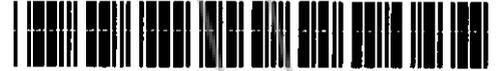


APN: 1318-09-810-109

Recording requested by
And when recorded mail to:

Michael E. Reese and Jeanne M. Reese
2009 Revocable Trust dated April 23, 2009
P. O. Box 3047
Auburn, CA 95662

Douglas County - NV
Karen Ellison - Recorder
Page: 1 Of 4 Fee: 17.00
BK-0611 PG- 4909 RPTT: 0.00



DECLARATION OF RESTRICTIONS

THIS DECLARATION OF RESTRICTIONS ("Declaration") dated as of June 23, 2011 is made by MARLA BAY DEVELOPMENT, LLC, ("Owner") in favor of Michael E. Reese and Jeanne M. Reese 2009 Revocable Trust dated April 23, 2009, P. O. Box 3047, Auburn, CA 95604 ("Lender").

Recitals

- A. Owner is the owner of that certain real property located in the County of Douglas, State of Nevada, commonly known as 602 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, and permits, whether now owned or hereafter acquired, whether now existing or hereafter arising (the "Development Plans and Entitlements").
- D. Owner has entered into a Pledge and Security Agreement in favor of Lender dated June 23, 2011, (the "Security Agreement"), whereby Owner has pledged the Development Rights and Entitlements as security for (a) a \$300,000.00 loan from Lender to MARLA BAY DEVELOPMENT, LLC ("Borrower"), as evidenced by that certain Promissory Note dated June 23, 2011 (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, Permits 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:

MARLA BAY DEVELOPMENT, LLC
By: MBD Manager, LLC, its Manager

By: Wayne Snyder
Wayne Snyder, Manager of MBD Manager, LLC

By: Michael J. Sigala
Michael J. Sigala, Manager of MBD Manager, LLC

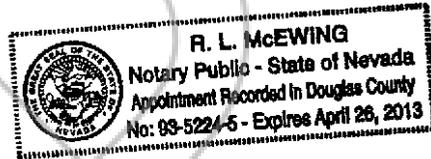
CERTIFICATE OF ACKNOWLEDGMENT

STATE OF Nevada
COUNTY OF Douglas } ss

On 6/23/11 before me, R. L. McEwing,
personally appeared **WAYNE SNYDER** 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)



CERTIFICATE OF ACKNOWLEDGMENT

STATE OF Nevada
COUNTY OF Douglas } ss

On 6/23/11 before me, R. L. McEwing,
personally appeared **MICHAEL J. SIGALA** 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 certain real property situate in the County of DOUGLAS, State of Nevada, described as follows:

Lot 3, Block A as shown on the AMENDED MAP OF ZEPHYR COVE PROPERTIES, INC. SUBDIVISION NO. 2, 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.

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

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