

OFFICIAL RECORD

Requested By:

WESTERN TITLE COMPANY INC

APN: 1318-15-802-008

Recording requested by
And when recorded mail to:

Z Servicing, Inc.
P.O. Box 11832
Zephyr Cove, NV 89448

Douglas County - NV
Werner Christen - Recorder

Page: 1 Of 4 Fee: 17.00
BK-1006 PG-3211 RPTT: 0.00



CC33 SLG

DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS ("Declaration") dated as of October 10, 2006 is made by **ELK POINT DEVELOPMENT, LLC, a Nevada Limited Liability Company**, ("Owner") in favor of **Z LOAN & INVESTMENT, LLC, Its Successors and/or 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 210 Elks Point Road, Zephyr Cove, Nevada, and more particularly described in Exhibit "A" attached hereto (the "Property").

B. Appurtenant to the Property are various developmental rights and entitlements, including without limitation, all Land Coverage, Commercial Floor Area, Development Plans, Permits, Building Allocations and Units of Use recognized by the Tahoe Regional Planning Agency ("TRPA") and defined in the TRPA Code of Ordinances and by Douglas County (the "Development Rights and Entitlements").

C. Owner has entered into a Pledge and Security Agreement in favor of Lender dated October 10, 2006, (the "Security Agreement"), whereby Owner has pledged the Development Rights and Entitlements as security for (a) a \$200,000.00 loan from Lender to ELK POINT DEVELOPMENT, LLC, a Nevada Limited Liability Company ("Borrower"), as evidenced by that certain Promissory Note dated October 10, 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.

D. Pursuant to the Security Agreement, it is the desire and intention of Owner to restrict the Collateral 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 Development Rights 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 developmental rights or entitlements including but not limited to all Land Coverage, Commercial Floor Area, Development Plans, Permits, Building Allocations and Units of

Use and the collateral given hereby or any interest therein until the Pledge and 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.

- i. This Declaration shall be construed under and in accordance with the laws of the State of Nevada.
- ii. 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.
- iii. 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:

ELK POINT DEVELOPMENT, LLC, a Nevada Limited Liability Company


**By: JEAN MERKELBACH, Manager of
Distinctive Homes International, LLC, its Manager**

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF Nevada)
COUNTY OF Cassias) ss

On 10/10/06, before me Sharon Goodwin
personally appeared JEAN MERKELBACH 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 _____
(seal)



EXHIBIT "A"
Legal Description

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

Parcel I:

A parcel of land located within a portion of Section 15, township 13 North, Range 18 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the Southeast corner of said Section 15; thence along the Section line common to Sections 15 and 22 North 89°54'09" West, 1,513.39 feet to a point on the Northeasterly right-of-way of U.S. Highway 50 as described in the conveyance to the State of Nevada recorded on Just 18, 1933 in the office of the Recorder of Douglas County, Nevada in Book T of Deeds, Page 436; thence along said Northeasterly right-of-way North 47°36'00" West, 674.72 feet to the Southwest corner of a parcel of land shown as Nevada Allied Industries on the Record of Survey for Nevada Allied Industries recorded September 25, 1980 in the office of the Recorder of Douglas County, Nevada, in Book 980, Page 1969, as Document No. 48927, a found 3/4" iron pipe and plug RLS 3519; the Point of Beginning; thence continuing along said Northeasterly right-of-way North 47°36'00" West 152.81 feet; thence North 43°32'23" East, 70.01 feet; thence South 47°36'25" West, 26.67 feet; thence North 42°24'00" East, 63.25 feet; thence South 47°36'52" East, 31.73 feet; thence North 42°19'21" East, 55.58 feet; thence South 47°36'00" East, 171.43 feet to a point on the Westerly right-of-way of Elks Point Road; thence along said Westerly right-of-way South 42°24'00" West, 163.84 feet; thence along the arc of a curve to the right having a delta angle of 90°00'0", radius of 25.00 feet and arc curve length of 39.27 feet to the Point of Beginning.

Parcel II:

Those certain Reciprocal Easements as described in Declaration of Reciprocal Easement dated December 18, 1998, recorded December 21, 1998, in Book 1298, Page 5054, as Document No. 457043, of Official Records of Douglas County, State of Nevada.

NOTE: The above metes and bounds description appeared previously in that certain Grant, Bargain and Sale Deed recorded in the office of the County Recorder of Douglas County, Nevada on December 2, 2003, in Book 1203, Page 1117, as Document No. 598470 of Official Records.

