

DOUGLAS COUNTY, NV

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FIRST AMERICAN TITLE PASEO VERDE

KAREN ELLISON, RECORDER

APN: 1318-22-002-108

**RECORDING REQUESTED BY
WHEN RECORDED MAIL TO:**

Mosaic Real Estate Credit, LLC
1880 Century Park East, Suite 300
Los Angeles, CA 90067
Attn.: Vicky Schiff

(Space Above For Recorder's Use)

**DEED OF TRUST,
SECURITY AGREEMENT AND FINANCING STATEMENT
(WITH FUTURE ADVANCE CLAUSE)**

by

TAHOE BEACH CLUB, LLC,
a Nevada limited liability company

(**Trustor**)

to

FIRST AMERICAN TITLE INSURANCE COMPANY

(**Trustee**)

for the benefit of

MOSAIC TAHOE BEACH CLUB, LLC,
a Delaware limited liability company

(**Beneficiary**)

DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT (this "Security Instrument") is made as of December 23, 2016 ("Effective Date"), by **TAHOE BEACH CLUB, LLC**, a Nevada limited liability company ("Trustor"), the address of which is P.O. Box 12520, Zephyr Cove, Nevada 89448, to First American Title Insurance Company ("Trustee"), the address of which is 3281 E. Gausti Road, Suite 440, Ontario, California 91761, for the benefit of **MOSAIC TAHOE BEACH CLUB, LLC**, a Delaware limited liability company (together with its successors and assigns, "Beneficiary"), the address of which is 1880 Century Park East, Suite 300, Los Angeles, CA 90067.

WITNESSETH

TRUSTOR HEREBY IRREVOCABLY GRANTS, BARGAINS, SELLS, TRANSFERS, MORTGAGES, CONVEYS AND ASSIGNS TO TRUSTEE, IN TRUST FOR THE BENEFIT OF BENEFICIARY, WITH POWER OF SALE AND RIGHT OF ENTRY, all of Trustor's right, title and interest now owned or hereafter acquired in and to the following property, all of which is hereinafter collectively defined as the "Property":

A. All that certain land situated at 300-346 Eugene Drive, Stateline, Nevada, more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Land"), together with all of the easements, rights, privileges, franchises, tenements, hereditaments and appurtenances now or hereafter thereunto belonging or in any way appertaining and all of the estate, right, title, interest, claim and demand whatsoever of Trustor therein or thereto, either at law or in equity, in possession or in expectancy, now or hereafter acquired;

B. All structures, buildings and improvements of every kind and description now or at any time hereafter located or placed on the Land, other than the trailer homes located upon the Property (the "Improvements");

C. All furniture, furnishings, fixtures, goods, equipment, inventory or personal property owned by Trustor and now or hereafter located on, attached to or used in and about the Improvements, including, but not limited to, all machines, engines, boilers, dynamos, elevators, stokers, tanks, cabinets, awnings, screens, shades, blinds, carpets, draperies, lawn mowers, and all appliances, plumbing, heating, air conditioning, lighting, ventilating, refrigerating, disposal and incinerating equipment, and all fixtures and appurtenances thereto, and such other goods and chattels and personal property owned by Trustor as are now or hereafter used or furnished in operating the Improvements, or the activities conducted therein, and all building materials and equipment hereafter situated on or about the Land or the Improvements, and all warranties and guaranties relating thereto, and all additions thereto and substitutions and replacements therefor (exclusive of any of the foregoing owned or leased by tenants of space in the Improvements);

D. All easements, rights of way, strips and gores of land, vaults, streets, ways, alleys, passages, sewer rights, air rights and other development rights now or hereafter located on or appurtenant to the Land and/or the Improvements or under or above the same or any part or parcel thereof, and all estates, rights, titles, interests, tenements, hereditaments and

appurtenances, reversions and remainders whatsoever, in any way belonging, relating or appertaining to the Land and/or the Improvements or any part thereof, or which hereafter shall in any way belong, relate or be appurtenant thereto, whether now owned or hereafter acquired by Trustor, including, without limitation, all rights as the declarant under any declaration to be recorded by Trustor affecting the Land in accordance with the Loan Agreement;

E. All water, ditches, wells, reservoirs and drains and all water, ditch, well, reservoir and drainage rights which are appurtenant to, located on, under or above or used in connection with the Land and/or the Improvements, or any part thereof, and all rights under "will-serve" letters relating to the Land and/or the Improvements and any and all water stock relating to the Land and/or the Improvements, whether now existing or hereafter created or acquired;

F. All minerals, crops, timber, trees, shrubs, flowers and landscaping features now or hereafter located on, under or above the Land;

G. All cash funds, deposit accounts and other rights and evidence of rights to investments or cash, now or hereafter created or held by Beneficiary pursuant to this Security Instrument or any other of the Loan Documents (as hereinafter defined), including, without limitation, all funds now or hereafter on deposit in any reserves or accounts held by or on behalf of Beneficiary pursuant to this Security Instrument or any other of the Loan Documents (including, without limitation, the reserves established pursuant to Article I of this Security Instrument) (collectively, the "Reserves");

H. All leases (including, without limitation, oil, gas and mineral leases), licenses, rental agreements, concessions and occupancy agreements of all or any part the Land and/or the Improvements now or hereafter entered into (each, a "Lease" and collectively, "Leases"), and all rents, royalties, issues, profits, revenue, income and other benefits (collectively, the "Rents and Profits") of the Land and/or the Improvements, now or hereafter arising from the use or enjoyment of all or any portion thereof or from any present or future Lease or other agreement pertaining thereto or arising from any of the Contracts (as hereinafter defined) or any of the General Intangibles (as hereinafter defined) and all cash or securities deposited to secure performance by the tenants, lessees, licensees or occupants (each, a "Tenant" and collectively, "Tenants"), as applicable, of their obligations under any such Leases, whether said cash or securities are to be held until the expiration of the terms of said Leases or applied to one or more of the installments of rent coming due prior to the expiration of said terms, subject to, however, the provisions contained in Section 1.8 herein below;

I. All contracts and agreements now or hereafter entered into covering any part of the Land and/or the Improvements (except Leases) (collectively, the "Contracts") and all revenue, income and other benefits thereof, including, without limitation, management agreements, service contracts, maintenance contracts, equipment leases, personal property leases and any contracts or documents relating to construction on any part of the Land and/or the Improvements (including plans, drawings, surveys, tests, reports, bonds and governmental approvals) or to the management or operation of any part of the Land and/or the Improvements;

J. All present and future deposits given to any public or private utility with respect to utility services furnished to any part of the Land and/or the Improvements;

K. All present and future funds, accounts, instruments, accounts receivable, documents, causes of action, claims, general intangibles (including without limitation, patents, copyrights, trademarks, trade names, service marks and symbols now or hereafter used in connection with any part of the Land and/or the Improvements, all names by which the Land or the Improvements may be operated or known, all rights to carry on business under such names, and all rights, interest and privileges which Trustor has or may have as developer or declarant under any covenants, restrictions or declarations now or hereafter relating to the Land and/or the Improvements) and all notes or chattel paper now or hereafter arising from or by virtue of any transactions related to the Land and/or the Improvements (collectively, the “General Intangibles”);

L. All water taps, sewer taps, certificates of occupancy, permits, licenses, franchises, certificates, consents, approvals and other rights and privileges now or hereafter obtained in connection with the Land and/or the Improvements and all present and future warranties and guaranties relating to the Improvements or to any equipment, fixtures, furniture, furnishings, personal property or components of any of the foregoing now or hereafter located or installed on the Land and/or the Improvements;

M. All building materials, supplies and equipment now or hereafter placed on the Land and/or in the Improvements and all architectural renderings, models, drawings, plans, specifications, studies and data now or hereafter relating to the Land and/or the Improvements;

N. All right, title and interest of Trustor in any insurance policies or binders now or hereafter referred to in clauses (A)-(M) and (O)-(T) including any unearned premiums thereon;

O. All proceeds, products, substitutions and accessions (including without limitation, claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards;

P. All present and future tax refunds relating to the Property, including, without limitation, all real estate and personal property taxes, assessments and impositions, whether special or general, and any similar governmental charges or assessments that are levied upon the Property;

Q. All deposits, reserves, deferred payments, rebates, refunds and returns of money or property paid or deposited with any governmental body, agency or authority, any public or private utility district or company, insurance companies or any other person in all claims, causes of action, judgments and settlements at any time arising from damage to, taking of or any loss, impairment or diminution in value of any of the Land and/or Improvements;

R. All contracts of sale, deposits, down payments, payments and reservations of rights to purchase relating to the sale of condominium units to be constructed on the Land; and

S. All present and future development rights, special declarant’s rights or other development-related rights described in Nevada Revised Statutes (“NRS”) Chapter 116.

T. All other or greater rights and interests of every nature in the Land and/or the Improvements and in the possession or use thereof and income therefrom, whether now owned or hereafter acquired by Trustor.

FOR THE PURPOSES OF SECURING:

(1) The debt evidenced by that certain Promissory Note (such Promissory Note, together with any and all renewals, modifications, consolidations and extensions thereof, substitutions therefor, replacements thereof and any other evidence of indebtedness given in exchange therefor, is hereinafter referred to as the "Note") signed as of the Effective Date, made by Trustor and Beach Club Development, LLC, a Nevada limited liability company ("BCD Borrower" and together with Trustor, jointly and severally, collectively and individually, "Borrower") to the order of Beneficiary in the original maximum principal amount of up to **EIGHTY SEVEN MILLION AND NO/100 DOLLARS (\$87,000,000.00)**, together with interest thereon as therein provided, and any other promissory note or notes (or other evidence of indebtedness) given by Trustor to Lender with respect to debts incurred in connection with the Property, which make reference to this Security Instrument, including, without limitation, any amendment or restatement of the Note, up to the aggregate maximum principal amount of **ONE HUNDRED SEVENTY-FOUR MILLION AND NO/100 DOLLARS (\$174,000,000.00)**;

(2) The full and prompt payment and performance of all of the provisions, agreements, covenants and obligations contained herein, in that certain Loan Agreement dated as of the date hereof (as amended, modified, or revised, from time to time, the "Loan Agreement"), and in any other agreements, documents or instruments now or hereafter evidencing, securing, guaranteeing or otherwise relating to the indebtedness evidenced by the Note (collectively, with the Note, this Security Instrument, the Loan Agreement, any interest rate cap agreement required under the Loan Documents, and such other agreements, documents and instruments executed and/or delivered in connection with the Loan, together with any and all renewals, amendments, extensions and modifications thereof, supplements thereof and other changes of any kind thereto are hereinafter collectively referred to as the "Loan Documents") and the payment of all other amounts therein covenanted to be paid and performance of all other obligations therein covenanted to be performed;

(3) Any and all additional advances made by Beneficiary to protect or preserve the Property or the lien or security interest created hereby on or in the Property, or for Taxes, assessments or insurance premiums as hereinafter provided or for performance of any of Trustor's obligations hereunder or under the other Loan Documents or for any other purpose provided herein or in the other Loan Documents (whether or not the original Trustor remains the owner of the Property at the time of such advances); and

(4) Any and all other indebtedness now owing or which may hereafter be owing by Trustor to Beneficiary, including, without limitation, Yield Maintenance, the Exit Fee (as such terms are defined in the Note) and any other prepayment fees, however and whenever incurred or evidenced, whether express or implied, direct or indirect, absolute or contingent, or due or to become due, and all renewals, modifications, consolidations, replacements and extensions thereof.

All of the sums referred to in Paragraphs (1) through (4) above are herein sometimes referred to as the "secured indebtedness" or the "indebtedness secured hereby". Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Loan Agreement.

TO HAVE AND TO HOLD the above granted and described Property, together with all and singular the rights, hereditaments and appurtenances in any way appertaining or belonging thereto, unto Trustee and Trustee's successors or substitutes in this trust, and for their successors and assigns, in trust and for the uses and purposes hereafter set forth, forever, subject, however, to all Permitted Exceptions (defined in Section 1.1 below).

Trustor, for Trustor and Trustor's successors and assigns, hereby agrees to warrant and forever defend, all and singular, title to the Property unto Beneficiary, and Beneficiary's successors or substitutes in this trust, forever, against every person whomsoever lawfully claiming, or to claim, the same or any part thereof;

PROVIDED, HOWEVER, that if Trustor shall pay in full or cause to be paid in full to Beneficiary the secured indebtedness and all other covenants contained in the Loan Documents shall have been performed on or before the Maturity Date, then this Security Instrument shall be satisfied and the estate, right, title and interest of Beneficiary in the Property shall cease, and, upon payment to Beneficiary of all reasonable costs and expenses incurred for the preparation of the release hereinafter referenced and all recording costs, if allowed by law, Beneficiary shall release this Security Instrument and the lien hereof by proper instrument.

NOTWITHSTANDING ANYTHING TO THE CONTRARY, in no event shall this Security Instrument be deemed to secure, in any way, the obligations arising under the Completion Agreement, the Carveout Guaranty or the Environmental Indemnity Agreement (or any other separate guaranty or indemnity accepted by Beneficiary in connection with the Loan).

ARTICLE I

REPRESENTATIONS, WARRANTIES AND COVENANTS OF TRUSTOR

For the purpose of further securing the indebtedness secured hereby and for the protection of the security of this Security Instrument, for so long as the indebtedness secured hereby or any part thereof remains unpaid, Trustor covenants and agrees as follows:

1.1 Certain Representations, Warranties and Covenants of Trustor. Trustor, for itself and its successors and assigns, does hereby represent, warrant and covenant to and with Beneficiary, its successors and assigns, that, except as disclosed to Beneficiary in writing prior to the Effective Date, or as set forth in the Permitted Exceptions (as defined below):

(a) Trustor has good and marketable title to the Land and to the Improvements located thereon, subject only to those matters set forth on Exhibit B hereto (the "Permitted Exceptions") or in any agreement with respect to the KGID Property, and has full power and lawful authority to grant, bargain, sell, convey, assign, transfer and mortgage the Land and the Improvements located thereon in the manner and form hereby done or intended. Trustor will preserve Trustor's interest in and title to the Land and to the Improvements located thereon and will forever warrant and defend the same to Beneficiary against any and all claims whatsoever

and will forever warrant and defend the validity and priority of the lien and security interest created herein against the claims of all persons and parties whomsoever, subject to the Permitted Exceptions. The foregoing warranty of title shall survive the foreclosure of this Security Instrument and shall inure to the benefit of and be enforceable by Beneficiary in the event Beneficiary acquires title to the Land and to the Improvements located thereon pursuant to any foreclosure.

(b) The Land and the Improvements, and the intended use thereof by Trustor comply in all material respects with all applicable restrictive covenants, zoning ordinances, subdivision and building codes, flood disaster laws, applicable health and environmental laws and regulations and all other ordinances, orders or requirements issued by any state, federal or municipal authorities having or claiming jurisdiction over the Property. The Land and the Improvements constitute one or more separate tax parcels for purposes of ad valorem taxation. The Land and the Improvements do not require any rights over, or restrictions against, other property in order to comply with any of the aforesaid governmental ordinances, orders or requirements or such rights over or restrictions against have been obtained. Without limitation of the foregoing, the Improvements have been (or will be) designed and shall be constructed and completed, and thereafter maintained, in strict accordance and full compliance with all of the requirements of the Americans with Disabilities Act, of July 26, 1990, Pub. L. No. 101-336, 104 Stat. 327, 42 U.S.C. § 12101, et. seq., as amended from time to time. Trustor shall be responsible for all ADA compliance costs. All certifications, permits, licenses and approvals, including, without limitation, certificates of completion and occupancy permits required for the legal use, occupancy and operation of the Property as a condominium building, whether temporary or permanent, have been obtained (or will be obtained in the ordinary course) and are (or will be) in full force and effect. Trustor shall keep and maintain, or cause Property Manager to keep and maintain, all certifications, permits, licenses and approvals necessary for the operation of the Property as a condominium building.

(c) All utility services necessary and sufficient for the full use, occupancy, operation and disposition of the Land and the Improvements for their intended purposes are (or will be) available to the Property, including water, storm sewer, sanitary sewer, gas, electric, cable and telephone facilities, through public rights of way or perpetual private easements approved by Beneficiary.

(d) Intentionally omitted.

(e) All curb cuts, driveways and traffic signals shown on the survey delivered to Beneficiary prior to the execution and delivery of this Security Instrument are existing and have been fully approved by the appropriate governmental authority.

(f) The Property is free from delinquent water charges, sewer rents, taxes and assessments.

(g) As of the date of this Security Instrument, the Property is free from unrepaid material damage caused by fire, flood, accident or other casualty.

(h) As of the date of this Security Instrument, no part of the Land or the Improvements has been taken in condemnation, eminent domain or like proceeding nor is any such proceeding pending or, to Trustor's knowledge and belief, threatened or contemplated.

(i) Intentionally omitted.

(j) Trustor has delivered to Beneficiary true, correct and complete copies of any Contracts and all amendments thereto or modifications thereof.

(k) Each Contract constitutes the legal, valid and binding obligation of Trustor and, to the best of Trustor's knowledge and belief, is enforceable against any other party thereto. No default exists, or with the passing of time or the giving of notice or both would exist, under any Contract which would, in the aggregate, have a material adverse effect on Trustor or the Property.

(l) No Contract provides any party with the right to obtain a lien or encumbrance upon the Property superior to the lien of this Security Instrument.

(m) Trustor and the Property are free from any past due obligations for sales and payroll taxes, including, but not limited to, transient accommodation taxes.

1.2 Defense of Title. If, while this Security Instrument is in force, the title to the Property or the interest of Beneficiary therein shall be the subject, directly or indirectly, of any action at law or in equity, or be attached, directly or indirectly, or endangered, clouded or adversely affected, directly or indirectly, in any manner, Trustor, at Trustor's expense, shall take all necessary and proper steps for the defense of said title or interest, including without limitation the employment of counsel approved by Beneficiary, the prosecution or defense of litigation, and the compromise or discharge of claims made against said title or interest. Notwithstanding the foregoing, in the event that Beneficiary determines that Trustor is not adequately performing Trustor's obligations under this Section 1.2, or reasonably determines that a conflict of interest or potential conflict of interest exists therein, Beneficiary may, without limiting or waiving any other rights or remedies of Beneficiary hereunder, take such steps, with respect thereto as Beneficiary shall deem necessary or proper and any and all reasonable costs and expenses paid by Beneficiary in connection therewith shall be immediately paid by Trustor on demand and shall be secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note; provided that if such reasonable costs and expenses incurred by Beneficiary are not repaid by Trustor on or prior to the date that is fifteen (15) days after written request by Beneficiary, such repayment obligation shall accrue interest at the Default Interest Rate from the date incurred by Beneficiary until actually paid by Trustor.

1.3 Performance of Obligations. Trustor shall pay when due the principal of and the interest on the indebtedness evidenced by the Note. Trustor shall also pay all charges, fees and other sums required to be paid by Trustor as provided in the Loan Documents, and shall observe, perform and discharge all obligations, covenants and agreements to be observed, performed or discharged by Trustor set forth in the Loan Documents in accordance with their terms. Further, Trustor shall promptly perform and comply, in all material respects, with all covenants, conditions, obligations and prohibitions required of Trustor in connection with any other

document or instrument affecting title to the Property, or any part thereof, regardless of whether such document or instrument is superior or subordinate to this Security Instrument.

1.4 Insurance. Trustor shall, at Trustor's expense, maintain in force and effect on the Property at all times while this Security Instrument continues in effect all required insurance pursuant to the Loan Agreement.

1.5 Payment of Taxes. Trustor shall pay or cause to be paid all Taxes which are or may become a lien on the Property or which are assessed against or imposed upon the Property. Trustor shall furnish Beneficiary with receipts (or if receipts are not immediately available, with copies of canceled checks evidencing payment with receipts to follow promptly after they become available) showing payment of such Taxes at least fifteen (15) days prior to the applicable delinquency date therefor. Notwithstanding the foregoing, Trustor may in good faith, by appropriate proceedings and upon notice to Beneficiary, contest the validity, applicability or amount of any asserted Tax so long as (a) such contest is diligently pursued, (b) Beneficiary determines, in Beneficiary's reasonable opinion, that, if such Tax is not paid, such contest suspends the obligation to pay the Tax and that nonpayment of such Tax will not result in the sale, loss, forfeiture or diminution of the Property or any part thereof or any interest of Beneficiary therein, and, (c) prior to the earlier of the commencement of such contest or the delinquency date of the asserted Tax, Trustor deposits in the Tax and Insurance Reserve an amount reasonably determined by Beneficiary to be adequate to cover the payment of such Tax (if unpaid) and a reasonable additional sum to cover possible interest, costs and penalties; provided, however, that Trustor shall promptly cause to be paid any amount adjudged by a court of competent jurisdiction to be due, with all interest, costs and penalties thereon, promptly after such judgment becomes final and non-appealable; and provided, further, that as and when each such contest shall be concluded, the Taxes, interest, costs and penalties shall be paid prior to the date any writ or order is issued under which the Property may be sold, lost or forfeited.

1.6 Casualty and Condemnation. Trustor shall give Beneficiary prompt written notice of the occurrence of any casualty affecting, or the institution of any proceedings for eminent domain or for the condemnation of, the Property or any portion thereof. All insurance proceeds on the Property, and all causes of action, claims, compensation, awards and recoveries for any damage, condemnation or taking of all or any part of the Property or for any damage or injury to the Property for any loss or diminution in value of the Property, are hereby assigned to and shall be paid to Beneficiary. Beneficiary may participate in any suits or proceedings relating to any such proceeds, causes of action, claims, compensation, awards or recoveries and Beneficiary is hereby authorized, in Beneficiary's own name or in Trustor's name, to adjust any loss covered by insurance or any condemnation claim or cause of action, and to settle or compromise any claim or cause of action in connection therewith, and Trustor shall from time to time deliver to Beneficiary any instruments required to permit such participation, provided, however, that, so long as no Default or Event of Default shall have occurred and be continuing, Beneficiary shall not have the right to participate in the adjustment of any loss which is not in excess of twenty percent (20%) of the then outstanding principal balance of the Note. Beneficiary shall apply any sums received by Beneficiary under this Section 1.6, first, to the payment of all of Beneficiary's reasonable costs and expenses (including, but not limited to, reasonable legal fees and disbursements) incurred in obtaining those sums, and, then, as follows:

(a) In the event that less than ten percent (10%) of the Improvements have been taken or destroyed, then if:

(1) no Event of Default is then continuing hereunder or under any of the other Loan Documents, and

(2) the Property can, in Beneficiary's reasonable judgment, with diligent restoration or repair, be returned to a condition at least equal to the condition thereof that existed prior to the casualty or partial taking causing the loss or damage within the earlier to occur of (i) nine (9) months after the receipt of insurance proceeds or condemnation awards by either Trustor or Beneficiary and (ii) six (6) months prior to the then applicable Maturity Date, and

(3) all necessary governmental approvals can be obtained to allow the timely restoration and repair of the Property as described in Section 1.6(a)(2) above, and the reoccupancy thereof, and

(4) there are sufficient sums available (through insurance proceeds or condemnation awards and contributions by Trustor, the full amount of which shall, at Beneficiary's option, have been deposited with Beneficiary) for such restoration or repair (including, without limitation, for any reasonable costs and expenses of Beneficiary to be incurred in administering said restoration or repair) and for payment of principal and interest to become due and payable under the Note during such restoration or repair, and

(5) the economic feasibility of the Improvements after such restoration or repair will be such that income from their operation is reasonably anticipated to be sufficient to pay operating expenses of the Property and debt service on the indebtedness secured hereby in full in accordance with Beneficiary's then current underwriting standards, and

(6) in the event that the insurance proceeds or condemnation awards received as a result of such casualty or partial taking exceed twenty percent (20%) of the then outstanding principal balance of the Note, Trustor shall have delivered to Beneficiary, at Trustor's sole cost and expense, an appraisal report in form and substance reasonably satisfactory to Beneficiary appraising the value of the Property as proposed to be restored or repaired to be not less than the appraised value of the Property prior to the occurrence of the casualty or partial taking, as reasonably determined by Beneficiary, and

(7) Trustor so elects by written notice delivered to Beneficiary within five (5) days after settlement of the aforesaid insurance or condemnation claim, then, Beneficiary shall, solely for the purposes of such restoration or repair, advance so much of the remainder of such sums as may be required for such restoration or repair, and any funds deposited by Trustor therefor, to Trustor in the manner and upon such terms and conditions as would be required by a prudent construction lender, including, but not limited to, the prior reasonable approval by Beneficiary of plans and specifications, contractors and form of construction contracts and the furnishing to Beneficiary of permits, bonds, lien waivers, invoices, receipts and affidavits from contractors and subcontractors, in form and substance satisfactory to Beneficiary in Beneficiary's

discretion, with any remainder being applied by Beneficiary for payment of the indebtedness secured hereby in whatever order Beneficiary directs in its absolute discretion.

(b) In all other cases, namely, in the event that ten percent (10%) or more of the Improvements have been taken or destroyed or Trustor does not elect to restore or repair the Property pursuant to clause (a), above, or otherwise fails to meet any of the requirements of subsection (a) above of this Section 1.6, then, in any of such events, Beneficiary may elect, in Beneficiary's absolute discretion and without regard to the adequacy of Beneficiary's security, to do either of the following: (1) accelerate the Maturity Date and declare any and all indebtedness secured hereby to be immediately due and payable and apply the remainder of such sums received pursuant to this Section 1.6(b) to the payment of the indebtedness secured hereby in whatever order Beneficiary directs, in Beneficiary's absolute discretion, with any remainder being paid to Trustor, or, (2) notwithstanding that Trustor may have elected not to restore or repair the Property pursuant to the provisions of Section 1.6(a)(7) above, require Trustor to restore or repair the Property in the manner and upon such terms and conditions as would be required by a prudent construction lender, including, but not limited to: the deposit by Trustor with Beneficiary, within thirty (30) days after demand therefor, of any deficiency necessary in order to assure the availability of sufficient funds to pay for such restoration or repair, including without limitation Beneficiary's costs and expenses incurred in connection therewith; the prior approval by Beneficiary of plans and specifications, contractors and form of construction contracts; and the furnishing to Beneficiary of permits, bonds, lien waivers, invoices, receipt and affidavits from contractors and subcontractors, in form and substance satisfactory to Beneficiary in Beneficiary's discretion, and apply the remainder of such sums toward such restoration and repair, with any balance thereafter remaining being applied by Beneficiary for payment of the indebtedness secured hereby in whatever order Beneficiary directs in Beneficiary's absolute discretion.

Any reduction in the indebtedness secured hereby resulting from Beneficiary's application of any sums received by Beneficiary hereunder shall take effect only when Beneficiary actually receives such sums and elects to apply such sums to the indebtedness secured hereby and, in any event, the unpaid portion of the indebtedness secured hereby shall remain in full force and effect and Trustor shall not be excused in the payment thereof. Partial payments received by Beneficiary, as described in the preceding sentence, shall be applied, first, to the final payment due under the Note and, thereafter, to installments due under the Note in the inverse order of their due date. If Trustor elects or Beneficiary directs Trustor to restore or repair the Property after the occurrence of a casualty or partial taking of the Property as provided above, Trustor shall promptly and diligently, at Trustor's sole cost and expense and regardless of whether the insurance proceeds or condemnation award, as appropriate, shall be sufficient for the purpose, restore, repair, replace and rebuild the Property as nearly as possible to the Property's value, condition and character immediately prior to such casualty or partial taking in accordance with the foregoing provisions and Trustor shall pay to Beneficiary all reasonable costs and expenses of Beneficiary incurred in administering said rebuilding, restoration or repair, provided the Beneficiary makes such proceeds or award available for such purpose. Trustor agrees to execute and deliver from time to time such further instruments as may be requested by Beneficiary to confirm the foregoing assignment to Beneficiary of any award, damage, insurance proceeds, payment or other compensation. Beneficiary is hereby irrevocably constituted and appointed the attorney in fact of Trustor (which power of attorney shall be irrevocable so long as any indebtedness secured

hereby is outstanding, shall be deemed coupled with an interest, shall survive the voluntary or involuntary dissolution of Trustor and shall not be affected by any disability or incapacity suffered by Trustor subsequent to the date hereof), with full power of substitution, subject to the terms of this Section 1.6, to settle for, collect and receive any such awards, damages, insurance proceeds, payments or other compensation from the parties or authorities making the same, to appear in and prosecute any proceedings therefor and to give receipts and acquittances therefor.

1.7 Mechanics' Liens. Trustor shall pay when due all claims and demands of mechanics, materialmen, laborers and others for any work performed or materials delivered for the Land or Improvements; provided, however, that Trustor shall have the right to contest in good faith any such claim or demand, so long as Trustor does so diligently, by appropriate proceedings and without prejudice to Beneficiary and provided that neither the Property nor any interest therein would be in any danger of sale, loss or forfeiture as a result of such proceeding or contest. In the event Trustor shall contest any such claim or demand, Trustor shall promptly notify Beneficiary of such contest and thereafter shall, upon Beneficiary's request, promptly (but in no event later than thirty (30) days after the date of such request) provide a bond complying with the requirements of NRS Chapter 108, cash deposit or other security satisfactory to Beneficiary to protect Beneficiary's interest and security should the contest be unsuccessful. If Trustor shall fail to timely discharge or provide security against any such claim or demand as aforesaid, Beneficiary may do so and any and all expenses incurred by Beneficiary, together with interest thereon at the Default Interest Rate from the date paid by Beneficiary until actually paid by Trustor, shall be immediately paid by Trustor on demand and shall be secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note.

1.8 Rents and Profits. As an additional source for the payment of the indebtedness secured hereby, and cumulative of any and all rights and remedies provided for herein, Trustor hereby absolutely and presently assigns to Beneficiary all existing and future Rents and Profits. Subject to the provisions of NRS Chapter 107A, Trustor hereby grants to Beneficiary the sole, exclusive and immediate right, without taking possession of the Property, to demand, collect (by suit or otherwise), receive and give valid and sufficient receipts for any and all of said Rents and Profits, for which purpose Trustor does hereby irrevocably make, constitute and appoint Beneficiary as Trustor's attorney-in-fact with full power to appoint substitutes or a trustee to accomplish such purpose (which power of attorney shall be irrevocable so long as any indebtedness secured hereby is outstanding, shall be deemed to be coupled with an interest, shall survive the voluntary or involuntary dissolution of Trustor and shall not be affected by any disability or incapacity suffered by Trustor subsequent to the date hereof). Beneficiary shall be without liability for and is hereby released from any loss which may arise from a failure or inability to collect Rents and Profits, proceeds or other payments. However, until the occurrence of an Event of Default under this Security Instrument, Trustor shall have a license to collect and receive the Rents and Profits when due and prepayments thereof for not more than one (1) month prior to due date thereof. Upon the occurrence and during the continuance of an Event of Default hereunder, Trustor's license shall automatically terminate without notice to Trustor or, if required by law, immediately upon written demand for the Rents and Profits made by Beneficiary to Trustor and Beneficiary may thereafter, without taking possession of the Property, collect the Rents and Profits itself or by an agent or receiver. From and after the termination of such license, Trustor shall be the agent of Beneficiary in collection of the Rents and Profits and

all of the Rents and Profits so collected by Trustor shall be held in trust by Trustor for the sole and exclusive benefit of Beneficiary and Trustor shall, within one (1) business day after receipt of any Rents and Profits, pay the same to Beneficiary to be applied by Beneficiary as hereinafter set forth. Neither the demand for nor collection of Rents and Profits by Beneficiary shall constitute any assumption by Beneficiary of any obligations under any Lease or other agreement relating thereto. Beneficiary is obligated to account only for such Rents and Profits as are actually collected or received by Beneficiary. Trustor irrevocably agrees and consents that the respective payors of the Rents and Profits shall, upon demand and notice from Beneficiary of an Event of Default hereunder, pay said Rents and Profits to Beneficiary without liability to determine the actual existence of any Event of Default claimed by Beneficiary. Trustor hereby waives any right, claim or demand which Trustor may now or hereafter have against any such payor by reason of such payment of Rents and Profits to Beneficiary, and any such payment shall discharge such payor's obligation to make such payment to Trustor. All Rents and Profits collected or received by Beneficiary shall be applied against all expenses of collection, including, without limitation, reasonable attorneys' fees, against costs of operation and management of the Property and against the indebtedness secured hereby, in whatever order or priority as to any of the items so mentioned as Beneficiary directs in Beneficiary's sole subjective discretion and without regard to the adequacy of its security. Neither the exercise by Beneficiary of any rights under this Section 1.8 nor the application of any Rents and Profits to the secured indebtedness shall cure or be deemed a waiver of any Event of Default hereunder. The assignment of Rents and Profits hereinabove granted shall continue in full force and effect during any period of foreclosure or redemption with respect to the Property. Notwithstanding anything to the contrary contained herein, upon the cure of an Event of Default by Trustor pursuant to the terms of the Loan Documents, Trustor's license to collect and receive the Rents and Profits when due shall be reinstated.

1.9 Intentionally Omitted.

1.10 Payment of Utilities, Assessments, Charges, Etc. Trustor shall pay when due all utility charges which are incurred by Trustor or which may become a charge or lien against any portion of the Property for gas, electricity, water and sewer services furnished to the Land and/or the Improvements and all other assessments or charges of a similar nature, or assessments payable pursuant to any restrictive covenants, whether public or private, affecting the Land and/or the Improvements or any portion thereof, whether or not such assessments or charges are or may become liens thereon.

1.11 Access Privileges and Inspections. Beneficiary and the agents, representatives and employees of Beneficiary shall, subject to the rights of Tenants, have full and free access to the Land and the Improvements and any other location where books and records concerning the Property are kept at all reasonable times for the purposes of inspecting the Property and of examining, copying and making extracts from the books and records of Trustor relating to the Property. Trustor shall lend reasonable assistance to all such agents, representatives and employees of Beneficiary. Beneficiary shall have the right to take one (1) asset management trip a year at Trustor's cost and expense, not to exceed Five Hundred Dollars (\$500) per trip.

1.12 Waste; Alteration of Improvements. Trustor shall not commit, suffer or permit any intentional waste on the Property nor take any actions that might invalidate any insurance

carried on the Property. Trustor shall maintain the Property in good condition and repair. No part of the Improvements may be removed, demolished or materially altered, without the prior written consent of Beneficiary. Without the prior written consent of Beneficiary, Trustor shall not commence construction of any improvements on the Land except pursuant to the terms of the Loan Agreement.

1.13 Zoning. Without the prior written consent of Beneficiary, Trustor shall not seek, make, suffer, consent to or acquiesce in any change in the zoning or conditions of use of the Land or the Improvements, except as provided in the Loan Agreement. Trustor shall comply with and make all payments required under the provisions of any covenants, conditions or restrictions affecting the Land or the Improvements. Trustor shall materially comply with all existing and future requirements of all governmental authorities having jurisdiction over the Property. Trustor shall keep all licenses, permits, franchises and other approvals necessary for the operation of the Property in full force and effect. Trustor shall operate the Property in such a manner as to allow the operation thereof as a condominium development and shall maintain any non-conforming use for so long as the indebtedness secured hereby is outstanding. Trustor shall not cause or permit any nonconforming use of the Land and the Improvements to be discontinued or abandoned without the prior written consent of Beneficiary.

1.14 Security Interest. This Security Instrument is also intended to encumber and create a security interest in, and Trustor hereby grants to Beneficiary a security interest in, all sums on deposit with Beneficiary in any of the Reserves set forth herein and all fixtures, chattels, accounts, equipment, inventory, contract rights, General Intangibles and other personal property included within the Property (other than the trailer homes located upon the Property), all renewals, replacements of any of the aforementioned items, or articles in substitution therefor or in addition thereto or the proceeds thereof excluding in all cases any trailer homes on the Property (all of said property is hereinafter referred to collectively as the "Collateral"), whether or not the same shall be attached to the Land or the Improvements in any manner. It is hereby agreed that to the extent permitted by law, all of the foregoing Collateral is to be deemed and held to be a part of and affixed to the Land and the Improvements. The foregoing security interest shall also cover Trustor's leasehold interest in any of the foregoing property which is leased by Trustor. Notwithstanding the foregoing, all of the foregoing property shall be owned by Trustor and no leasing or installment sales or other financing or title retention agreement in connection therewith shall be permitted without the prior written approval of Beneficiary, which approval shall not be unreasonably withheld, conditioned, or delayed. Trustor shall, from time to time upon the request of Beneficiary, supply Beneficiary with a current inventory of all of the Collateral in which Beneficiary is granted a security interest hereunder, in such detail as Beneficiary may reasonably require. Trustor shall promptly replace all of the Collateral subject to the lien or security interest of this Security Instrument when worn or obsolete with Collateral comparable to the worn out or obsolete Collateral when new and will not, without the prior written consent of Beneficiary, remove from the Land or the Improvements any of the Collateral subject to the lien or security interest of this Security Instrument except such as is replaced by an article of equal suitability and value as above provided, owned by Trustor free and clear of any lien or security interest except that created by this Security Instrument and the other Loan Documents and except as otherwise expressly permitted by the terms of this Security Instrument. All of the Collateral shall be kept at the location of the Land except as otherwise required by the

terms of the Loan Documents. Trustor shall not use any of the Collateral in violation of any applicable statute, ordinance or insurance policy.

1.15 Security Agreement. This Security Instrument constitutes a security agreement between Trustor and Beneficiary with respect to the Collateral in which Beneficiary is granted a security interest hereunder, and, cumulative of all other rights and remedies of Beneficiary hereunder, Beneficiary shall have all of the rights and remedies of a secured party under any applicable Uniform Commercial Code. Trustor hereby agrees to execute and deliver on demand and hereby irrevocably constitutes and appoints Beneficiary the attorney in fact of Trustor to execute and deliver and, if appropriate, to file with the appropriate filing officer or office such security agreements, financing statements, continuation statements or other instruments as Beneficiary may request or require in order to impose, perfect or continue the perfection of the lien or security interest created hereby. Except with respect to Rents and Profits to the extent specifically provided herein to the contrary, Beneficiary shall have the right of possession of all cash, securities, instruments, negotiable instruments, documents, certificates and any other evidences of cash or other property or evidences of rights to cash rather than property, which are now or hereafter a part of the Property and Trustor shall promptly deliver the same to Beneficiary, endorsed to Beneficiary, without further notice from Beneficiary. Trustor agrees to furnish Beneficiary with notice of any change in the name, identity, organizational structure, residence, or principal place of business or mailing address of Trustor within ten (10) days of the effective date of any such change (without implying Beneficiary's consent to any such change in violation of the provisions of this Security Instrument). During the continuance of any Event of Default, Beneficiary shall have the rights and remedies as prescribed in the Security Instrument, or as prescribed by general law, or as prescribed by any applicable Uniform Commercial Code, all at Beneficiary's election. Any disposition of the Collateral may be conducted by an employee or agent of Beneficiary. Any person, including without limitation both Trustor and Beneficiary, shall be eligible to purchase any part or all of the Collateral at any such disposition. Expenses of retaking, holding, preparing for sale, selling or the like (including, without limitation, Beneficiary's reasonable attorneys' fees and legal expenses), together with interest thereon at the Default Interest Rate from the date incurred by Beneficiary until actually paid by Trustor, shall be paid by Trustor on demand and shall be secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note. Beneficiary shall have the right to enter upon the Land and the Improvements or any real property where any of the Collateral which is the subject of the security interest granted herein is located to take possession of, assemble and collect the same or to render it unusable, or Trustor, upon demand of Beneficiary, shall assemble such Collateral and make it available to Beneficiary at the Land, a place which is hereby deemed to be reasonably convenient to Beneficiary and Trustor. If notice is required by law, Beneficiary shall give Trustor at least ten (10) days' prior written notice of the time and place of any public sale of such Collateral or of the time of or after which any private sale or any other intended disposition thereof is to be made, and if such notice is sent to Trustor, as the same is provided for the mailing of notices herein, it is hereby deemed that such notice shall be and is reasonable notice to Trustor. No such notice is necessary for any such Collateral which is perishable, threatens to decline speedily in value or is of a type customarily sold on a recognized market. Any sale made pursuant to the provisions of this Section 1.15 shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with the foreclosure sale as provided in Section 3.1 hereof upon giving the same notice with respect to the sale of the Property hereunder as is required

under said Section 3.1. Furthermore, to the extent permitted by law, in conjunction with, in addition to or in substitution for the rights and remedies available to Beneficiary pursuant to any applicable Uniform Commercial Code:

(a) In the event of a foreclosure sale, the Property may, at the option of Beneficiary, be sold as a whole; and

(b) It shall not be necessary that Beneficiary take possession of the aforementioned Collateral, or any part thereof, prior to the time that any sale pursuant to the provisions of this Section 1.15(b) is conducted and it shall not be necessary that said Collateral, or any part thereof, be present at the location of such sale; and

(c) Beneficiary may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Beneficiary, including the sending of notices and the conduct of the sale, but in the name and on behalf of Beneficiary.

The name and address of Trustor (as Debtor under any applicable Uniform Commercial Code) is:

BEACH CLUB DEVELOPMENT, LLC
P.O. Box 12520,
Zephyr Cove, Nevada 89448
Attention: Robert Mecay

The name and address of Beneficiary (as Secured Party under any applicable Uniform Commercial Code) are:

MOSAIC TAHOE BEACH CLUB, LLC
c/o Mosaic Real Estate Credit, LLC
1880 Century Park East, Suite 300
Los Angeles, California 90067
Attention: Vicky Schiff

1.16 Easements and Rights of Way. Trustor shall not grant any easement or right of way with respect to all or any portion of the Land or the Improvements without the prior written consent of Beneficiary. The purchaser at any foreclosure sale hereunder may, at the purchaser's discretion, disaffirm any easement or right of way granted in violation of any of the provisions of this Security Instrument and may take immediate possession of the Property free from, and despite the terms of, such grant of easement or right of way. If Beneficiary consents to the grant of an easement or right of way, Beneficiary shall be paid a standard review fee of Five Hundred Dollars (\$500), together with all other expenses, including, without limitation, reasonable attorneys' fees, incurred by Beneficiary in the review of Trustor's request and in the preparation of documents effecting the subordination.

1.17 Compliance with Laws. Trustor shall at all times comply with all statutes, ordinances, orders, regulations and other governmental or quasi-governmental requirements and private covenants now or hereafter relating to the ownership, construction, use or operation of the Property, including, but not limited to, those concerning employment and compensation of

persons engaged in operation and maintenance of the Property and any environmental or ecological requirements, even if such compliance shall require structural changes to the Property; provided, however, that, Trustor may, upon providing Beneficiary with security reasonably satisfactory to Beneficiary, proceed diligently and in good faith to contest the validity or applicability of any such statute, ordinance, regulation or requirement so long as during such contest the Property shall not be subject to any lien, charge, fine or other liability and shall not be in danger of being forfeited, lost or closed. Trustor shall not use or occupy, or allow the use or occupancy of, the Property in any manner which violates any Lease to the Property or any applicable law, rule, regulation or order or which constitutes a public or private nuisance or which makes void, voidable or cancelable, or increases the premium of, any insurance then in force with respect thereto.

1.18 Additional Taxes. In the event of the enactment after this date of any law of the state where the Property is located or of any other governmental entity deducting from the value of the Property for the purpose of taxation any lien or security interest thereon, or imposing upon Beneficiary the payment of the whole or any part of the taxes or assessments or charges of liens herein required to be paid by Trustor, or changing in any way the laws relating to the taxation of mortgages or security agreements or debts secured by mortgages or security agreements or the interest of the Beneficiary or secured party in the property covered thereby, or the manner of collection of such taxes, so as to adversely affect this Security Instrument or the indebtedness secured hereby or Beneficiary, then, and in any such event, Trustor, upon demand by Beneficiary, shall pay such taxes, assessments, charges or liens, or reimburse Beneficiary therefor; provided, however, that if in the opinion of counsel for Beneficiary (a) it might be unlawful to require Trustor to make such payment, or (b) the making of such payment might result in the imposition of interest beyond the maximum amount permitted by law, then and in either such event, Beneficiary may elect, by notice in writing given to Trustor, to declare all of the indebtedness secured hereby to be and become due and payable in full ninety (90) days from the giving of such notice.

1.19 Secured Indebtedness. It is understood and agreed that this Security Instrument shall secure payment of not only the indebtedness evidenced by the Note but also any and all substitutions, replacements, renewals and extensions of the Note, any and all indebtedness and obligations arising pursuant to the terms hereof and any and all indebtedness and obligations arising pursuant to the terms of any of the other Loan Documents (excluding, however, the Completion Agreement, the Carveout Guaranty, and the Environmental Indemnity Agreement, and any other separate guaranty or indemnity accepted by Beneficiary in connection with the Loan), all of which indebtedness is equally secured with and has the same priority as any amounts advanced as of the date hereof. It is agreed that any future advances made by Beneficiary to or for the benefit of Trustor from time to time (including, without limitation), whether made under this Security Instrument or the other Loan Documents or otherwise and whether or not such advances are obligatory or are made at the option of Beneficiary, or otherwise, made for any purpose, and all interest accruing thereon, shall be equally secured by this Security Instrument and shall have the same priority as all amounts, if any, advanced as of the date hereof, although there may be no indebtedness outstanding at the time any such advance is made, and unless otherwise expressly provided in a written instrument executed by Trustor and Beneficiary shall be subject to all of the terms and provisions of this Security Instrument. It

shall be an Event of Default hereunder if Trustor shall file or record a notice limiting the maximum principal amount which may be secured by this Security Instrument.

1.20 Trustor's Waivers. To the full extent permitted by law, Trustor agrees that Trustor shall not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, moratorium or extension, or any law now or hereafter in force providing for the reinstatement of the indebtedness secured hereby prior to any sale of the Property to be made pursuant to any provisions contained herein or prior to the entering of any decree, judgment or order of any court of competent jurisdiction, or any right under any statute to redeem all or any part of the Property so sold. Trustor, for Trustor and Trustor's successors and assigns, and for any and all persons ever claiming any interest in the Property, to the full extent permitted by law, hereby knowingly, intentionally and voluntarily with and upon the advice of competent counsel: (a) waives, releases, relinquishes and forever forgoes all rights of valuation, appraisal, stay of execution, reinstatement and notice of election or intention to mature or declare due the secured indebtedness (except such notices as are specifically provided for herein); (b) waives, releases, relinquishes and forever forgoes all right to a marshalling of the assets of Trustor, including without limitation the Property, to a sale in the inverse order of alienation, or to direct the order in which any of the Property shall be sold in the event of foreclosure of the liens and security interests created hereby and agrees that any court having jurisdiction to foreclose such liens and security interests may order the Property sold as an entirety; and (c) to the fullest extent permitted by law, waives, releases, relinquishes and forever forgoes all rights and periods of redemption provided under applicable law. To the full extent permitted by law, Trustor shall not have or assert any right under any statute or rule of law pertaining to the exemption of homestead or other exemption under any federal, state or local law now or hereafter in effect, the administration of estates of decedents or other matters whatever to defeat, reduce or affect the right of Beneficiary under the terms of this Security Instrument to a sale of the Property, for the collection of the secured indebtedness without any prior or different resort for collection, or the right of Beneficiary under the terms of this Security Instrument to the payment of the indebtedness secured hereby out of the proceeds of sale of the Property in preference to every other claimant whatever. Further, Trustor hereby knowingly, intentionally and voluntarily, with and upon the advice of competent counsel, waives, releases, relinquishes and forever forgoes all present and future statutes of limitations as a defense to any action to enforce the provisions of this Security Instrument or to collect any of the indebtedness secured hereby to the fullest extent permitted by law. Trustor covenants and agrees that upon the commencement of a voluntary or involuntary bankruptcy proceeding by or against Trustor, Trustor shall not seek a supplemental stay or otherwise shall not seek pursuant to 11 U.S.C. §105 or any other provision of the Bankruptcy Reform Act of 1978, as amended, or any other debtor relief law (whether statutory, common law, case law, or otherwise) of any jurisdiction whatsoever, now or hereafter in effect, which may be or become applicable, to stay, interdict, condition, reduce or inhibit the ability of Beneficiary to enforce any rights of Beneficiary against any guarantor or indemnitor of the secured obligations or any other party liable with respect thereto by virtue of any indemnity, guaranty or otherwise.

1.21 Contractual Statute of Limitations. Trustor hereby agrees that any claim or cause of action by Trustor against Beneficiary, or any of Beneficiary's directors, officers, employees, agents, accountants or attorneys, based upon, arising from or relating to the indebtedness secured

hereby, or any other matter, cause or thing whatsoever, whether or not relating thereto, occurred, done, omitted or suffered to be done by Beneficiary or by Beneficiary's directors, officers, employees, agents, accountants or attorneys, whether sounding in contract or in tort or otherwise, shall be barred unless asserted by Trustor by the commencement of an action or proceeding in a court of competent jurisdiction by the filing of a complaint within one (1) year after Trustor first acquires or reasonably should have acquired knowledge of the first act, occurrence or omission upon which such claim or cause of action, or any part thereof, is based and service of a summons and complaint on an officer of Beneficiary or any other person authorized to accept service of process on behalf of Beneficiary, within thirty (30) days thereafter. Trustor agrees that such one (1) year period of time is reasonable and sufficient time for a borrower to investigate and act upon any such claim or cause of action. The one (1) year period provided herein shall not be waived, tolled or extended except by the specific written agreement of Beneficiary. This provision shall survive any termination of this Security Instrument or any of the other Loan Documents.

ARTICLE II EVENTS OF DEFAULT

2.1 Events of Default. "Event of Default" shall have the meaning ascribed to it in the Loan Agreement.

ARTICLE III REMEDIES

3.1 Remedies Available. During the continuance of an Event of Default under this Security Instrument the power of sale granted to Trustee under this Security Instrument shall be rendered operative. This Security Instrument is subject to judicial foreclosure or foreclosure by power of sale as provided by law and Beneficiary may, at Beneficiary's option and by or through Beneficiary's nominee, assignee or otherwise, to the fullest extent permitted by law, exercise any or all of the following rights, remedies and recourses, either successively or concurrently:

(a) Acceleration. Accelerate the Maturity Date of the Note and declare any or all of the indebtedness secured hereby to be immediately due and payable without any presentment, demand, protest, notice, or action of any kind whatever (each of which is hereby expressly waived by Trustor), whereupon the same shall become immediately due and payable. Upon any such acceleration, payment of such accelerated amount shall constitute a prepayment of the principal balance of the note and any applicable Yield Maintenance provided for in the Note shall then be immediately due and payable.

(b) Entry on the Property. Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of Beneficiary's security, enter upon and take possession of the Property, or any part thereof, without force or with such force as is permitted by law and without notice or process or with such notice or process as is required by law unless such notice and process is waivable, in which case Trustor hereby waives such notice and process, and does any and all acts and performs any and all work which may be desirable or necessary in Beneficiary's judgment to complete any unfinished construction on the Land, to preserve the value, marketability or

rentability of the Property, to increase the income therefrom, to manage and operate the Property or to protect the security hereof and all sums expended by Beneficiary therefor, together with interest thereon at the Default Interest Rate, shall be immediately due and payable to Beneficiary by Trustor on demand and shall be secured hereby and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note.

(c) Collect Rents and Profits. With or without taking possession of the Property, sue or otherwise collect the Rents and Profits, including those past due and unpaid.

(d) Appointment of Receiver. Upon, or at any time prior or after, initiating the exercise of any power of sale, instituting any judicial foreclosure or instituting any other foreclosure of the liens and security interests provided for herein or any other legal proceedings hereunder, make application to a court of competent jurisdiction for appointment of a receiver for all or any part of the Property, as a matter of strict right and without notice to Trustor and without regard to the adequacy of the Property for the repayment of the indebtedness secured hereby or the solvency of Trustor or any person or persons liable for the payment of the indebtedness secured hereby, and Trustor does hereby irrevocably consent to such appointment, waives any and all notices of and defenses to such appointment and agrees not to oppose any application therefor by Beneficiary, but nothing herein is to be construed to deprive Beneficiary of any other right, remedy or privilege Beneficiary may now have under the law to have a receiver appointed, provided, however, that, the appointment of such receiver, trustee or other appointee by virtue of any court order, statute or regulation shall not impair or in any manner prejudice the rights of Beneficiary to receive payment of the Rents and Profits pursuant to other terms and provisions hereof. Any such receiver shall have all of the usual powers and duties of receivers in similar cases, including, without limitation, the full power to hold, develop, rent, lease, manage, maintain, operate and otherwise use or permit the use of the Property upon such terms and conditions as said receiver may deem to be prudent and reasonable under the circumstances as more fully set forth in Section 3.3 below. Such receivership shall, at the option of Beneficiary, continue until full payment of all of the indebtedness secured hereby or until title to the Property shall have passed by foreclosure sale under this Security Instrument or deed in lieu of foreclosure.

(e) Judicial Foreclosure. Immediately commence an action to foreclose this Security Instrument or to specifically enforce its provisions or any of the indebtedness secured hereby pursuant to the statutes in such case made and provided and sell the Property or cause the Property to be sold in accordance with the requirements and procedures provided by said statutes in a single parcel or in several parcels at the option of Beneficiary.

(1) In the event foreclosure proceedings are filed by Beneficiary, all reasonable expenses incident to such proceeding, including, but not limited to, reasonable attorneys' fees and costs, shall be paid by Trustor and secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note. The secured indebtedness and all other obligations secured by this Security Instrument, including, without limitation, interest at the Default Interest Rate (as defined in the Note), any prepayment charge, fee or premium required to be paid under the Note in order to prepay principal (to the extent permitted by applicable law), reasonable attorneys' fees and any other amounts due and unpaid to Beneficiary under the Loan Documents, may be bid by Beneficiary in

the event of a foreclosure sale hereunder. In the event of a judicial sale pursuant to a foreclosure decree, it is understood and agreed that Beneficiary or its assigns may become the purchaser of the Property or any part thereof.

(2) Beneficiary may, by following the procedures and if permitted by applicable law, foreclose on only a portion of the Property and, in such event, said foreclosure shall not affect the lien of this Security Instrument on the remaining portion of the Property foreclosed.

(f) Foreclosure by Power of Sale. Immediately commence an action to foreclose this Security Instrument by power of sale as set forth below to the fullest extent permitted by law.

(1) In the event of any inconsistencies between the terms and conditions of this subsection 3.1(f) of this Security Instrument and any other terms of this Security Instrument, the terms and conditions of this subsection 3.1(f) shall control and be binding.

(2) Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Security Instrument and, if necessary, the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require. Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and/or delivered to Trustor such notice of default and notice of sale as then required by law. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after giving of such notice of default and after notice of sale as required by law, sell the Property at the time and place of sale fixed by it in said notice of sale, either as a whole, or in separate lots or parcels or items as Beneficiary shall determine, and in such order as Beneficiary may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor or Beneficiary, but excepting Trustee, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(3) Beneficiary may, in its sole discretion, designate the order in which the Property shall be offered for sale or sold through a single sale or through two or more successive sales, or in any other manner Beneficiary deems to be in its best interest. If Beneficiary elects more than one sale or other disposition of the Property, Beneficiary may at its option cause the same to be conducted simultaneously or successively, on the same day or at such different days or times and in such order as Beneficiary may deem to be in its best interests, and no such sale shall terminate or otherwise affect the lien of this Security Instrument on any part of the Property not then sold until all indebtedness secured hereby has been fully paid. If Beneficiary elects to dispose of the Property through more than one sale, Trustor shall pay the costs and expenses of each such sale of its interest in the Property and of any proceedings where the same may be made. Trustee may postpone the sale of all or any part of the Property by

public announcement at such time and place of sale, or in any manner permitted by law from time to time, and without further notice make such sale at the time fixed by the last postponement; or Trustee may, in its discretion, give a new notice of sale. Beneficiary may rescind or cancel any such notice of default at any time before Trustee's sale by executing a notice of rescission or cancellation and recording the same. The recordation of such notice shall constitute a cancellation of any prior declaration of default and demand for sale and of any acceleration of maturity of indebtedness affected by any prior declaration or notice of default. The exercise by Beneficiary of the right of rescission or cancellation shall not constitute a waiver of any default then existing or subsequently occurring, or impair the right of Beneficiary to execute other declarations of default and demand for sale, or notices of default and of election to cause the Property to be sold, nor otherwise affect the Note or this Security Instrument, or any of the rights, obligations or remedies of Beneficiary or Trustee hereunder.

(4) In the event of a sale of the Property, or any part thereof, pursuant to this subsection 3.1(f) and the execution of a deed therefor, the recital therein of default, and of giving notice of default and of the elapse of the required time (if any) between the recording and the notice, and of the giving of notice of sale, and of a demand by Beneficiary, or its successors or assigns, that such sale should be made, shall be conclusive proof of such default, recording, election, elapse of time, and giving of such notice, and that the sale was regularly and validly made on due and proper demand by Beneficiary, its successors or assigns. Any such deed or deeds with such recitals therein shall be effective and conclusive against Trustor, its successors and assigns, and all other persons. The receipt for the purchase money recited or contained in any deed executed to the purchaser as aforesaid shall be sufficient discharge to such purchaser from all obligations to see to the proper application of the purchase money.

(g) Other. Exercise any other right or remedy available hereunder, under any of the other Loan Documents or at law or in equity.

3.2 Application of Proceeds. To the fullest extent permitted by law, the proceeds of any sale under this Security Instrument shall be applied to the extent funds are so available to the following items in such order as Beneficiary in Beneficiary's discretion may determine:

(a) To payment of the reasonable costs, expenses and fees of taking possession of the Property, and of holding, operating, maintaining, using, leasing, repairing, improving, marketing and selling the same and of otherwise enforcing Beneficiary's right and remedies hereunder and under the other Loan Documents, including, but not limited to, receivers' fees, court costs, attorneys', accountants', appraisers', managers' and other professional fees, title charges and transfer taxes.

(b) To payment of all sums expended by Beneficiary under the terms of any of the Loan Documents and not yet repaid, together with the interest on such sums at the Default Interest Rate.

(c) To payment of the secured indebtedness and all other obligations secured by this Security Instrument, including, without limitation, interest at the Default Interest Rate and, to the extent permitted by applicable law, any Yield Maintenance charge or premium

required to be paid under the Note in order to prepay principal, in any order that Beneficiary chooses in Beneficiary's sole discretion.

The remainder, if any, of such funds shall be disbursed to Trustor or to the person or persons legally entitled thereto.

3.3 Right and Authority of Receiver or Beneficiary in the Event of Default; Power of Attorney. During the continuance of an Event of Default hereunder and entry upon the Property pursuant to Section 3.1(b) hereof or appointment of a receiver pursuant to Section 3.1(d) hereof, and under such terms and conditions as may be prudent and reasonable under the circumstances in Beneficiary's or the receiver's sole discretion, all at Trustor's expense, Beneficiary or said receiver, or such other persons or entities as they shall hire, direct or engage, as the case may be, may do or permit one or more of the following, successively or concurrently: (a) enter upon and take possession and control of any and all of the Property; (b) take and maintain possession of all documents, books, records, papers and accounts relating to the Property; (c) exclude Trustor and Trustor's agents, servants and employees wholly from the Property; (d) manage and operate the Property; (e) preserve and maintain the Property; (f) make repairs and alterations to the Property; (g) complete any construction or repair of the Improvements, with such changes, additions or modifications of the plans and specifications or intended disposition and use of the Improvements as Beneficiary may in Lender's sole discretion deem appropriate or desirable to place the Property in such condition as will, in Beneficiary's sole discretion, make the Property or any part thereof readily marketable or rentable; (h) conduct a marketing or leasing program with respect to the Property, or employ a marketing or leasing agent or agents to do so, directed to the leasing or sale of the Property under such terms and conditions as Beneficiary may in Beneficiary's sole discretion deem appropriate or desirable; (i) employ such contractors, subcontractors, materialmen, architects, engineers, consultants, managers, brokers, marketing agents, or other employees, agents, independent contractors or professionals, as Beneficiary may in Beneficiary's sole discretion deem appropriate or desirable to implement and effectuate the rights and powers herein granted; (j) execute and deliver, in the name of Beneficiary as attorney-in-fact and agent of Trustor or in Trustor's own name, such documents and instruments as are necessary or appropriate to consummate authorized transactions; (k) enter into such leases, whether of real or personal property, or tenancy agreements, under such terms and conditions as Beneficiary may in Beneficiary's sole discretion deem appropriate or desirable; (l) collect and receive the Rents and Profits from the Property; (m) eject Tenants or repossess personal property, as provided by law, for breaches of the conditions of their Leases; (n) sue for unpaid Rents and Profits, payments, income or proceeds in the name of Trustor or Beneficiary; (o) maintain actions in forcible entry and detainer, ejectment for possession and actions in distress for rent; (p) compromise or give acquittance for Rents and Profits, payments, income or proceeds that may become due; (q) delegate or assign any and all rights and powers given to Beneficiary by this Security Instrument; and (r) do any acts which Beneficiary in Beneficiary's sole discretion deems appropriate or desirable to protect the security hereof and use such measures, legal or equitable, as Beneficiary may in Beneficiary's sole discretion deem appropriate or desirable to implement and effectuate the provisions of this Security Instrument. This Security Instrument shall constitute a direction to and full authority to any Tenant, or other third party who has heretofore dealt or contracted or may hereafter deal or contract with Trustor or Beneficiary, at the request of Beneficiary, to pay all amounts owing under any Lease, contract or other agreement to Beneficiary without proof of the Event of Default relied upon. Any such

Tenant or third party is hereby irrevocably authorized to rely upon and comply with (and shall be fully protected by Trustor in so doing) any request, notice or demand by Beneficiary for the payment to Beneficiary of any Rents and Profits or other sums which may be or thereafter become due under its Lease, contract or other agreement, or for the performance of any undertakings under any such Lease, contract, concession, license or other agreement, and shall have no right or duty to inquire whether any Event of Default under this Security Instrument or under any of the other Loan Documents has actually occurred or is then existing. Trustor hereby constitutes and appoints Beneficiary, and Beneficiary's assignees, successors, transferees and nominees, as Trustor's true and lawful attorney-in-fact and agent, with full power of substitution in the Property, in Trustor's name, place and stead, to do or permit any one or more of the foregoing described rights, remedies, powers and authorities, successively or concurrently, and said power of attorney shall be deemed a power coupled with an interest and irrevocable so long as any indebtedness secured hereby is outstanding. Any money advanced by Beneficiary in connection with any action taken under this Section 3.3, together with interest thereon at the Default Interest Rate from the date of making such advancement by Beneficiary until actually paid by Trustor, shall be a demand obligation owing by Trustor to Beneficiary and shall be secured by this Security Instrument and by every other instrument securing the secured indebtedness.

3.4 Occupancy After Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale, Trustor or Trustor's representatives, successors or assigns, or any other persons claiming any interest in the Property by, through or under Trustor, are occupying or using the Property, or any part thereof, then, to the extent not prohibited by applicable law, each and all shall, at the option of Beneficiary or the purchaser at such sale, as the case may be, immediately become the Tenant of the purchaser at such sale, which tenancy shall be a tenancy from day-to-day, terminable at the will of either landlord or Tenant, at a reasonable rental per day based upon the value of the Property occupied or used, such rental to be due daily to the purchaser. Further, to the extent permitted by applicable law, in the event the Tenant fails to surrender possession of the Property upon the termination of such tenancy, the purchaser shall be entitled to institute and maintain an action for unlawful detainer of the Property in the appropriate court of the county in which the Land is located.

3.5 Notice to Account Debtors. Beneficiary may, at any time during the continuance of an Event of Default notify the account debtors and obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness to Trustor which are included as part of the Property to pay Beneficiary directly. Trustor shall at any time or from time to time upon the reasonable request of Beneficiary provide to Beneficiary a current list of all such account debtors and obligors and their addresses.

3.6 Cumulative Remedies. All remedies contained in this Security Instrument are cumulative and Beneficiary shall also have all other remedies provided at law and in equity or in any other Loan Documents. Such remedies may be pursued separately, successively or concurrently at the sole subjective direction of Beneficiary and may be exercised in any order and as often as occasion therefor shall arise. No act of Beneficiary shall be construed as an election to proceed under any particular provisions of this Security Instrument to the exclusion of any other provision of this Security Instrument or as an election of remedies to the exclusion of any other remedy which may then or thereafter be available to Beneficiary. No delay or failure

by Beneficiary to exercise any right or remedy under this Security Instrument shall be construed to be a waiver of that right or remedy or of any Event of Default hereunder. Beneficiary may exercise any one or more of Beneficiary's rights and remedies at Beneficiary's option without regard to the adequacy of Beneficiary's security.

3.7 Payment of Expenses. Trustor shall pay on demand all of Beneficiary's reasonable expenses incurred in any efforts to enforce any terms of this Security Instrument, whether or not any lawsuit is filed and whether or not foreclosure is commenced but not completed, including, but not limited to, reasonable legal fees (including but not limited to appellate fees and fees for all paralegals, legal consultants and other paraprofessionals) and disbursements, foreclosure costs and title charges, together with interest thereon from and after the date incurred by Beneficiary until actually paid by Trustor at the Default Interest Rate, and the same shall be secured by this Security Instrument and by all of the other Loan Documents securing all or any part of the indebtedness evidenced by the Note.

ARTICLE IV MISCELLANEOUS TERMS AND CONDITIONS

4.1 TIME OF ESSENCE. **TIME IS OF THE ESSENCE WITH RESPECT TO ALL PROVISIONS OF THIS SECURITY INSTRUMENT AND ALL OTHER LOAN DOCUMENTS.**

4.2 Release of Security Instrument. If all of the secured indebtedness shall be paid, then and in that event only, all rights under this Security Instrument shall terminate except for those provisions hereof which by their terms survive, and the Property shall become wholly clear of the liens, security interests, conveyances and assignments evidenced hereby, which shall be released by Beneficiary in due form at Trustor's cost. No release of this Security Instrument or the lien hereof shall be valid unless executed by Beneficiary. Notwithstanding anything contained in this Security Instrument, Beneficiary shall release (or cause the release of) the New KGID Property from the lien of the Security Instrument promptly following (i) the recordation of a final subdivision map in the Official Records and creation of a legal separate parcel for real estate tax and assessment purposes for the New KGID Property, and (ii) the payment of Five Hundred and 00/100 Dollars (\$500.00) plus recording costs, to Beneficiary.

4.3 Certain Rights of Beneficiary. Without affecting Trustor's liability for the payment of any of the indebtedness secured hereby, Beneficiary may from time to time and without notice to Trustor: (a) release any person liable for the payment of the indebtedness secured hereby; (b) extend or modify the terms of payment of the indebtedness secured hereby; (c) accept additional real or personal property of any kind as security or alter, substitute or release any property securing the indebtedness secured hereby; (d) recover any part of the Property; (e) consent in writing to the making of any subdivision map or plat thereof; (f) join in granting any easement therein; or (g) join in any extension agreement of the Security Instrument or any agreement subordinating the lien hereof.

4.4 Waiver of Certain Defenses. No action for the enforcement of the lien hereof or of any provision hereof shall be subject to any defense which would not be good and available to

the party interposing the same in an action at law upon the Note or any of the other Loan Documents.

4.5 Successors and Assigns. The terms, provisions, indemnities, covenants and conditions hereof shall be binding upon Trustor and the successors and assigns of Trustor, including all successors in interest of Trustor in and to all or any part of the Property, and shall inure to the benefit of Beneficiary, and Beneficiary's directors, officers, shareholders, employees and agents and their respective successors and assigns and shall constitute covenants running with the land (without implying Beneficiary's consent to any transfer of the Property or any interest in Trustor or the Property in violation of this Security Instrument). All references in this Security Instrument to Trustor or Beneficiary shall be deemed to include all such parties' successors and assigns, and the term "Beneficiary" as used herein shall also mean and refer to any lawful holder or owner, including pledgees and participants, of any of the indebtedness secured hereby. If Trustor consists of more than one person or entity, each shall be jointly and severally liable to perform the obligations of Trustor.

4.6 Severability. A determination that any provision of this Security Instrument is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Security Instrument to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

4.7 Gender. Within this Security Instrument, words of any gender shall be held and construed to include any other gender, and words in the singular shall be held and construed to include the plural, and vice versa, unless the context otherwise requires.

4.8 Waiver: Discontinuance of Proceedings. Beneficiary may waive any single Event of Default by Trustor hereunder without waiving any other prior or subsequent Event of Default. Beneficiary may remedy any Event of Default by Trustor hereunder without waiving the Event of Default remedied. Neither the failure by Beneficiary to exercise, nor the delay by Beneficiary in exercising, any right, power or remedy upon any Event of Default by Trustor hereunder shall be construed as a waiver of such Event of Default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Beneficiary of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Trustor therefrom shall in any event be effective unless the same shall be in writing and signed by Beneficiary, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose given. No notice to nor demand on Trustor in any case shall of itself entitle Trustor to any other or further notice or demand in similar or other circumstances. Acceptance by Beneficiary of any payment in an amount less than the amount then due on any of the secured indebtedness shall be deemed an acceptance on account only and shall not in any way affect the existence of an Event of Default hereunder. In case Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted hereunder or under the other Loan Documents and shall thereafter elect to discontinue or abandon the same for any reason, Beneficiary shall have the unqualified right to do so and, in such an event, Trustor and Beneficiary shall be restored to their former positions with respect to the indebtedness secured

hereby, the Loan Documents, the Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary shall continue as if the same had never been invoked.

4.9 Section Headings. The headings of the articles, sections, subsections and paragraphs of this Security Instrument are for convenience of reference only, are not to be considered a part hereof and shall not limit or otherwise affect any of the terms hereof. This Security Instrument shall not be construed more strictly against one party than against the other merely by virtue of the fact that this Security Instrument may have been physically prepared by one of the parties, or such party's counsel, it being agreed that all parties and their respective counsel have mutually participated in the negotiation and preparation of this Security Instrument.

4.10 Counting of Days. The term "days" when used herein shall mean calendar days. If any time period ends on a Saturday, Sunday or holiday officially recognized by the state within which the Land is located, the period shall be deemed to end on the next succeeding business day. The term "business day" when used herein shall mean a weekday, Monday through Friday, except a legal holiday or a day on which banking institutions in New York, New York are authorized by law to be closed.

4.11 Relationship of the Parties. The relationship between Trustor and Beneficiary is that of a borrower and a lender only and none of those parties is, nor shall it hold itself out to be, the agent, employee, joint venturer or partner of the other party.

4.12 Application of the Proceeds of the Note. To the extent that proceeds of the Note are used to pay indebtedness secured by any outstanding lien, security interest, charge or prior encumbrance against the Property, such proceeds have been advanced by Beneficiary at Trustor's request and Beneficiary shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released.

4.13 Unsecured Portion of Indebtedness. If any part of the secured indebtedness cannot be lawfully secured by this Security Instrument or if any part of the Property cannot be lawfully subject to the lien and security interest hereof to the full extent of such indebtedness, then all payments made shall be applied on said indebtedness first in discharge of that portion thereof which is unsecured by this Security Instrument.

4.14 Cross Default. An Event of Default hereunder shall be an Event of Default under each of the other Loan Documents.

4.15 Interest After Sale. In the event the Property or any part thereof shall be sold upon foreclosure as provided hereunder, to the extent permitted by law, the sum for which the same shall have been sold shall, for purposes of redemption (pursuant to the laws of the state in which the Property is located), bear interest at the Default Interest Rate.

4.16 Inconsistency with Other Loan Documents. In the event of any inconsistency between the provisions hereof and the provisions of the Loan Agreement, it is intended that the provisions of the Loan Agreement shall prevail.

4.17 Construction of this Document. This document may be construed as a mortgage, security deed, deed of trust, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of the foregoing, in order to fully effectuate the liens and security interests created hereby and the purposes and agreements herein set forth.

4.18 No Merger. It is the desire and intention of the parties hereto that this Security Instrument and the lien hereof do not merge in fee simple title to the Property. It is hereby understood and agreed that should Beneficiary acquire any additional or other interests in or to the Property or the ownership thereof, then, unless a contrary intent is manifested by Beneficiary as evidenced by an appropriate document duly recorded, this Security Instrument and the lien hereof shall not merge in such other or additional interests in or to the Property, toward the end that this Security Instrument may be foreclosed as if owned by a stranger to said other or additional interests.

4.19 Rights With Respect to Junior Encumbrances. Any person or entity purporting to have or to take a junior mortgage or other lien upon the Property or any interest therein shall be subject to the rights of Beneficiary to amend, modify, increase, vary, alter or supplement this Security Instrument, the Note or any of the other Loan Documents and to extend the maturity date of the indebtedness secured hereby and to increase the amount of the indebtedness secured hereby up to the aggregate maximum principal amount of **ONE HUNDRED SEVENTY-FOUR MILLION AND NO/100 DOLLARS (\$174,000,000.00)**, and to waive or forebear the exercise of any of Beneficiary's rights and remedies hereunder or under any of the other Loan Documents and to release any collateral or security for the indebtedness secured hereby, in each and every case without obtaining the consent of the holder of such junior lien and without the lien or security interest of this Security Instrument losing its priority over the rights of any such junior lien. Nothing contained in this Section 4.19 shall be deemed to imply Beneficiary's consent to any further encumbering of the Property in violation of this Security Instrument.

4.20 Beneficiary May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Trustor or the principals or sole member of Trustor, or any of their respective creditors or property, Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings for the entire secured indebtedness at the date of the institution of such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

4.21 After-Acquired Property. All property acquired by Trustor after the date of this Security Instrument which by the terms of this Security Instrument shall be subject to the lien and the security interest created hereby, shall immediately upon the acquisition thereof by Trustor and without further mortgage, deed of trust, conveyance or assignment become subject to the lien and security interest created by this Security Instrument. Nevertheless, Trustor shall execute, acknowledge, deliver and record or file, as appropriate, all and every such further mortgages, deeds of trust, security agreements, financing statements, assignments and assurances, as Beneficiary shall require for accomplishing the purposes of this Security Instrument.

4.22 No Representation. By accepting delivery of any item required to be observed, performed or fulfilled or to be given to Beneficiary pursuant to the Loan Documents, including, but not limited to, any officer's certificate, balance sheet, statement of profit and loss or other financial statement, survey, appraisal or insurance policy, Beneficiary shall not be deemed to have warranted, consented to, or affirmed the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance of delivery thereof shall not be or constitute any warranty, consent or affirmation with respect thereto by Beneficiary.

4.23 Counterparts. This Security Instrument may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Security Instrument may be detached from any counterpart of this Security Instrument without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Security Instrument identical in form hereto but having attached to it one or more additional signature pages.

4.24 Personal Liability. Notwithstanding anything to the contrary contained in this Security Instrument, the liability of Trustor and Trustor's officers, directors, members, managers, and principals for the indebtedness secured hereby and for the performance of the other agreements, covenants and obligations contained herein and in the other Loan Documents shall be limited as set forth in Article 3 of the Note.

4.25 Recording and Filing. Trustor shall cause the Loan Documents and all amendments and supplements thereto and substitutions therefor to be recorded, filed, re-recorded and re-filed in such manner and in such places as Beneficiary shall reasonably request, and shall pay on demand all such recording, filing, re-recording and re-filing taxes, fees and other charges. Trustor shall reimburse Beneficiary, or Beneficiary's servicing agent, for the costs incurred in obtaining a tax service company to verify the status of payment of taxes and assessments on the Property.

4.26 Entire Agreement and Modification. This Security Instrument and the other Loan Documents contain the entire agreements between the parties relating to the subject matter hereof and thereof and all prior agreements relative hereto and thereto which are not contained herein or therein are terminated. This Security Instrument and the other Loan Documents may not be amended, revised, waived, discharged, released or terminated orally but only by a written instrument or instruments executed by the party against which enforcement of the amendment, revision, waiver, discharge, release or termination is asserted. Any alleged amendment, revision, waiver, discharge, release or termination which is not so documented shall not be effective as to any party.

4.27 Maximum Interest. The provisions of this Security Instrument and of all agreements between Trustor and Beneficiary, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of demand or acceleration of the maturity of the Note or otherwise, shall the amount paid, or agreed to be paid ("Interest"), to Beneficiary for the use,

forbearance or retention of the money loaned under the Note exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, performance or fulfillment of any provision hereof or of any agreement between Trustor and Beneficiary shall, at the time performance or fulfillment of such provision shall be due, exceed the limit for Interest prescribed by law or otherwise transcend the limit of validity prescribed by applicable law, then ipso facto the obligation to be performed or fulfilled shall be reduced to such limit and if, from any circumstance whatsoever, Beneficiary shall ever receive anything of value deemed Interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive Interest shall be applied to the reduction of the principal balance owing under the Note in the inverse order of its maturity (whether or not then due) or at the option of Beneficiary be paid over to Trustor, and not to the payment of Interest. All Interest (including any amounts or payments deemed to be Interest) paid or agreed to be paid to Beneficiary shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period until payment in full of the principal balance of the Note so that the Interest thereon for such full period shall not exceed the maximum amount permitted by applicable law. Trustor agrees to an effective rate of interest that is the rate stated in the Note plus any additional rate of interest resulting from any other charges in the nature of interest paid or to be paid by or on behalf of Trustor, or any benefit received or to be received by Beneficiary, in connection with the Note. This Section 4.27 shall control all agreements between Trustor and Beneficiary.

4.28 Further Stipulations. The additional covenants, agreements and provisions set forth in the exhibits attached hereto and made a part hereof, if any, shall be a part of this Security Instrument and shall, in the event of any conflict between such further stipulations and any of the other provisions of this Security Instrument, be deemed to control.

4.29 Dissemination of Information. If Beneficiary determines at any time to sell, transfer or assign the Note, this Security Instrument and the other Loan Documents, and any or all servicing rights with respect thereto, or to grant participations therein (the "Participations") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (the "Securities"), Beneficiary may forward to each purchaser, transferee, assignee, servicer, participant, investor, and/or their respective successors in such Participations and/or Securities (collectively, the "Investor") and/or any Rating Agency rating such Securities, each prospective Investor and each of the foregoing's respective counsel, all documents and information that Beneficiary now has or may hereafter acquire relating to the indebtedness secured hereby and to Trustor, any guarantor, any indemnitor and the Property, which shall have been furnished by Trustor, any guarantor, and/or any indemnitor, as Beneficiary determines necessary or desirable. Without limiting the foregoing but subject to Section 2.3(b)(D) of the Loan Agreement, Trustor acknowledges and agrees that any such transfer, assignment, grant or issuance may be completed at any time without any consent from Trustor.

4.30 Fixture Filing. This Security Instrument shall be effective from the date of its recording as a financing statement filed as a fixture filing with respect to all goods constituting part of the Property which are, or are to become, fixtures for purposes of Chapter 9 of the Uniform Commercial Code of the state where the fixtures are located. Information concerning the security interests herein granted may be obtained at the addresses stated in the introductory paragraph of this Security Instrument and Section 1.15 hereof. Trustor, for Trustor and Trustor's

successors, hereby agrees to warrant and forever defend, all and singular, title to the Property unto Beneficiary, and Beneficiary's successors or substitutes in this trust, forever, against every person whomsoever lawfully claiming, or to claim, the same or any part thereof, subject, however, to the Permitted Exceptions.

4.31 Administrative Fees. Beneficiary shall have the right to charge reasonable administrative fees during the term of the loan evidenced by the Note and secured hereby as Beneficiary may determine, in Beneficiary's sole reasonable discretion, in connection with Beneficiary's evaluation, preparation and processing of any servicing, administrative or other requests made by Trustor, including without limitation: processing payments; processing insurance and UCC continuation documentation; processing escrow draws and disbursement requests; review of Leases, Tenant subordination, non-disturbance and attornment agreements and tenant estoppels, requests for transfers or assignments, requests for partial releases and requests for review of new easements). Beneficiary shall also be entitled to reimbursement for professional fees Beneficiary incurs for such administration, including without limitation, those of architects, engineers, consultants and attorneys (whether (a) employed by Beneficiary or (b) engaged by Beneficiary as independent contractors).

4.32 Waiver of Right of Offset. No portion of the indebtedness secured hereby shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Trustor may have or claim to have against Beneficiary.

4.33 **Governing Law.** THIS SECURITY INSTRUMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT LAWS AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA); PROVIDED, HOWEVER, THAT AT ALL TIMES THE PROVISIONS HEREIN FOR THE CREATION, PERFECTION, AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED IN THE PROPERTY (OTHER THAN PERSONAL PROPERTY) PURSUANT HERETO, AS WELL AS ALL PROVISIONS REGARDING THE RIGHTS, DUTIES, AND OBLIGATIONS OF TRUSTEE, SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

4.34 **Venue.** ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST TRUSTOR ARISING OUT OF OR RELATING TO THIS SECURITY INSTRUMENT MAY AT BENEFICIARY'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN OR HAVING JURISDICTION WITH RESPECT TO NEW YORK COUNTY, NEW YORK, AND TRUSTOR WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND TRUSTOR HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING.

4.35 **Waiver of Jury Trial.** TO THE FULLEST EXTENT NOT PROHIBITED BY APPLICABLE LAW, TRUSTOR AND, BY ITS ACCEPTANCE OF THIS SECURITY INSTRUMENT, BENEFICIARY, EACH HEREBY (i) EXPRESSLY, KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION ARISING UNDER THIS SECURITY INSTRUMENT OR IN ANY WAY CONNECTED WITH OR INCIDENTAL TO THE DEALINGS OF THE PARTIES WITH RESPECT TO ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND (ii) AGREES AND CONSENTS THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS SECURITY INSTRUMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES TO THE WAIVER OF THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY.

ARTICLE V
DEED OF TRUST PROVISIONS

5.1 **Concerning the Trustee.** Trustee shall be under no duty to take any action hereunder except as expressly required hereunder or by law, or to perform any act which would involve Trustee in any expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to Trustee's reasonable satisfaction. Trustee, by acceptance of this Security Instrument, covenants to perform and fulfill the trusts herein created, being liable, however, only for gross negligence or willful misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by Trustee in accordance with the terms hereof. Trustee may resign at any time upon giving thirty (30) days' notice to Trustor and to Beneficiary. Beneficiary may remove Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act, or inability to act of Trustee, or in its sole discretion for any reason whatsoever Beneficiary may, without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, by an instrument recorded wherever this Security Instrument is recorded and all powers, rights, duties and authority of Trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute trustee shall not be required to give bond for the faithful performance of the duties of Trustee hereunder unless required by Beneficiary. The procedure provided for in this Section for substitution of Trustee shall be in addition to and not in exclusion of any other provisions for substitution, by law or otherwise.

5.2 **Trustee's Fees.** Trustor shall pay all reasonable costs, fees and expenses incurred by Trustee and Trustee's agents and counsel in connection with the performance by Trustee of Trustee's duties hereunder and all such costs, fees and expenses shall be secured by this Security Instrument.

5.3 **Certain Rights.** With the approval of Beneficiary, Trustee shall have the right to take any and all of the following actions: (i) to select, employ, and advise with counsel (who may be, but need not be, counsel for Beneficiary) upon any matters arising hereunder, including the preparation, execution, and interpretation of the Note, this Security Instrument or the other

Loan Documents, and shall be fully protected in relying as to legal matters on the advice of counsel, (ii) to execute any of the trusts and powers hereof and to perform any duty hereunder either directly or through his/her agents or attorneys, (iii) to select and employ, in and about the execution of his/her duties hereunder, suitable accountants, engineers and other experts, agents and attorneys-in-fact, either corporate or individual, not regularly in the employ of Trustee, and Trustee shall not be answerable for any act, default, negligence, or misconduct of any such accountant, engineer or other expert, agent or attorney-in-fact, if selected with reasonable care, or for any error of judgment or act done by Trustee in good faith, or be otherwise reasonable or accountable under any circumstances whatsoever, except for Trustee's gross negligence or bad faith, and (iv) any and all other lawful action as Beneficiary may instruct Trustee to take to protect or enforce Beneficiary's rights hereunder. Trustee shall not be personally liable in case of entry by Trustee, or anyone entering by virtue of the powers herein granted to Trustee, upon the Property for debts contracted for or liability or damages incurred in the management or operation of the Property. Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting an action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. Trustee shall be entitled to reimbursement for actual expenses incurred by Trustee in the performance of Trustee's duties hereunder and to reasonable compensation for such of Trustee's services hereunder as shall be rendered.

5.4 Retention of Money. All moneys received by Trustee shall, until used or applied as herein provided be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law) and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder.

5.5 Perfection of Appointment. Should any deed, conveyance, or instrument of any nature be required from Trustor by any Trustee or substitute trustee to more fully and certainly vest in and confirm to the Trustee or substitute trustee such estates rights, powers, and duties, then, upon request by the Trustee or substitute trustee, any and all such deeds, conveyances and instruments shall be made, executed, acknowledged, and delivered and shall be caused to be recorded and/or filed by Trustor.

5.6 Succession Instruments. Any substitute trustee appointed pursuant to any of the provisions hereof shall, without any further act, deed, or conveyance, become vested with all the estates, properties, rights, powers, and trusts of its or his/her predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but nevertheless, upon the written request of Beneficiary or of the substitute trustee, the Trustee ceasing to act shall execute and deliver any instrument transferring to such substitute trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Trustee to the substitute trustee so appointed in the Trustee's place.

ARTICLE VI
NEVADA SPECIFIC PROVISIONS

6.1 Principles of Construction. In the event of any inconsistencies between the terms and conditions of this Article 6 and the terms and conditions of this Security Instrument, the terms and conditions of this Article 6 shall control and be binding.

6.2 Fixtures. This Security Instrument is also to be recorded as a “fixture filing” in accordance with NRS Section 104.9502, and covers goods that are or are to become Fixtures. For the purposes of this fixture filing, the “Debtor” is the Trustor and the “Secured Party” is the Beneficiary. Trustor is the record owner of the Secured Property. It is intended by Trustor and Beneficiary that this Security Instrument constitutes a fixture filing filed with the real estate records of Clark County, Nevada, under NRS Sections 104.9334 and 104.9502, as amended or recodified from time to time; and is to be recorded in the real estate records of the county in which the Secured Property is located

6.3 Future Advances. The parties hereto acknowledge and agree that that this Security Instrument is an “instrument” (as defined in NRS Section 106.330) which secures “future advances” (as defined in NRS Section 106.320) and which is governed pursuant to NRS Sections 106.300 through 106.400. Furthermore, it is the intention of the parties that the obligation of the Trustor to repay the secured indebtedness, includes the obligation to repay future advances of “principal” (as defined in NRS Section 106.345) in an amount up to **ONE HUNDRED SEVENTY-FOUR MILLION AND NO/100 DOLLARS (\$174,000,000.00)**, and that the lien of this Security Instrument secures the obligation of Trustor to repay all such future advances with the priority set forth in NRS Section 106.370(1).

6.4 Adoption of Covenants by Reference. Where not inconsistent with the express provisions of this Security Instrument, the following covenants, Nos. 1; 2 (full replacement value); 3; 4 (Default Rate, as defined in the Note); 5; 6; 7 (a reasonable percentage); 8 and 9 of NRS 107.030 are hereby adopted and made a part of this Security Instrument.

[END OF TEXT; SIGNATURES FOLLOW ON NEXT PAGE(S)]

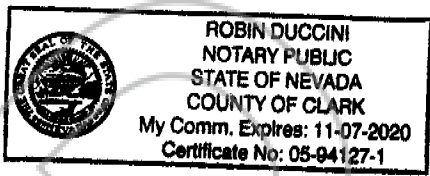
IN WITNESS WHEREOF, Trustor has executed this Security Instrument as of the day and year first above written.

TRUSTOR:

TAHOE BEACH CLUB, LLC,
a Nevada limited liability company

By: [Signature]
Name: R.M. Mezey
Title: CEO

STATE OF NV. }
COUNTY OF Clark } SS.



On this 15th day of December, 2016, before me personally came R. M. Mezey, to me known and known to me to be the person described in and who executed the foregoing instrument and he/she acknowledged to me that he/she executed the same.

[Signature] Notary Public

[SIGNATURE PAGE TO DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT]

EXHIBIT A
LEGAL DESCRIPTION OF LAND

BEGINNING AT A POINT ON THE MEANDER LINE OF LAKE TAHOE, WHICH POINT IS THE SOUTHWEST CORNER OF LOT 2, OF SECTION 22, TOWNSHIP 13 NORTH, RANGE 18 EAST, M.D.B.&M.,

THENCE ALONG A LINE HEREAFTER REFERRED TO AS COURSE 1, NORTH 89°59'24" EAST 509.52 FEET ALONG THE QUARTER SECTION LINE TO THE CENTER-WEST ONE-SIXTEENTH CORNER (WEST ONE SIXTEENTH CORNER);

THENCE SOUTH 00°02'04" EAST (SOUTH ALONG THE ONE SIXTEENTH LINE), 217.00 FEET;

THENCE NORTH 89°11'56" WEST (NORTH 89°11'30" WEST), 457.06 FEET, TO A POINT ON THE MEANDER LINE, WHICH POINT IS SOUTH 14°02'15" EAST (SOUTH 14°00'00" EAST) 217.00 FEET FROM THE POINT OF BEGINNING:

THENCE, CONTINUING NORTH 89°11'56" WEST (NORTH 89°11'30" WEST) 50 FEET, MORE OR LESS, TO A POINT ON THE ORDINARY LOW WATER LINE OF LAKE TAHOE AT ELEVATION 6223.00 LAKE TAHOE DATUM;

THENCE, NORTHWESTERLY, 222 FEET, MORE OR LESS, ALONG SAID ORDINARY LOW WATER LINE AT 6223.00 LAKE TAHOE DATUM, TO A POINT ON THE WESTERLY EXTENSION OF THE AFORESAID COURSE 1;

THENCE, ALONG THE WESTERLY EXTENSION OF THE AFORESAID COURSE 1, NORTH 89°59'24" EAST, 75 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPTING ANY PORTION OF THE ABOVE DESCRIBED PROPERTY LYING BELOW THE 6223.00 LEVEL OF LAKE TAHOE AND ALSO ANY ARTIFICIAL ACCRETIONS TO SAID LAND WATERWARD OF SAID LAND OR NATURAL ORDINARY LOW WATER OR IF LAKE LEVEL HAS BEEN ARTIFICIALLY LOWERED.

EXCEPTING ANY PORTION BELOW SUCH ELEVATION AS MAY BE ESTABLISHED AS THE BOUNDARY BY BOUNDARY LINE ADJUSTMENT WITH THE STATE OR BY QUIET TITLE ACTION IN WHICH THE STATE IS A PARTY.

NOTE: THE ABOVE METES AND BOUNDS DESCRIPTION APPEARED PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED SEPTEMBER 24, 2015 IN INSTRUMENT NO. 2015-870076 OF OFFICIAL RECORDS.

EXHIBIT B
PERMITTED EXCEPTIONS

1. Water rights, claims or title to water, whether or not shown by the public records.
2. Any taxes that may be due, but not assessed, for new construction which can be assessed on the unsecured property rolls, in the Office of the Douglas County Assessor, per Nevada Revised Statute 361.260. (NONE NOW DUE AND PAYABLE)
3. Any and all rights of the United States of America Pertaining to the raising or lowering of the level of Lake Tahoe between the elevations of 6,223.00 feet and 6,229.5 feet above sea level, pursuant to N.R.S. 321.595, also pursuant to the Truckee River Agreement.
4. Reservations and provisions as contained in Patent from the United States of America, recorded January 29, 1866, in Book 1, Page 375 of Patents (also recorded January 29, 1866 in Book 1, Page 37 of Patent Records, and on June 20, 1890 in Book 2, Page 29 of Patent Records).
5. An Easement for communication and electrical power lines, poles and appurtenant facilities and incidental purposes, recorded June 24, 1963 in Book No. 18, Page 291 as Instrument No. 22911 of Official Records.
6. An Easement for construction and maintenance of a sanitary sewer line for ingress and egress to operate and maintain said lines and incidental purposes, recorded December 03, 1969 in Book No. 71, Page 677 as Instrument No. 46509 of Official Records.
7. A document entitled "Declaration of Abandonment of Easement", recorded February 02, 1996, in Book 296, Page 392 as Instrument No. 380419 of Official Records.
8. An Easement for mobile home park natural gas service and incidental purposes, recorded August 05, 1970 in Book No. 78, Page 182 as Instrument No. 48958 of Official Records.
9. An Easement to construct, operate and maintain aerial and underground telephone, telegraph and communication facilities and incidental purposes, recorded September 10, 1970 in Book No. 79, Page 209 as Instrument No. 49418 of Official Records.
10. An Easement for mobile home park natural gas service and incidental purposes, recorded October 22, 1970 in Book No. 80, Page 402 as Instrument No. 49916 of Official Records.
11. An Easement for installation, repair and use of natural gas distribution facilities and incidental purposes, recorded September 07, 1971 in Book No. 90, Page 601 as Instrument No. 54242 of Official Records.
12. The terms and provisions contained in the document entitled Easement Agreement, executed by and between Tahoe Shores, Ltd., a California limited partnership and Douglas County Sewer Improvement District No. 1, a municipal corporation, recorded August 23, 1990 in Book No. 890, Page 3637 as Instrument No. 232982 of Official Records.

13. An Easement for sanitary sewer line and incidental purposes, recorded August 16, 1995 in Book No. 895, Page 2725 as Instrument No. 368477 of Official Records.
14. A document entitled "Agreement Granting New Easement and Extinguishing Existing Easement", recorded March 05, 1998, in Book 398, Page 804 as Instrument No. 434033 of Official Records.
15. A document entitled "Memorandum of Agreement", recorded November 20, 2014, in Book N/A as Instrument No. 853058 of Official Records.
16. A Deed of Trust to secure an original indebtedness of \$27,500,000.00, and any other amounts or obligations secured thereby, recorded September 24, 2015, in Book N/A, as Instrument No. 2015-870077; provided, that the foregoing Deed of Trust is being subordinated to the lien of the Deed of Trust to which this Exhibit B is attached pursuant to a certain Subordination Agreement (Existing to New) dated as of December 23, 2016 and being recorded in the Official Records contemporaneously herewith.
17. A Deed of Trust to secure an original indebtedness of \$27,500,000.00, and any other amounts or obligations secured thereby, recorded September 24, 2015, in Book N/A, as Instrument No. 2015-870078; provided, that the foregoing Deed of Trust is being subordinated to the lien of the Deed of Trust to which this Exhibit B is attached pursuant to a certain Subordination Agreement (Existing to New) dated as of December 23, 2016 and being recorded in the Official Records contemporaneously herewith.
18. The terms and provisions contained in the document entitled Intercreditor Agreement recorded September 24, 2015 in Book No. N/A as Instrument No. 2015-870079 of Official Records.
19. Covenants, conditions, easements and restrictions in a Permanent and Conditional Underground Public Utility Easement Agreement recorded September 25, 2015, in Book N/A as Instrument No. 2015-870139 of Official Records.
20. Covenants, conditions, easements and restrictions in a Utility Easement Agreement for Raw Water Pump Station recorded September 25, 2015, in Book N/A as Instrument No. 2015-870143 of Official Records.
21. The terms and provisions contained in the document entitled District Infrastructure Fee Agreement recorded September 25, 2015 in Book No. N/A as Instrument No. 2015-870145 of Official Records.
22. Covenants, conditions, and restrictions in a Declaration of Covenants, Conditions and Restrictions Affordable Income Housing ("Deed Restriction") recorded July 21, 2016, in Book N/A as Instrument No. 2016-884767 of Official Records.

23. The following matters disclosed by an ALTA/NSPS Survey made by Steven N. Bell of Welsh Hagen Associates on November 3, 2016 and revised December 7, 2016, designated Job No. 398100:
- a) Underground water tank as shown thereon.
 - b) KGID Pump Station easement (18" above ground)
 - c) KGID Pump Station easement (24' above ground)
 - d) KGID Pump Station easement (72' above ground)
 - e) KGID Pump Station waterline relocation easement
 - d) 10' Building set back lines as shown thereon.
 - e) Existing paved road along the Easterly boundary as shown thereon.
24. A document entitled "Security and Improvement Agreement #2016.251", recorded November 3, 2016, in Book N/A as Instrument No. 2016-890025 of Official Records.
25. Any liens or assessments from Oliver General Improvement District (775-588-6244) for the use and maintenance of Kahle drive. (NONE NOW DUE AND PAYABLE)
26. Covenants, conditions, easements and restrictions in a Easement Agreement for Underground Finished Waterlines recorded September 25, 2015, in Book N/A as Instrument No. 2015-870144 of Official Records.