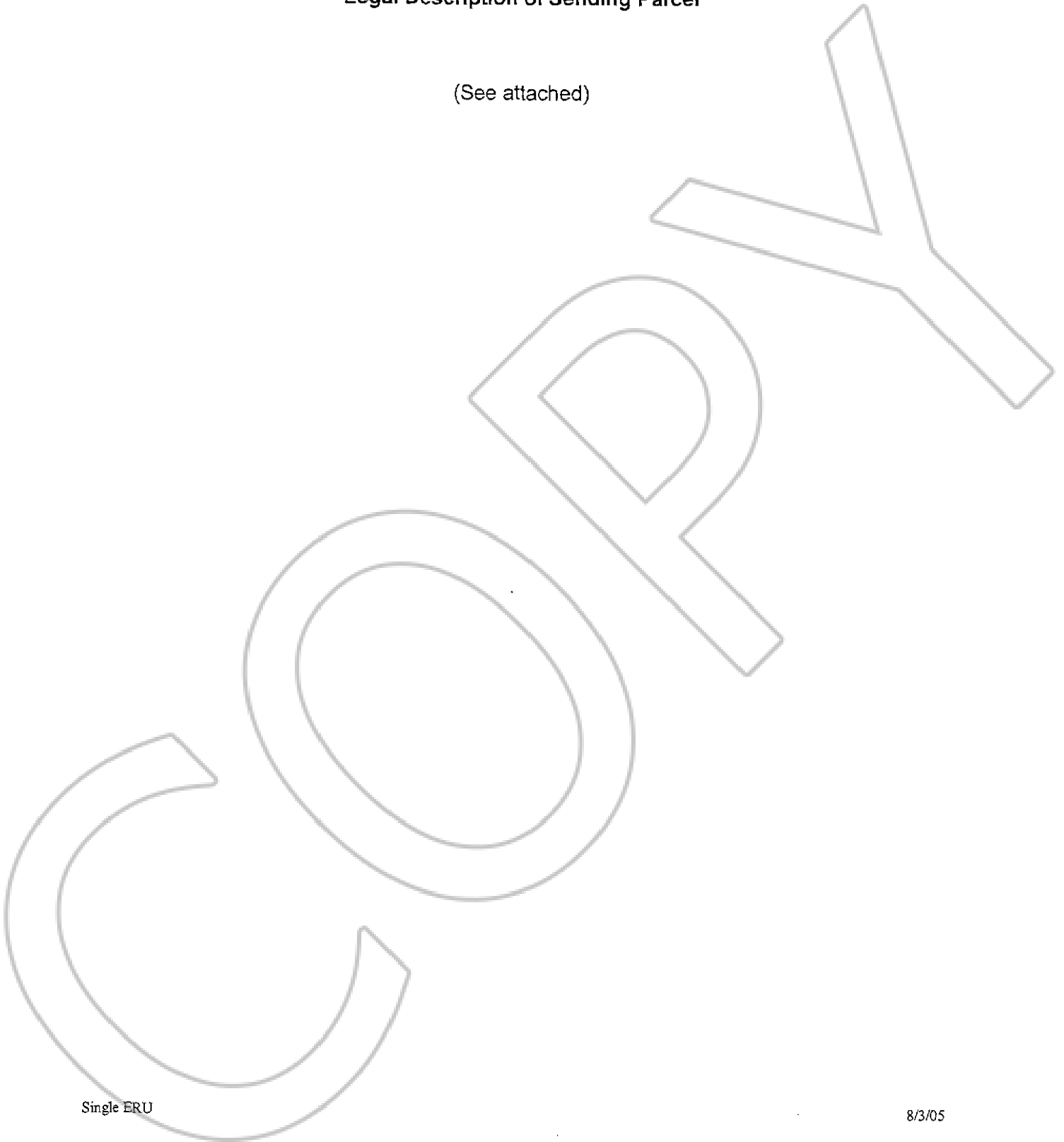
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Notary Public

My Commission Expires: _____

Exhibit "A"
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Single ERU

8/3/05

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