

OFFICIAL RECORD

Requested By:

STEWART TITLE OF DOUGLAS

COUNTY

Douglas County - NV

Werner Christen - Recorder

Page: 1 of 4 Fee: 17.00

BK-0406 PG-6941 RPTT: 0.00



APN 1318-09-810-109
Recording requested by
And when recorded mail to:

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

060200715

DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS ("Declaration") dated as of April 20, 2006 is made by GORDON R. LANE AND CAROL L. LANE, HUSBAND AND WIFE, AND KEVIN LANE, AN UNMARRIED MAN, ALL AS JOINT TENANTS WITH RIGHT OF SURVIVORSHIP, ("Owner") in favor of Z LOAN & INVESTMENT, ITS SUCCESSORS AND/OR ASSIGNS, C/O Z SERVICING, INC. ("Lender").

Recitals

- A. Owner is the owner of that certain real property located in the County of Douglas, State of Nevada, commonly known as 604 LAKE SHORE BOULEVARD, ZEPHYR COVE, NEVADA, APN 1318-09-810-109 and more particularly described in Exhibit "A" attached hereto (the "Property").
- B. Appurtenant to the Property are various rights and entitlements, including all land coverage recognized by the Tahoe Regional Planning Agency ("TRPA") and defined in the TRPA Code of Ordinances (the "Coverage").
- C. Appurtenant to or associated with the Property are plans and specifications, development rights and entitlements, whether now owned or hereafter acquired, whether now existing or hereafter arising.
- D. Owner has entered into a Pledge and Security Agreement in favor of Lender dated April 20, 2006, (the "Security Agreement"), whereby Owner has pledged the Coverage and Entitlements as security for (a) a \$510,000.00 loan from Lender to GORDON R. LANE AND CAROL L. LANE ("Borrower"), as evidenced by that certain Promissory Note dated April 20, 2006 (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.
- E. 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. Restriction on Use of Development Plans and Entitlements. 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 Development Plans and Entitlements or Collateral or any interest therein until the Security Agreement and all debts secured by it have been fully satisfied.

3. 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.

4. Time. Time is of the essence of this Declaration.

5. Miscellaneous Provisions.

A. This Declaration shall be construed under and in accordance with the laws of the State of Nevada.

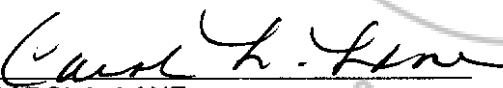
B. This Declaration shall be binding upon and inure to the benefit of the parties and their respective heirs, executives, administrators, legal representatives, successors and assigns.

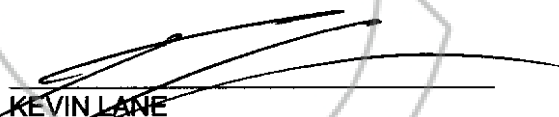
C. Should any legal action be commenced between the parties to this Declaration concerning the Declaration or the rights and duties of either party in relation thereto, the prevailing party shall be entitled to a reasonable sum as reimbursement for attorney's fees and legal expenses.

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

Owner:


GORDON R. LANE


CAROL L. LANE


KEVIN LANE

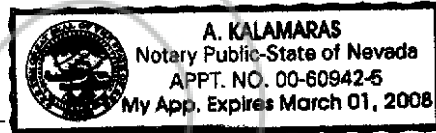
CERTIFICATE OF ACKNOWLEDGMENT

STATE OF Nevada)
COUNTY OF Douglas) ss

On April 20, 2006, before me, A. Kalamaras, personally appeared GORDON R. LANE AND CAROL L. LANE personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature [Handwritten Signature]
(seal)



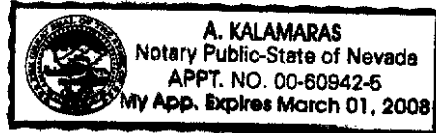
CERTIFICATE OF ACKNOWLEDGMENT

STATE OF Nevada)
COUNTY OF Douglas) ss

On April 20, 2006, before me, A. Kalamaras, personally appeared KEVIN LANE personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature [Handwritten Signature]
(seal)



"Exhibit A"

LEGAL DESCRIPTION

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

Lot 3, Block ^A as shown on the Amended Map of Subdivision No. 2, Zephyr Cove Properties, Inc., in Sections 9 and 10, Township 13 North, Range 18 East, M..D.B.&M., filed in the office of the County Recorder of Douglas County, Nevada on August 5, 1929, as Document No. 267.

Assessors Parcel. No. 1318-09-810-109

Except Therefrom: 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 ha been artificially lowered, excepting any portion lying below an elevation of 6,223.00 feet, Lake Tahoe Datum established by NRS 321.595.

