

APN: SEE ATTACHED EXHIBIT "A"

**RECORDING REQUESTED BY, AND
AFTER RECORDING RETURN TO:**

Bank of the West
3000 Oak Road, Suite 400
Walnut Creek, California 94597
Attention: Kolette de Bocos
Loan No. 1000225165



The undersigned hereby affirms that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

1005676

**MEMORANDUM OF ADDITIONAL ADVANCE AGREEMENT AND
AMENDMENT TO DEED OF TRUST**

THIS MEMORANDUM OF ADDITIONAL ADVANCE AGREEMENT AND AMENDMENT TO DEED OF TRUST (this "Memorandum") is entered into as of June 4, 2008 by GENOA DEVELOPER ASSOCIATES, LLC, a Nevada limited liability company ("Borrower"), for the benefit of BANK OF THE WEST, a California banking corporation ("Agent"), and each bank, including Agent, named on the execution pages hereof and such other banks as may from time to time become a party to the Loan Agreement (hereinafter defined) pursuant to the terms of Article 17 thereof (each, including Agent, a "Bank," and collectively, including Agent, "Banks"), with reference to the following facts:

RECITALS

A. Under the terms of that certain Partially Revolving Loan Agreement/Disbursement Schedule dated as of December 14, 2006, by and between Borrower and Banks (which, together with all amendments thereto, including that certain Amendment to Partially Revolving Construction Loan Agreement dated as of December 11, 2007, is referred to herein as the "Loan Agreement"), Banks previously made a loan to Borrower (the "Existing Loan") in the original principal amount of \$32,950,000.00 evidenced by certain Notes, each Note executed by Borrower in favor of a Bank, in an aggregate amount equal to the above-stated amount of the Existing Loan, and each dated as of December 14, 2006.

B. The Existing Loan is secured by (i) that certain Deed of Trust, Assignment of Leases, Security Agreement and Fixture Filing executed by Borrower, as trustor, in favor of Agent for the Banks, as beneficiary, dated as of December 14, 2006, and recorded December 21,

2006, as Document 0691357, Official Records of Douglas County, Nevada, encumbering Borrower's interest in that certain real property located in the County of Douglas, State of Nevada and more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference, and all personal property of Borrower, as more particularly described therein (the "Deed of Trust"); and (ii) one or other security documents more particularly described in the Deed of Trust or the Loan Agreement and referred to therein as the "Security Documents" (including, without limitation, that certain UCC-1 Financing Statement, dated as of December 14, 2006, and filed March 1, 2007, File No. 2007006553-3, in the Office of the Secretary of State of the State of Nevada).

C. The Loan Agreement, the Notes, the Security Documents and all other documents and instruments heretofore executed by Borrower in favor of Banks in connection with the Existing Loan are referred to herein collectively as the "Existing Loan Documents".

D. Substantially concurrently herewith Borrower, guarantors of the Existing Loan, and Banks are entering into that certain unrecorded Additional Advance, Loan Modification, and Forebearance Agreement (the "Unrecorded Agreement"), pursuant to which, among other things, Banks are agreeing to make an additional advance loan to Borrower in the principal amount of Seven Hundred Fifty Five Thousand Seven Hundred Twenty Five and 0/100ths Dollars (\$755,725.00) (the "Additional Advance"), which shall be evidenced by certain Additional Advance Promissory Notes of even date herewith, in the aggregate principal amount of Seven Hundred Fifty Five Thousand Seven Hundred Twenty Five and 0/100ths Dollars (\$755,725.00), executed by Borrower in favor of Banks (the "Additional Advance Notes") and, in connection therewith, certain amendments to the Loan Agreement are being made. The Unrecorded Agreement, the Additional Advance Notes, this Memorandum and all other documents, instruments and agreements executed by Borrower in connection with the Unrecorded Agreement and the transactions contemplated therein (including, without limitation, any amendments to the Notes) are collectively referred to herein as the "Additional Advance Documents".

E. Borrower and Banks desire to enter into and record this Memorandum for the purposes of (i) providing constructive notice of the terms and conditions of the Unrecorded Agreement; (ii) amending the Deed of Trust to provide that it shall secure the Additional Advance Notes as well as the Notes and the Loan Agreement, as modified by the Unrecorded Agreement and the Additional Advance Documents; and (iii) providing that an event of default under the Existing Loan, the Additional Advance Notes, the Unrecorded Agreement, the Loan Agreement, as modified by the Unrecorded Agreement, the Notes, as modified by the Additional Advance Documents, or all, shall be deemed to be an event of default under the Deed of Trust.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, Borrower and Lender hereby agree as follows:

1. Notes, the Additional Advance Notes, the Unrecorded Agreement, and Loan Agreement, as Amended, Secured: The Notes, the Additional Advance Notes, the

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Memorandum_of_Additional_Advance_to_Deed_of_Trust.DOC

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Unrecorded Agreement, and the Loan Agreement, as amended by the Unrecorded Agreement and the Additional Advance Documents, all shall be and remain secured by the Deed of Trust and the other Security Documents, as amended hereby.

2. Modification of Deed of Trust: The Deed of Trust shall be and is hereby modified as follows:

2.1. Wherever the term "Loan" appears in the Deed of Trust, it shall be deemed to refer collectively to both the Existing Loan and the Additional Advance, as amended by the Unrecorded Agreement and the Additional Advance Documents;

2.2. Wherever the term "Notes" appears in the Deed of Trust, it shall be deemed to refer collectively to both the Notes and the Additional Advance Notes, as amended by the Unrecorded Agreement and the Additional Advance Documents;

2.3. Wherever the term "Loan Agreement" appears in the Deed of Trust, it shall be deemed to refer to the Loan Agreement, as amended by the Unrecorded Agreement and the Additional Advance Documents;

2.4. Wherever the term "Deed of Trust" appears in the Deed of Trust, it shall be deemed to refer to the Deed of Trust, as amended hereby;

2.5. Wherever the term "Security Documents" appears in the Deed of Trust, it shall be deemed to refer to such respective documents, as amended by the Unrecorded Agreement or the documents and agreements executed and delivered in connection therewith; and

2.6. Wherever the term "Loan Documents" appears in the Deed of Trust, it shall be deemed to refer collectively to the Existing Loan Documents, the Additional Advance Documents, and the Unrecorded Agreement.

3. No Other Modifications to Deed of Trust: The Deed of Trust and the other Existing Loan Documents shall continue in full force and effect, subject only to the modifications set forth in the Additional Advance Documents and the Unrecorded Agreement.

4. Purpose of Memorandum: This Memorandum has been prepared for the purpose of providing constructive notice of the contents hereof and, except as expressly provided herein, it in no way modifies the terms of the Existing Loan Documents.

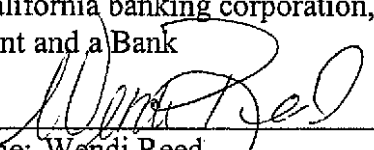
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IN WITNESS WHEREOF, the parties have executed this Memorandum the day and year first above written.

AGENT AND BANKS:

BANK OF THE WEST,
a California banking corporation,
Agent and a Bank

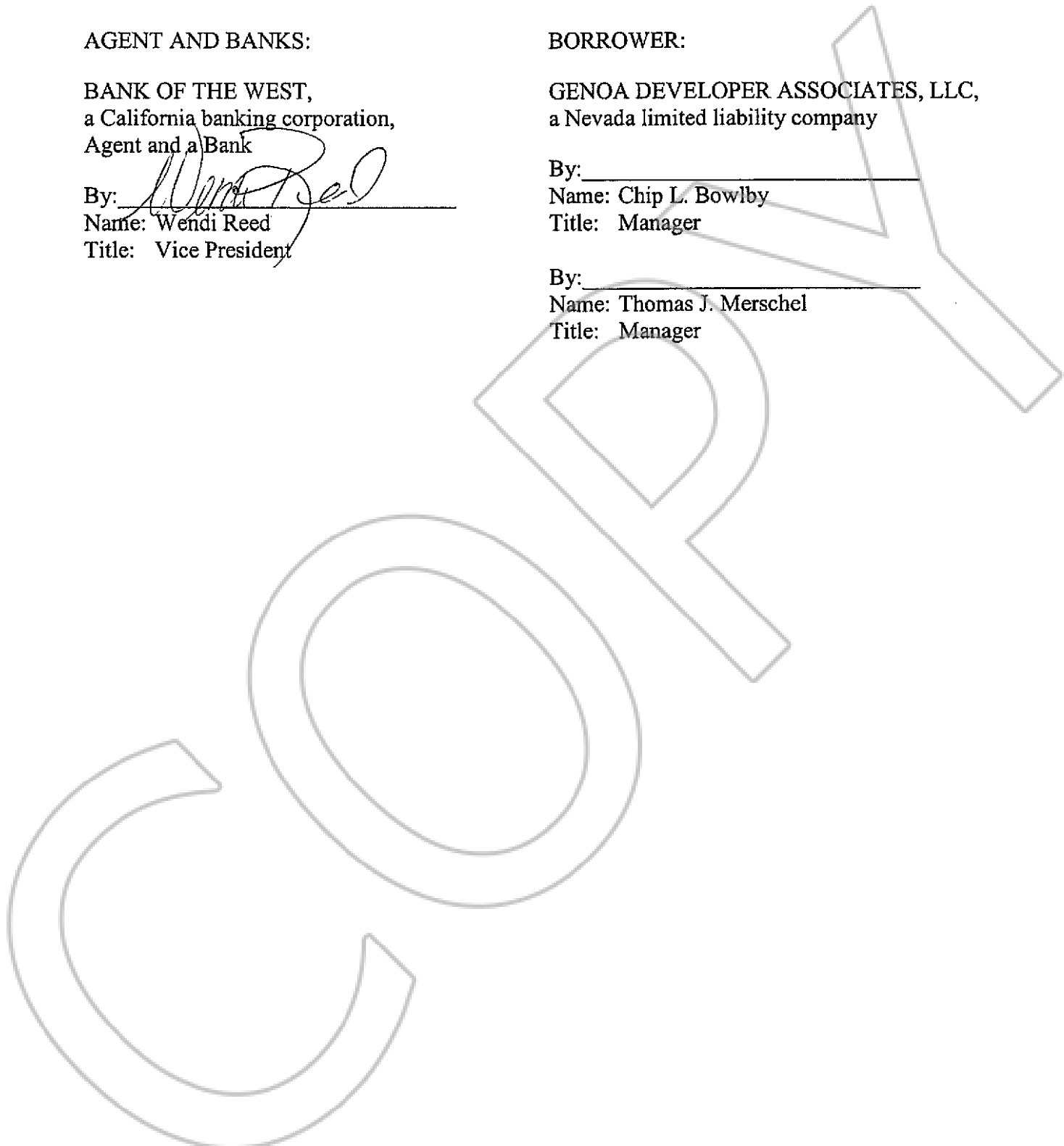
By: 
Name: Wendi Reed
Title: Vice President

BORROWER:

GENOA DEVELOPER ASSOCIATES, LLC,
a Nevada limited liability company

By: _____
Name: Chip L. Bowlby
Title: Manager

By: _____
Name: Thomas J. Merschel
Title: Manager



IN WITNESS WHEREOF, the parties have executed this Memorandum the day and year first above written.

AGENT AND BANKS:

BANK OF THE WEST,
a California banking corporation,
Agent and a Bank

By: _____
Name: Wendi Reed
Title: Vice President

BORROWER:

GENOA DEVELOPER ASSOCIATES, LLC,
a Nevada limited liability company

By: _____
Name: Chip L. Bowlby
Title: Manager

By: _____
Name: Thomas J. Merschel
Title: Manager



State of California)
County of CONTRA COSTA)

On JUNE 6, 2008, ~~20~~ before me, GAIL SAMSON, a Notary Public, personally appeared **Wendi Reed, as Vice President of Bank of the West**, who proved to me on the basis of satisfactory evidence to be the person/persons whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

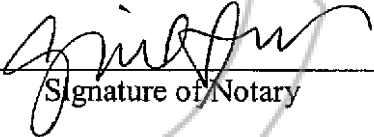
Signature of Notary

State of California)
County of CONTRA COSTA)

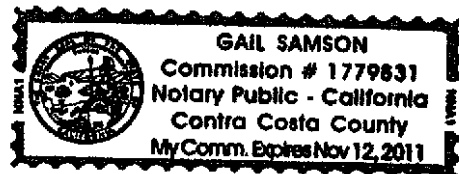
On JUNE 6, 2008 before me, GAIL SAMSON, a Notary Public, personally appeared WENDI REED, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by ^{her} his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature of Notary

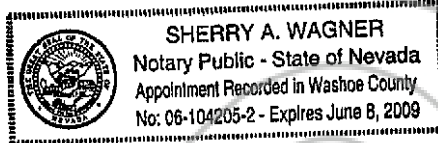


STATE OF NEVADA)
)
COUNTY OF WASHOE)

This instrument was acknowledged before me on June 6, 2008, by Chip L. Bowlby, as Manager of Genoa Developer Associates, LLC., Manager of MDG NV Builders, LLC., Manager of Montaheno Investment, LLC., and as Trustee of the Bowlby Living Trust

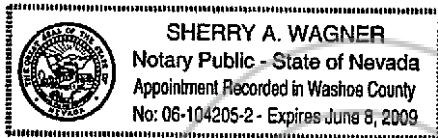

Notary Public
My Commission Expires: 6/8/2009

STATE OF NEVADA)
)
COUNTY OF Washoe)



This instrument was acknowledged before me on June 6, 2008, by Thomas J. Merschel, as Manager of Genoa Developer Associates, LLC., Manager of Toyon Investments, LLC., and as Trustee of the Thomas and Virginia Living Trust


Notary Public
My Commission Expires: 6/8/2009



**EXHIBIT A
LEGAL DESCRIPTION TO MEMORANDUM**

COPY



CONSENT OF GUARANTORS


THE UNDERSIGNED, each of whom in connection with the loan referred to in the foregoing Agreement executed one or more Guaranty(ies) dated as of December 14, 2006, in favor of Banks, hereby consents to and approves the foregoing Memorandum and confirms that the Guaranty(ies) continue in full force and effect as to the Loan as supplemented and/or amended by the foregoing Memorandum.



CHIP BOWLBY


THOMAS MERSCHER

MDG NV BUILDERS, LLC, a Nevada
limited liability company

By: 


Its: Manager, CHIP BOWLBY

MONTAHENO INVESTMENT, LLC, a Nevada
limited liability company

By: 

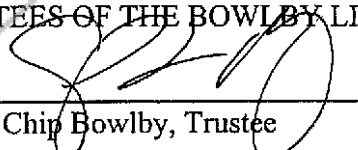
Its: Manager, CHIP BOWLBY

TOYON INVESTMENTS, LLC, a Nevada limited
liability company

By: 

Its: Manager, THOMAS MERSCHER

CHIP BOWLBY AND DEBRA BOWLBY,
TRUSTEES OF THE BOWLBY LIVING TRUST

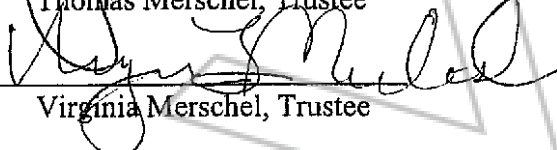
By: 

Chip Bowlby, Trustee



THOMAS MERSCHEL AND VIRGINIA
MERSCHEL, TRUSTEES OF THE THOMAS &
VIRGINIA LIVING TRUST

By: 
Thomas Merschel, Trustee

By: 
Virginia Merschel, Trustee

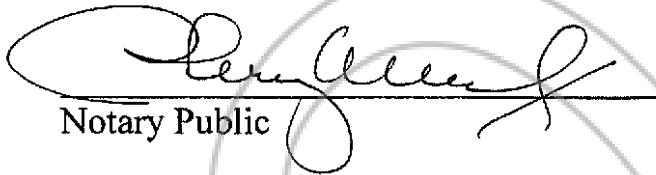


Acknowledgment

State of Nevada
County of Washoe, SS.

On this, the 6th day of June, 2008, before me Sherry A. Wagner a notary public, the undersigned, personally appeared Thomas J. Merschel and Virginia L Merschel, known to me (~~or satisfactorily proven~~) to be the person(s) whose name(s) are subscribed to the within instrument, and acknowledge that he / she / (they) executed the same for the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.


Notary Public

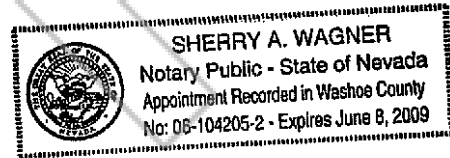


EXHIBIT "A"

The land referred to herein situate in the State of Nevada, County of Douglas, described as follows:

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

Lots 1 through 9, inclusive, Block A; Lot 11, Block B; Lots 12, 21, and 22, Block C; Lot 29, Block D and Lots 39 and 41, Block E, of the Final Subdivision Map, a Planned Unit Development, PD-0016/LDA 02-008 for CANYON CREEK MEADOWS, PHASE 1, filed in the office of the Douglas County Recorder on February 11, 2004 in Book 0204, at Page 4470, as Document No. 604356

APN's 1419-26-310-002 through 008; 1419-26-410-006, 009, 010, 012, 014; 1419-26-710-006, 007, 013 and 015

AND THE FOLLOWING:

Lots 1 through 4, inclusive, Block A; Lots 6, 8, 11, 12, 13, 15 and 16, inclusive, Block B; Lots 17 through 22, inclusive, Lots 24 through 34, Block D; Lots 35 through 43, inclusive, Block E, and Open Space Parcels A, B, C, D and E as set out on the Final Subdivision Map, a Planned Unit Development, 05-001 for MONTANA Phase 2A and 2B, filed in the office of the Douglas County Recorder on December 12, 2006 in Book 1206, at Page 3576, as Document No. 690467.

APN's 1419-26-411-002 through 007; 1419-26-411-013, 014, 016 through-018, 021, 023, 1419-26-411-025 through 028; 1419-35-110-001 through 007; 1419-35-110-009 through 014; 1419-35-110-016; 1419-35-110-018 through 023; 1419-26-411-001, 008, 031; 1419-35-110-015, 017

AND THE FOLLOWING:

Lots 1 through 8, inclusive, Block, Block A; Lots 9 through 11, inclusive, Block B; Lots 12 through 15, inclusive, Block C; Lots 16 through 23, inclusive, block D, Lots 24 through 31, inclusive, Block E; Lots 32 through 52, inclusive, Block F; and Lots 53 through 55, inclusive, Block G and OPEN SPACE F as set out on the Final Subdivision Map, a Planned Unit Development PD 05-001 for MONTANA Phase 2C, 2D, and 2E, filed in the office of the Douglas County Recorder on December 17, 2007 in Book 1207, Page 3697, as Document No. 714941.

APNS's: 1419-26-412-001 through 008; 1419-26-412-010 through 016; 1419-26-413-001 through 003; 1419-26-414-001 through 024, 1419-26-413-004

