

BY-LAWS

OF

LOT 10 CONDOMINIUMS OWNERS ASSOCIATION
TAHOE VILLAGE UNIT NO. 2
Douglas County, Nevada

ARTICLE I

NAME AND LOCATION

The name and location of the corporation is LOT 10 CONDOMINIUMS OWNERS ASSOCIATION, TAHOE VILLAGE UNIT NO. 2, hereinafter referred to as the "Association." The principal office of the corporation shall be located in Douglas County, Nevada and meetings of the members and directors shall be held within the property or at such places within the State of Nevada, County of Douglas, as close to the property as practicable, which may hereafter be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to LOT 10 CONDOMINIUMS OWNERS ASSOCIATION, TAHOE VILLAGE UNIT NO. 2.

Section 2. "Project" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners.

Section 4. "Unit" shall mean the elements of a condominium which are not owned in common with owners of other units in the project.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any unit which is a part of the project, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to TAHOE NEVADA PROPERTIES, a Nevada limited partnership.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Project recorded in the office of the County Recorder of Douglas County, Nevada, together with any amendments, supplements or modifications hereto.

Section 8. "Member" shall mean and refer to those persons entitled to a membership as provided in the Declaration.

ARTICLE III

VOTING

Section 1. The Association shall have one class of voting membership. All members shall be owners of Units within the project and shall be entitled to one (1) vote for each unit owned. When more than one (1) person is the owner of a Unit, all such persons shall be members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any one (1) Unit.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Annual Meetings.

The first annual meeting of the members shall be held within forty-five (45) days after the close of the sale of the first Unit to be sold. Subsequent regular annual meetings of the members shall be held on the said day of the same month of each year thereafter, at the hour of 8:00 p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings.

Special meetings of the members of the Association may be called at any time by the President or by the Board of Directors, and shall be promptly called by the Board upon:

(a) The vote for such a meeting by a majority of a quorum of the Board.

(b) Receipt of a written request therefor, signed by members representing not less than twenty-five percent (25%) of the total voting power of the Association.

Section 3. Notice of Meetings.

Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) but not more than thirty (30) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum.

The presence at the meeting of members entitled to cast, or of proxies entitled to cast, more than fifty percent (50%) of the total voting power of the Association shall constitute

a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If any meeting cannot be held because a quorum is not present, the owners present, either in person or by proxy, may as otherwise provided by law adjourn the meeting to a time not less than five (5) days, nor more than thirty (30) days from the time the original meeting was called, provided that the quorum requirement for such adjournment shall be no less than twenty-five percent (25%) of the total voting power of the Association.

Section 5. Proxies.

At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon the conveyance by the member of this Unit.

ARTICLE V

BOARD OF DIRECTORS: SELECTION;
TERM OF OFFICE

Section 1. Number.

The affairs of the Association shall be managed by a Board of three (3) directors, who must be members of the Association.

Section 2. Term of Office.

At the first annual meeting, the members shall elect three (3) directors for a term of one (1) years. At the expiration of the initial term of office of each respective director, his successor shall be elected to serve for a term of one (1) year. If a director dies, resigns, or is removed, his successor shall be selected by the remaining directors and shall serve for the unexpired term of his predecessor.

Section 3. Cumulative Voting.

In any election of the members of the Board, every member shall have the right to accumulate his votes and give one candi-

date, or divide among any number of the candidates, the number of votes equal to the total number of votes allocated to said member pursuant to Article IV (3) of the Declaration, multiplied by the number of Directors to be elected. The candidates receiving the highest number of votes up to the number of Board members to be elected, shall be deemed elected.

Section 4. Removal.

The entire Board may be removed from office by a majority of the voting power of the Association; provided, however, unless the entire Board is removed at one time, an individual director shall not be removed prior to the expiration of his term of office, if the number of votes cast against his removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divider equal to one (1) plus the authorized number of governing body members.

Section 5. Compensation.

No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination.

Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the

close of such annual meeting or until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members..

Section 2. Election.

Election to the Board of Directors shall be by secret written ballot. At such election, the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of these By-Laws. The persons receiving the largest number of votes shall be elected. Cumulative voting is required.

ARTICLE VII

MEETING OF DIRECTORS

Section 1. Regular Meetings.

Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. Notice of the time and place of such regular meetings shall be posted in a prominent place or places within the Common Area. If the Board of Directors shall determine that the business of the Association does not require monthly meetings, then the Board need not meet monthly, but shall in all cases meet at least once each calendar quarter.

Section 2. Special Meetings.

Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two

(2) directors. Notice of the time and place of such special meeting, and the nature of any special business to be considered, shall be sent to all directors and posted at a prominent place or places within the Common Area not less than seventy-two (72) hours prior to the scheduled time of the meeting.

Section 3. Quorum.

A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Open Meetings.

Regular and special meetings of the Board shall be open to all members of the Association; provided, however, that Association members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers.

The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(c) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(d) Engage management agent, manager, an independent contractor, or such other persons or employees as they deem necessary, to perform such duties and services as the Board shall authorize, including but not limited to, any of the duties set forth in Section 2 of this Article.

Section 2. Duties.

It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting;

(b) Supervise all officers, agents, and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) Cause the Common Area to be maintained;

(h) Cause the exterior of the dwellings (excluding doors and windows) to be maintained.

Section 3. Limitation on Powers of Board.

Notwithstanding any other provisions to the contrary contained in the Declaration, these By-Laws or the Articles of Incorporation, the Board shall not, without the vote or written consent of the members take any of the following actions:

(a) Incur aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(b) Sell, during any fiscal year, property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(c) Pay compensation to directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a director or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers.

The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers.

The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term.

The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments.

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal.

Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies.

A vacancy in any office may be filled by appointment by

the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices.

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties.

The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse

such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE X
COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nomination Committee, as provided by these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI
BOOKS AND RECORDS

As more fully provided in the Declaration, the books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE XII
ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property

against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such actions shall be added to the amount of such assessment. No one may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Unit.

ARTICLE XIII
CORPORATE SEAL

The Association shall have a seal in a circular form having within its circumference the date of incorporation and the words "LOT 10 OWNERS ASSOCIATION, TAHOE VILLAGE UNIT NO. 2, Nevada, Incorporated."

ARTICLE XIV
AMENDMENTS TO BY-LAWS

Section 1. Amendments.

These By-Laws may be amended by the Association in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by a majority of the members, provided, however, that no amendment shall take effect unless approved by:

(a) Seventy-five percent (75%) of the holders of the first mortgages of record on the Units within the Project.

Section 2. Notice to Mortgagees.

It shall be the responsibility of the Board of Directors

to mail a notice of such amendments to all mortgages appearing in the book entitled "Mortgagees of Units" referred to in Article XV hereof, provided, however, that the failure to do so shall not invalidate any such amendment.

ARTICLE XV
MISCELLANEOUS

Section 1. Mortgages.

An owner who mortgages his unit shall notify the Association through the management agent, if any, or the President of the Board of Directors in the event there is no management agent, of the name and address of his mortgagee; the Association shall maintain such information in a book entitled "Mortgagees of Units." Any such owner shall likewise notify the Association as to the release or discharge of any such mortgage.

Section 2. Fiscal Year.

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

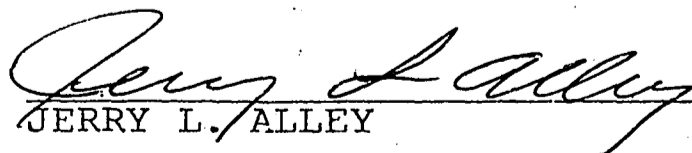
IN WITNESS WHEREOF, we, being all the directors of LOT 10 CONDOMINIUMS OWNERS ASSOCIATION, TAHOE VILLAGE UNIT NO. 2, have hereunto set our hands this 5th day of FEBRUARY, 1979.



TED G. KAWAI



FERDIE SIEVERS



JERRY L. ALLEY

STATE OF Nevada }
COUNTY OF Douglas } SS.


On February 5, 1979 before me,
the undersigned, a Notary Public in and for said County and State,
personally appeared Ted G. Kawai, Ferdie Sievers
and Jerry L. Alley

_____, known to me
to be the person S whose name S subscribed to the within
instrument and acknowledged that they executed the same.

Signature *[Handwritten Signature]*

James D. Owen
Name (Typed or Printed)
Notary Public in and for said County and State

FOR NOTARY SEAL OR STAMP

 JAMES D. OWEN
Notary Public - State of Nevada
Douglas County
My Commission Expires Nov. 21, 1979

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