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DECLARATION OF ESTABLISHMENT OF COVENANTS, CONDITIONS AND RESTRICTIONS

LOT 18 CONDOMINIUMS
TAHOE VILLAGE UNIT NO. 3
Douglas County, Nevada

THIS DECLARATION is made this 12 day of August,

1980, by THE ALOHA GROUP, INC.,

hereinafter referred to as "Declarant," with reference to the following facts:

A. On or about the date of recordation of this Declaration, in the Office of the County Recorder of Douglas County, Declarant owns that certain real property commonly known as LOT 18, TAHOE VILLAGE UNIT NO. 3, located in Douglas County, State of Nevada, improved with eight (8) units, and with the property, improvements, and all appurtenances and facilities thereof, being hereinafter collectively referred to as the "Project," all of which is more particularly described as: See Exhibit "A" attached hereto.

B. It is the desire and intention of Declarant to sell and convey interests in said real property to various individuals and subject to certain basic protection restrictions, limitations, easements, covenants, reservations, liens, and charges between it and acquirers or users of said property, as hereinafter set forth.

NOW, THEREFORE, pursuant to the provisions of Nevada Revised Statutes, Chapter 117, Declarant hereby declares that the property, improvements, appurtenances, and facilities described herein as shown on the Condominium Map, to be recorded in connection with this project, shall be held, conveyed, divided, encumbered, hypothecated, leases, rented, used, occupied, and improved only upon

and subject to, the following uniform covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges, and equitable servitudes, all of which are hereby declared, established, expressed and agreed:

(1) to be in furtherance of a plan for the subdivision and sale of individual condominiums in a condominium project, as provided for in NRS 117, et seq; (2) to be for the benefit and protection of the project, its desirability, value and attractiveness; (3) to be for the benefit of the owners of the condominiums in the project; (4) to run with the land and be binding upon all parties having or acquiring any right, title or interest in the project or any portion thereof; (5) to inure to the benefit of every portion of the project and any interest therein; and (6) to inure to the benefit of and be binding upon each successor and assignee in interest of each owner and of Declarant. Any conveyance, transfer, sale, assignment, lease or sublease made by Declarant or by the Association (as hereinafter defined) of a condominium in the project, will and hereby is, deemed to incorporate by reference, the provisions of this Declaration, including, but not limited to, covenants, conditions, restrictions, limitations, grants of easements, rights, rights-of-way, liens, charges, and equitable servitudes contained herein. The provisions of this Declaration shall be enforceable by Declarant, any owner or its or his successor association, duly authorized by the Association or its Board of Directors, to enforce all or any one or more of the provisions hereof.

ARTICLE I

DEFINITION OF TERMS

Whenever used in this Declaration, the following shall mean:

1. DECLARANT, shall mean: THE ALOHA GROUP, INC.

2. DECLARATION, shall mean this Declaration, as the same may be amended, changed, modified, or augmented from time to time.

3. UNIT, shall mean the elements of a condominium which are not owned common with owners of other units in the project. The boundaries of the eight (8) units are as shown and defined on the Condominium Map of Lot 18 of Amended Map of Tahoe Village Unit No. 3, recorded February 22, 1972 as Document No. 41772, Official Records of Douglas County, State of Nevada.

4. COMMON AREA, shall mean the entire project, excepting all units the boundaries of which are granted or reserved subject to all easements and rights of use described herein and in the document of conveyance through which each owner acquires his condominium.

5. LIMITED COMMON AREA, shall mean and include all that portion of the Common Area located below Units 1, 2, 3, and 4 and which is enclosed by the floor of said Units and the side walls of the Units extending down from the floor line of the Units to the ground level below the Units, and to the ground.

6. CONDOMINIUM, shall mean a condominium as defined in NRS 117.010, consisting of an individual interest in common in a portion of a parcel of real property, together with a separate interest in the space in a residential building on such real property; more particularly, an estate in real property, consisting of an undivided 1/8 interest in the Common Area, together with a separate interest in a unit as hereinbefore defined in said property.

7. OWNER, shall mean the record owner or owners if more than one, of a condominium in the project, including Declarant so long as any condominium in the project remains unsold.

8. ASSOCIATION, shall mean LOT 18 CONDOMINIUMS OWNERS ASSOCIATION, TAHOE VILLAGE UNIT NO. 3, an incorporated association, consisting of all owners of condominiums in the project, which entity shall have the duty of maintaining, operating, and managing the Common Area of the project in the manner and to the extent provided for herein. Each owner shall become a member of the Association contemporaneously with the acquisition of a unit without further documentation of any kind.

9. ORGANIZATIONAL MEETING, shall mean the first meeting of owners referred to in Article IV hereof, wherein the owners elect a new Board of Directors to manage the Association.

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10. BY-LAWS, shall mean and refer to the duly adopted By-Laws of the Association, as the same may be from time to time amended.
11. BOARD, shall mean the Board of Directors for the Association.
12. PROJECT, shall mean the entire parcel of real property, divided or to be divided into condominiums, including all structures and improvements thereon.
13. PROPERTY AND IMPROVEMENTS, shall mean and include all that real property more particularly described as: See Exhibit "A" attached hereto.

together with eight (8) units and Common Area as more particularly shown and defined on the Condominium Map recorded in connection with this project.

14. CONDOMINIUM MAP, shall mean and refer to the Map prepared and executed with respect to the Project.

ARTICLE II

DESCRIPTION OF LAND AND IMPROVEMENTS

Section 1. CONDOMINIUM MAP BEST AUTHORITY. The following description is intended for information purposes only and in the event of any conflict between this description and the Condominium Map, said Condominium Map shall be deemed to conclusively control.

Section 2. PROPERTY DESCRIPTION. The property consists of all of LOT 18 of TAHOE VILLAGE UNIT NO 3, in Douglas County, State of Nevada, as per Map recorded in the Office of the County Recorder of said County.

Section 3. PROPERTY BOUNDARIES. The property has within its boundaries various units and Common Area as shown and described on the Condominium Map.

Section 4. DESCRIPTION OF INDIVIDUAL CONDOMINIUMS. Each unit within the project which shall be offered for sale, shall consist of a fee simple interest in and to a particular unit, together

with a specified undivided interest as a tenant-in-common in and to the Common Area as set forth on EXHIBIT "A" hereto attached and made a part hereof, the unit more particularly shown and described on the Condominium Map.

Section 5. EASEMENTS. Each owner shall receive, as an incident of conveyance of his unit, a non-exclusive easement appurtenant to his unit, for ingress, egress, and support over, across and through the Common Area and every portion of any unit within the project required for structural support of any building within which said condominium is located.

ARTICLE III

OWNERS' ASSOCIATION

Section 1. CREATION OF ASSOCIATION. The owners of units shall constitute an Owners Association. Each owner of a unit, including Declarant, shall be a member of the Association. Association membership shall be appurtenant to unit ownership and each owner of a unit shall automatically be a member of the Association. Ownership of a unit within the project shall be the sole qualification for membership in the Association.

Section 2. TRANSFER OF MEMBERSHIP. The Association membership of each owner (including Declarant) shall be appurtenant to the condominium giving rise to such membership, and shall not be assigned, transferred, pledged, conveyed or alienated in any way, except upon the transfer of title to said condominium and then only to the transferee of title to said condominium. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a condominium shall operate automatically to transfer membership in the Association appurtenant thereto to the new owner thereof.

Section 3. CONTROL OF COMMON AREA. The Common Area shall be controlled by the owners in common through their membership in the Association. The Association shall have the responsibility to manage and maintain or cause to be maintained all of the Common

Area in a state of high quality so as to keep the whole project in a first class condition and in a good state of repair.

ARTICLE IV

MANAGEMENT OF OWNERS' ASSOCIATION

Section 1. CREATION OF BOARD OF DIRECTORS. The members of the Association shall hold an organizational meeting of the Association within 45 days after the close of the sale of the first unit to be sold, at which time, a Board of Directors shall be elected by vote of members of the Association. Prior to the organization meeting, the initial Board named by Declarant shall manage the affairs of the Association.

Section 2. ANNUAL MEETINGS. Annual meetings of owners shall be held on the same day of the same month of each year after the organizational meeting. At the organizational meeting, the owners shall elect a Board of Directors consisting of three (3) members, all of whom shall be owners and which may include Declarant or its representative.

Section 3. OWNER VOTING RIGHTS. Each unit, regardless of the number of owners thereof shall be represented in the Association by only one (1) vote, which may be cast only as a unit by the owner(s) thereof. The vote for each unit may be cast only as a unit and fractional votes shall not be allowed. In the event joint owners are unable to agree among themselves as to how their vote(s) shall be cast, they shall lose their right to vote on the matter in question. If any owner(s) casts a vote representing a certain unit, it shall thereafter be conclusively presumed for all purposes that he or they are acting with authority and consent of all other owners of the same condominium. In the event that more than one vote is cast for a particular unit, none of said votes shall be counted and all of said votes shall be deemed void.

Section 4. ELECTION AND REMOVAL OF BOARD - CUMULATIVE VOTING FEATURES.

Every owner entitled to vote at any election of the Board may accumulate his vote and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which his unit(s) are entitled, or may distribute his vote on the same principle among as many candidates as he desires. The entire Board or any individual Director may be removed from office by affirmative vote of 51% of the members entitled to vote at an election of the Board. However, unless the entire Board is removed, an individual Director shall not be removed if the number of votes against the resolution of his removal exceeds the quotient arrived at when the total number of outstanding votes is divided by one plus the authorized number of Directors. Cumulative voting in the election of the Board shall be prescribed for all elections in which more than two positions on the Board are to be filled. If any or all of the Directors are so removed, new Directors may be elected at the same meeting.

Section 5. VOTING PROXIES. Voting may be carried out either in person or by proxy.

Section 6. QUORUM REQUIREMENTS FOR ASSOCIATION MEETINGS.

At all meeting of the owners, 51% of owners present in person or by proxy shall constitute a quorum and a majority of owners present and entitled to vote, either in person or by proxy, shall be sufficient for the passage of any motion or the adoption of any resolution, except in connection with amendment or repeal of this Declaration, as hereinafter set forth in Articles X or XVI, if the required quorum is not present, another meeting may be called subject to the written notice requirement sent to all members at least 10 days in advance of such meeting, and the required quorum at the subsequent meeting shall be 1/2 of the required quorum for the preceding meeting. In the absence of a quorum at a members' meeting, a majority of those present in person or by proxy may

adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than 5 nor more than 30 days from the original meeting date.

Section 7. WRITTEN NOTICE OF MEETINGS. Written notice of regular and special meetings shall be given to members by the Board at least 10 days in advance of any such meeting. The notice shall specify the date, time, and place of the meeting and in the case of a special meeting, the nature of business to be undertaken. A special meeting of members of the Association shall be promptly called by the Board upon: (a) the vote for such a meeting by a majority of a quorum of the Board; or (b) receipt of a written request therefor signed by members representing 25% of the total voting power of the Association, or by members representing not less than 15% of the voting power residing in members, other than Declarant.

Section 8. INDEMNIFICATION FOR PERFORMANCE OF DUTIES. Every Director, officer and member of the Association shall be indemnified by the Association against all reasonable costs, expenses and liabilities (including attorney's fees) actually or necessarily incurred by or imposed upon him in connection with any claim, action, suit, proceeding, investigation or inquiry of whatever nature in which he may be involved as a part, or otherwise by reason of his having been an officer or member of the Association, whether or not he continues in such capacity at the time of the incurring or imposition of such costs, expenses or liabilities except in relation to matters as to which he shall be finally adjudged in such action, suit, proceeding, investigation, or inquiry to be liable for willful misconduct or negligence toward the Association in the performance of his duties, or in the absence of such final adjudication, any determination of such liability by the opinion of legal counsel selected by the Association. The foregoing right of indemnification shall be in addition to and

not in limitation of all rights to which such person may be entitled as a matter of law and shall inure to the benefit of the legal representatives of such person.

ARTICLE V

DUTIES AND POWERS OF OWNERS' ASSOCIATION

Section 1. ADMINISTRATION OF PROJECT. The owners and each of them, together with all parties bound by this Declaration, covenant and agree that the administration of the project shall be in accordance with the provisions of this Declaration, the By-Laws, and such rules and regulations as may be adopted by the Board, and amendments, changes, and modifications thereto, as may come into effect from time to time. In the event of any inconsistency between the provisions of this Declaration and the provisions of the By-Laws, or said rules and regulations, the provisions of the Declaration shall prevail.

Section 2. AUTHORITY OF BOARD. Prior to the organizational meeting and thereafter, until their successors are elected, the initial Board or its duly appointed successors, shall manage the affairs of the Association. The Board as constituted, from time to time, shall at all times be responsible for the day-to-day operation and management of the affairs of the Association, and shall have the sole power and duty to perform and carry out the powers and duties of the Association, as set forth in this Declaration and the By-Laws, together with the powers and duties otherwise expressly delegated to the Board by this Declaration or the By-Laws, except for action or activity expressly set forth herein or in the By-Laws, or the Nevada Revised Statutes, as requiring the vote or assent of members of the Association, or a giving percentage thereof. Without limiting the generality of the foregoing, the Board shall have the following powers and duties:

(a) To enforce the applicable provisions of the Declaration, By-Laws, and other instruments for the management and control of

the project. The Board shall have the right to adopt reasonable rules and to amend the same from time to time relating to the use of the Common Area and any recreational and other facilities situated thereon, by owners and their tenants or guests, and conduct of such persons with respect to automobile parking, outside storage of boats, trailers, bicycles, and other objects, disposal of waste materials, drying of laundry, control of pets, and other activities, which, if not so regulated might detract from the appearance of the community or offend or cause inconvenience or danger to persons residing or visiting therein. Such rules may provide that the owner whose occupants leave property on the Common Area in violation of the rules, may be assessed to cover the expense incurred by the Directors, in removing such property and storing and/or disposing thereof. The Directors may provide in such rules for reasonable rental charges to be made with respect to the use of any storage areas or facilities which may exist upon the Common Area, provided that such charge shall, in no way, impose liability upon the Directors or any of its members for damage or loss to property so stored, it being intended that the use of any such storage area or facility be solely at the risk of the person using the same. A copy of such rules and all amendments thereto, shall be mailed to each owner and a copy shall be posted in one or more places on the Common Area, where the same may be conveniently inspected.

(b) To pay taxes and assessments which are or could become a lien on the Common Area or some portion thereof.

(c) To delegate its powers to committees, officers, or employees.

(d) To contract for materials and/or services for the Common Area or the Owners Association with the term of any service contract limited to a duration of one year, except with approval

of a majority of members of the Association, exclusive of the vote of Declarant.

(e) To maintain the Common Area, all improvements thereon and all utilities thereunder, except those maintained by public utility companies, in good, clean, attractive, and sanitary order and repair.

(f) To maintain, repair, and keep in good operating condition that portion of the sewer system which is located upon the project and which connects to the public sewer.

(g) To operate all recreational equipment and facilities located within the Common Area.

(h) To repaint exterior surfaces of all buildings situated on the properties, as such repainting is required in order to preserve the attractiveness of the community. Painting of exterior surfaces shall be deemed to include front doors, shutters, window trim, pot shelves, masonry, exterior walls, underneath side of roof overhang and garage doors.

(i) To maintain the portion of the project not occupied by the units in good, clean, attractive and sanitary order and repair.

(j) To maintain, repair, and paint the roofs of all buildings situated on the properties.

(k) To pay premiums, taxes and other assessments against the Common Area.

(l) To meet the costs of any liability insurance and fire insurance of Common Area, fidelity bonds, Board of Director errors and omissions insurance, out-of-pocket expenses of the Board relating to the operation of the Association, legal and accounting fees and, including without limitation, fees of any manager hereinbefore provided and a reasonable reserve for contingencies with respect to the Common Area.

(m) To contract for fire, casualty, liability, and other insurance on behalf of the Owners' Association. The Board shall carry fire insurance with extended coverage endorsement or other form of coverage providing protection equal to or greater than the amount of the full insurable replacement value (as determined by appraisal or such other method as shall be deemed appropriate by the Board and be acceptable to the insurance carrier and reviewed at least annually), of all buildings, structures, and other improvements (including furnishings and equipment related thereto) situated upon the Common Area excluding trees, shrubs and other foliage, if the Board so elects. Such insurance shall be payable to the Board. In the event of damage to or destruction of any building, structure or other improvement situated upon the Common Area, the Board shall cause the same to be repaired, rebuilt or replaced. In the event the cost of such repair, rebuilding or replacement exceeds the insurance proceeds payable by reason of said damage or destruction, the amount of the difference shall be prorated among the owners and assessed to such owners in accordance with the provisions of Articles VI and X. In the event the amount of such insurance proceeds exceed the cost of such repair, rebuilding, or replacement, the surplus shall be retained by the Association and shall be taken into consideration in determining the amount of the annual assessment for the next budget period. Further, the Board shall carry a blanket policy or policies of casualty insurance with a special form all-risk coverage endorsement, for the full insurable replacement cost, from time to time, of the Common Area and the units (or such other blanket fire and casualty insurances that give substantially equal or greater protection) insuring the Board, the Association, the owner or owners of each unit hereunder, and their mortgagee or mortgagees, as their respective interest may appear, against loss due to fire and/or other

casualty customarily insured against by homeowners, which policy or policies may provide for separate protection for each unit to the full insurable replacement cost thereof, and a separate loss-payable endorsement in favor of the mortgagee or mortgagees of each unit, if any, and shall contain provisions to the extent possible, protecting against any reduction in the amount of the proceeds payable, as a result of any fire or similar insurance independently carried by any owner of or in respect of any unit. The Board shall carry a policy or policies insuring the Association, the Board and each and all of the owners and management agent, if any, against any liability to the public or to the owners or any other person, resulting from or incident to, the ownership, management, and use of the project by the Association, the Board, the owners, their invitees and tenants, and members of the public, the liability limits under which insurance shall not be less than \$1,000,000 for the total personal injury from any one accident; \$500,000 personal injury to one person; and \$500,000 for property damage (such limits to be reviewed annually by the Board and increased in its discretion). The Board shall have authority to obtain such errors and omissions insurance or other insurance as it deems advisable, insuring the Board and each member thereof, against any liability for an act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board, or any committee thereof. The premiums for insurance purchased pursuant to the foregoing, shall be payable out of the maintenance fund. If any additional insurance is required due to extra hazardous use made of any unit or because of improvements to any unit installed by its owner, which increases the premiums for the required amount of coverage, the costs thereof shall be assessed to the owner of such unit. In order to facilitate the provision and maintenance of adequate and proper insurance, it is contemplated that Declarant may contract for blanket insurance

coverage, covering the entire project prior to or concurrently with the financing of such sales and any obligations or commitments for the payment of premiums or expenses otherwise incurred by Declarant, under any such blanket policy or coverage, whether or not the same is also a personal obligation of the purchaser or purchasers of any units, shall become an obligation of the Board and shall be paid out of the maintenance fund as provided herein. The owner of any unit may purchase such fire and casualty insurance as he may deem advisable for his own account and at his own expense, except that the carrying of any insurance individually by any owner, shall not relieve him of the obligation to pay such portion of assessments as he may be made, from time to time, for the purpose of paying premiums or other charges on fire and casualty insurance carried or contracted for by the Board, for the benefit of the entire project, and provided that, any such insurance shall contain a loss-payable clause in favor of such owner's mortgagee or mortgagees and the Board, as their respective interest may appear. No such insurance coverage or the terms of any such insurance policy shall defeat or contravene the purpose and intent of Article X (Damage and Destruction) hereof. Additionally, the Board shall purchase and carry flood hazard insurance in the maximum amount available, in the event the area in which the project is located is designated by the Office of Housing and Urban Development as an area having special flood hazards. All insurance policies purchased by the Board for the mutual benefit of all owners shall contain a provision that each owner will receive a notice from the insurance company that said policy is in effect and that each owner will receive thirty (30) days notice prior to cancellation or termination of said policy for any reason whatsoever.

(n) To enter upon any privately owned lot or unit where necessary in connection with construction, maintenance, or repair

for the benefit of the Common Area or the owners in common.

(o) To send to each member of the Association written notice of regular and special meetings. Except in emergency situations, at least 10 days notice of any meeting shall be provided. The notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken.

(p) To prepare or cause to be prepared, a balance sheet and an operating (income) statement for the Association, a copy of which shall be distributed to each of the owners not less than 60 days of the accounting dates, as follows: (1) a balance sheet as of an accounting date which is the last day of the month closest in time to 6 months from the date of closing of the first sale of an interest in the project; and (2) an operating statement for the period from the date of the first closing to the said accounting date, which shall be distributed within 60 days after the accounting date. This operating statement shall include a schedule of assessments received and receivable, identified by the number of the unit interest and the name of the owner so assessed; (3) a balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year, which shall be distributed within 90 days after the close of the fiscal year. Ordinarily, an external audit by an independent public shall be required for fiscal year financial statements (other than budgets) for any fiscal year in which the gross income to the Association exceeds \$75,000.00.

(q) To establish and collect regular monthly assessments to defray expenses attributable to ownership, use and operation of the Common Area and facilities with said assessments to be levied against each owner, including Declarant, according to the fractional interest in the Common Area by each owner.

(r) To establish and collect special assessments for capital improvements or other purposes on the same basis as regular assessments.

(s) To file liens against unit owners on account of non-payment of assessments duly levied and to foreclose said liens.

(t) To receive complaints concerning violations of the Restrictions, By-Laws, and/or other instruments for management and control of the Association; to hold hearings to determine whether or not to discipline members of the Association who violate said management documents; to suspend use privileges and voting rights of members who violate said management documents after a hearing on the alleged violation has been held pursuant to the provisions of the By-Laws.

(u) To acquire and hold for the benefit of the unit owners, tangible and intangible personal property and to dispose of same by sale or otherwise.

(v) To bond any members of any management body which participates in management affairs of the Association.

(w) Any professional management body selected by Declarant or by the initial Board prior to the organizational meeting, shall be employed to manage only until the first annual owners meeting, at which time, the continuance of same or the selection of another body or agent shall be determined by majority vote of the owners, exclusive of the vote of Declarant; neither Declarant nor its agent nor the Board shall enter into any contract which binds the Association for a period in excess of one year, unless said contract is approved by a majority of members of the Association with the following exception: (i) a management contract, the terms of which have been approved by FHA or VA; (ii) a contract with a public utility company if the rates charged for materials or services are regulated by the Public Utilities Commission; provided, however, that the terms of the contract shall not exceed the shortest term

for which the supplier will contract at the regulated rate;
(iii) prepaid casualty and/or liability insurance policies of not to exceed three years duration, provided that the policy permits for short rate cancellation by the insured.

(x) The Board shall carry worker's compensation insurance covering all persons employed by it in performance of its responsibilities under this Declaration and may obtain fidelity bonds for such of its employees as it may deem advisable.

(y) With respect to each contract made by the Board for repainting of exterior surfaces of building(s) and car storage spaces and each contract for work and/or materials related to maintenance, repair, rebuilding, or replacement of any building, structure, or other improvement situated upon the Common Area, in which the amount to be paid by the Board exceeds \$500, the Board shall secure at least three bids from responsible contractors and shall accept the lowest bid so obtained. If the amount of the contract exceeds the sum of \$1,000, the Board shall require the contractor to furnish a completion bond assuring completion of the work and payment of all labor and material bills for which a lien on the Common Area or any residential unit could be claimed. The Board shall require from each contractor which it engages, satisfactory evidence that adequate worker's compensation and liability insurance is carried with respect to the employees and activities of such contractor. In cases where a completion bond is not required, the Board shall require labor and material releases to be furnished by the contractor prior to making payment to same, unless the Board deems such requirements to be impractical or unnecessary to afford protection against liens.

(z) Only with written consent of a majority of the voting power of the Association residing in members, other than Declarant:
(i) to incur aggregate expenditures for capital improvements to

the Common Area in any fiscal year in excess of 5% of the budgeted gross expenses of the Association for that fiscal year; (ii) sell during any fiscal year property of the Association having an aggregate fair market value greater than 5% of the budgeted gross expenses of the Association for that fiscal year; (iii) pay compensation to members of the Board or to officers of the Association for services performed in the conduct of Association business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. CREATION OF LIEN - PERSONAL OBLIGATION OF ASSESSMENTS.

Declarant, for each unit owned by it within the project, hereby covenants and each owner of any unit within the project, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (1) regular monthly assessments or charges; (2) special assessments for capital improvements; (3) emergency assessments; such assessments to be fixed, established and collected from time to time, as hereinafter provided. The regular, special and emergency assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and a continuing lien upon the unit against which each such assessment is made, which lien shall be created and enforced in accordance with the provisions of this Article VI. Each such assessment (and all other assessments levied in accordance with this Declaration), together with late charges, interest, costs, penalties and reasonable attorney's fees, as provided for herein, shall also be the joint and several personal obligations of each person who was an owner of such unit at the time the assessment fell due.

Section 2. BASIC MIXIMUM AMOUNT OF REGUALR MONTHLY ASSESSMENT.

(a) Initial Regular Monthly Assessment. Each owner shall be obligated to pay to the Board or a designated member thereof, or to the manager, if any, an initial monthly maintenance charge as indicated on Exhibit "A" attached hereto and made a part hereof.

(b) Increase of Monthly Assessment by Board. The Board may not without the vote or written assent of a majority of the voting power of the Association residing in members other than Declarant, impose a regular annual assessment per unit which is more than twenty percent (20%) greater than the regular assessment for the immediately preceding fiscal year.

(c) Certificate of Payment. The Association shall, upon demand, furnish to any owner liable for assessments, a certificate in writing, signed by an officer of the Association, setting forth whether the assessments on a specified unit have been paid and the amount of delinquency, if any. A charge of \$10 per certificate may be made by the Board for issuance of said certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 3. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS AND EMERGENCY NEEDS.

In case the regular monthly maintenance charge described in Section 2. (a) hereof, is insufficient for any reason, the Board shall have authority to levy a special assessment to make up the deficiency in the maintenance fund on the same basis as a regular assessment. However, on any proposed special assessment in any fiscal year, the Board may not, without the vote or written consent of a majority of the voting power residing in members other than Declarant, levy special assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceeds 5% of the budgeted gross expenses of the

Association for that fiscal year. The provisions herein with respect to special assessments do not apply in the case where the special assessment against a member is a remedy utilized by the Board to reimburse the Association for costs incurred in bringing the member and his subdivision interest into compliance with provisions of this Declaration.

Section 4. PAYMENT OF ASSESSMENT BY DECLARANT. Upon the close of escrow of the first unit in the project, Declarant shall be obligated to pay the monthly maintenance charge and assessments hereinbefore provided for each unsold unit.

Section 5. DATE OF COMMENCEMENT OF ASSESSMENTS - DUE DATES.

Regular assessments shall be paid by each owner in equal monthly installments in advance on the first day of each month, beginning upon the close of the sales escrow for each particular unit, and prorated through escrow to the date of close of escrow for the month in which escrow closes. Special and emergency assessments shall be paid within 30 days of receipt of a request to pay same. Declarant shall pay assessments for all unsold units, commencing immediately following the date of recordation of a deed to the first purchaser of a condominium.

Section 6. MAINTENANCE FUND. Assessment charges so collected shall be promptly deposited in a commercial bank account in a bank to be selected by the Board or by the manager, if any, which account shall be clearly designated in the name of the Owners Association. The Board or the manager, as the case may be, shall have exclusive control of said account and shall be responsible to the owners for the maintenance of accurate records thereof at all times. No withdrawal shall be made from said account, except to pay for the charges and expenses for the common benefit of all owners,

Section 7. EFFECT OF NON-PAYMENT OF ASSESSMENTS - LIEN RIGHTS - REMEDIES OF THE ASSOCIATION

Every owner, including Declarant, shall be deemed to covenant and agree to pay the assessments provided for in this Declaration, and further, agree to the enforcement of such assessments in the manner provided for in this Declaration.

(a) Delinquency. The assessment charge which each owner is obligated to pay, shall be a debt of each owner at the time each monthly installment becomes due. In the event of default by any owner in the payment of any such installment, such amounts as may be in default, together with interest thereon at the rate of seven percent (7%) per annum, and all costs which may be incurred by the Board or manager, in the collection of such charges, including reasonable attorney fees, shall be and become a lien upon the condominium of the defaulting owner, upon the recording in the Office of the County Recorder, a Notice of Assessment, as provided in NRS 117.070.

(b) Notice of Creation of Assessment Lien. The Notice of Assessment shall not be filed of record unless and until the Board or a person designated by it, shall have delivered to said defaulting owner, not less than fifteen (15) days prior to the recordation of such Notice of Assessment, a written Notice of Default and a demand upon the defaulting owner to cure same within said fifteen (15) day period and failure of the defaulting owner to comply.

(c) Notice of Default - Foreclosure Sale. Not less than ten (10) days nor more than thirty (30) days from the filing of said Notice of Assessment, the Board shall file a record, a Notice of Default and thereafter may cause the condominium of said defaulting owner to be sold in the manner as provided in NRS 117.070, 117.075, et seq., or through judicial foreclosure.

(d) Enforcement of Lien by Suit. The sale of said condominium must be held or legal action to enforce the lien must

be instituted, within one hundred fifty (150) days of the recording of the Notice of Default, or said lien shall be deemed void and of no effect. If any action is filed by the Board to enforce the provisions of this Article, any judgement rendered against the defaulting owner shall include all costs and expenses and reasonable attorney fees, necessarily incurred in prosecuting such action. If any such default is cured prior to sale or prior to filing a judicial foreclosure, the Board shall cause to be recorded, a certificate setting forth the satisfaction of such claim and release of such lien, upon payment of actual expenses incurred, including reasonable attorney fees, not to exceed \$50 by such defaulting owner.

Section 8. HOMESTEAD WAIVER. Each owner does hereby waive to the extent of any liens created pursuant to the Article, the benefit of any homestead or exemption law of the State of Nevada in effect at the time any installment of maintenance charges becomes delinquent or any lien is imposed, pursuant to the terms hereof.

Section 9. CURING OF DEFAULT. Upon the timely payment or other satisfaction of all delinquent assessments set forth in the Notice of Assessment filed and recorded in accordance with this Article, and all other assessments which have become due and payable with respect to the condominium as to which such Notice of Assessment was filed and recorded, following the date of such recordation, together with all costs (including reasonable attorney fees) and all late charges and interest which have accrued thereof, the Board shall cause to be filed and recorded a further notice, stating the satisfaction and release of the lien created by the Notice of Assessment. A fee in the amount of \$10 covering the cost of preparation and recordation of the Notice of Release and Satisfaction shall be paid to the Association prior to the execution, filing, and recordation of such Notice of Release and Satisfaction, by the

Board. The Notice of Release and Satisfaction of the lien created by the Notice of Assessment, shall be executed by any officer of the Association or by any authorized representative of the Board.

For the purposes of this paragraph, the term, "costs," shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the Notice of Assessment and in efforts to collect the delinquent assessments secured by the lien created by the Notice of Assessment, and shall also include a reasonable sum for attorney fees actually incurred in an amount not to exceed twenty percent (20%) of the delinquent assessments secured by the lien created by the recordation of the Notice of Assessment.

Section 10. PRIORITY OF ASSESSMENT LIEN - SUBORDINATION OF LIEN.

Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights if the beneficiary of any first deed of trust upon the entire project or upon any unit therein, made in good faith and for value and no such lien shall in any way defeat, invalidate or impair the obligation or the priority of such first deed of trust, unless the beneficiary thereof shall expressly subordinate his interest in writing to such lien.

Section 11. RIGHTS OF BOARD - WAIVER OF OWNERS. Each owner hereby vests in and delegates to the Board, or its duly authorized representatives, the right and power to bring all actions at law or lien foreclosures, whether judicially or by power of sale or otherwise, against any owner or owners for the collection of delinquent assessments in accordance herewith, and hereby expressly waives any objection to the enforcement in accordance with this Declaration, of the obligation to pay assessments as set forth herein.

Section 12. EQUAL RATE OF ASSESSMENT. Both regular and special assessments shall be fixed in the same proportionate share as the

owners' respective interests in the Common Area and may be collected on a monthly basis.

Section 13. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of members thereof, their guests and invitees and, in particular, shall be used for the purpose of improving, protecting, operating, and maintaining the Common Area and facilities, improvements, landscaping and structures located thereon and providing for the acquisition and maintenance of the Common Area and the units and otherwise providing for the performance by the Board of each and every one of the powers and duties of the Board.

ARTICLE VII

USE RESTRICTIONS

Section 1. ONE USE, BUSINESS USAGE PROHIBITED. All units in the Project above described shall be used solely for single family residences or for sales presentations made within a specific unit or the actual use of said units on the above-described Lot for a Time-Share Program. Time-Share Program is defined as the use, occupancy or possession of the real property in which said property circulates among purchasers according to a fixed or floating time schedule on a periodic basis occurring annually over any period of time in excess of three (3) years in duration. The above shall not constitute a business or commercial use of the property.

Section 2. MAINTENANCE OF UNIT. The owners shall maintain in good repair, the interiors of their units and shall have the exclusive right, at their sole cost and expense, to paint, repaint, tile, wax, paper, or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding their respective units. If an owner fails to so maintain his unit or make repairs thereto in such manner as may be deemed necessary in the judgment of the Board, to preserve and protect the attractive appearance and value of the project, the Board shall give written notice to such owner, stating with particularity the work of maintenance or repair which the Board finds to be required and requesting that same be carried out within a period of 60 days from the giving of such notice. If such owner fails to carry out such maintenance or repair within the period specified by the Notice, the

Board shall cause such work to be done and shall assess the cost thereof to such owner, such assessment to be due and payable within 30 days after the Board gives written notice thereof.

Section 3. OTHER STRUCTURAL CHANGES. No owner shall, at his own expense or otherwise, make any alteration, addition or modification to the building in which his unit is located or to any part or portion of the Common Area without the prior written approval of the Board. With respect to the installation of awnings, sunshades, screen doors and other minor installations to any individual unit, the prior written consent of the Board shall be exercised with a view toward promoting uniformity and thereby enhancing the attractiveness of the property as a whole. No radio or television receiving or transmitting antennae or external apparatus shall be installed on or upon any unit, or in, or or upon any part of the Common Area without prior written approval of the Board. Normal radio and television installations within an individual unit are excepted.

Section 4. SIGNS. The owner of a unit, or his agent, may display a sign of customary and reasonable dimension, advertising his unit for sale or lease, which shall be of a professional type and dignified appearance and shall be placed in some appropriate location, as determined by the Board on the Common Area open to public view. The owner or his agent may include advertising on the sign which indicates that: (a) the property is for sale, lease or exchange; (b) the agent's or owner's name; and (c) the address and telephone number of the agent or owner. Such sign may be the sign of a licensed real estate broker, engaged by an owner for the purpose of selling or leasing his unit. Nothing herein contained shall prohibit or restrict, in any way, Declarant's right to construct such promotional signs or other sales aids on or about any portion of the premises which it shall deem reasonably necessary in conjunction with its original sales program, for a period not to exceed three years after the issuance of the Final Subdivision Public Report.

Section 5. OFFENSIVE ACTIVITY. No owner shall permit or suffer anything to be done or kept upon the project which shall increase the rate of insurance thereon or which shall obstruct or interfere with the rights of other owners or annoy them by unreasonable noises or otherwise; nor shall he commit or permit any nuisance on the project, or commit or suffer any immoral or illegal act to be committed thereon. Each owner shall comply with all applicable ordinances and statutes and with the requirements of the local and/or state Board of Health with respect to the occupancy and use of his unit.

Section 6. OWNER LIABILITY. Each owner shall be liable to the Board for any damage to the Common Area or to any of the equipment or improvements thereon which may be sustained by reason of the negligence or willful misconduct of said owner or of his family members, his relatives, guests, or invitees, both minor and adult, to the extent that any such damage shall not be covered by insurance; said owner shall be assessed by the Board for the cost of repair or replacement thereof, together with costs and attorneys fees, such assessment to be due and payable within 30 days after written notice thereof by the Board. In the case of joint ownership of a condominium, the liability of such owners shall be joint and several. In the event of personal injury or property damage sustained by any one person while physically within the unit or private balcony or patio of any owner and in the further event any other owner shall be sued or a claim made against him for said injury or damage, the owner(s) of the units in which said injury or damage shall occur, shall fully indemnify and hold harmless any such other owners against whom such claim shall be made and shall further defend any such other owners at their own expense in the event of litigation of such claim; provided, however, that such protection shall not extend to any other owner whose own

negligence may have caused or contributed to the cause of any such injury or damage.

Section 7. COMMON AREA IMPROVEMENTS. No fence, hedges or walls shall be erected and maintained upon the Common Area, except such as are installed in accordance with the initial construction of the building located thereon, or approved in writing by the Board and further, no building, fence, structure, or wall shall be constructed upon any of the open spaces unless approval for such construction has been specifically obtained from the Architectural Control Board of the Tahoe Village Owners Association.

Section 8. CHILD PROVISION. Each owner shall be accountable to the remaining owners for the behavior and conduct of children residing or visiting the condominium.

Section 9. PARKING AND VEHICLE USE RESTRICTIONS. An owner or lessee shall park his automobile, truck, camper, van, motorcycle, boat, boat trailer, or similar vehicle only in the parking space(s) provided by the Tahoe Village Owners Association.

Guest of owners or lessees shall park their vehicles only in designated guest parking spaces, and then not for a period to exceed forty-eight (48) hours without the permission of the Board.

No vehicle as described herein, or any other similar vehicle, shall be washed, cleaned, repaired or maintained upon the project, except those repairs and maintenance generally considered as routine or minor. The Board shall have the right to prohibit any repairs or maintenance if, in the opinion of the Board, the same is a nuisance or unsightly.

The Board shall have the right to cause the removal of any vehicle, boat, or trailer of any owner, lessee, or their guests from any portion of the common area where said vehicle, boat, or trailer is not authorized to be parked.

Section 10. RUBBISH. Trash, rubbish, trash bins, and trash receptacles shall not be permitted to remain on any portion of the Common Area, except on the day(s) scheduled for trash and/or rubbish collection.

Section 11. PETS AND ANIMALS. No animal, reptiles, rodents, birds, fish, livestock, or poultry shall be kept in any unit or upon the project, except that domestic dogs, cats, fish, and bird inside bird cages, may be kept as household pets within a unit, provided they are not kept, bred, or raised therein for commercial purposes. Only one domestic dog, not weighing more than twenty pounds (20 lbs.) or one cat shall be allowed per unit. The Board shall have the right to prohibit upon the project any animal, or creature described herein, which constitutes, in the sole opinion of the Board, a nuisance to any other owner. Each person bringing or keeping an animal upon the project shall be absolutely liable to each and all other owners, their family members, guests, invitees, licensees, lessees, renters, and contract purchasers, and their respective family members, guests, and invitees for any damage to persons or property cause by any animal brought upon or kept upon the project by such person or by the members of his family, his guests or invitees. No dog or cat, as allowed herein, shall be allowed upon the project except upon a leash under the control of an owner, lessee or their family members. Any dog or cat on the project not on a leash shall be deemed an unowned animal and the Board may cause it to be apprehended. The Board may also adopt rules and regulations for the assessment of fines for a violation of this Section 11, and may further, for repeated violations, prohibit the animal from the project. Such Board actions as provided for herein shall be taken after notice and hearing given to the subject owner or lessee.

The Board shall have the right to require an owner, lessee, and their family members to register any dog or cat being kept or maintained in their unit.

Section 12. ASSOCIATION MAINTENANCE AND DECORATION AUTHORITY. The Board or its duly appointed agent, including the Manager, if any, shall have the exclusive right to paint, decorate, repair, maintain and alter or modify the exterior walls, balconies, railings, exterior door surfaces, roof and all installations and improvements in the Common Area, and no owner of a unit shall be permitted to do or have done any such work. The prior written approval of the Architectural Committee shall be required for installation of any awnings, sunshades, or screen doors. The restrictions set forth herein shall not apply to the initial construction of buildings and improvements by Declarant.

Section 13. EXPLORATION OF MINERALS. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in the project, or within five hundred (500) feet below the surface of the property, and no derrick or other structure designed for use in boring for water, oil, or natural gas, shall be erected, maintained, or permitted upon any portion of the project.

Section 14. ALL USES SUBJECT TO THE DECLARATION OF TAHOE VILLAGE UNITS NO. 1, 2, and 3.

All units in the project above described shall be subject to the terms and conditions of that certain Declaration of Covenants, Conditions and Restrictions for TAHOE VILLAGE UNITS NO. 1, 2, and 3 as amended. The original Declaration was recorded August 31, 1971 and has been subject to amendments thereafter.

Section 15. USES OF LIMITED COMMON AREA. The owners of Units 1 through 8 shall have the sole right of use of the Limited Common Area directly below their Units. This right of use shall include the right to finish the area as a habitable area, including the right to install utilities, decorate, paint, plaster, install wallpaper or paneling or any other installation or use to make said area habitable. All such improvements to the limited Common Area shall specifically be subject to the requirements of any building codes or other requirements of any government agency having the authority or jurisdiction to approve such improvements. The owner of the Unit entitled to the exclusive use of the Limited Common Area shall be solely responsible for all maintenance and upkeep of said Limited Common Area. Further, said owner shall be responsible to obtain adequate

insurance coverage to protect the Association in the event of any casualty or any damage caused by said Owner's installation of improvements or utilities in the Limited Common Area. In the event there is an increase in the insurance coverage to the Association because of the improvement of the Limited Common Area by the owner entitled to improve said area, then said Owner shall be responsible for the payment of the additional costs. Further the Association shall have all rights of easements for entrance into the Limited Common Area as set forth in this Declaration.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. OWNER KEY DEPOSIT FOR EMERGENCY REPAIR - RIGHT OF ENTRY: The Board shall have authority to designate one or more qualified repairmen or other persons, to enter upon and within any individual unit, in the presence of the owner thereof, or otherwise, for the purpose of making emergency repairs therein or for necessary maintenance or repair to portions of the Common Area; or to abate any nuisance being conducted or maintained in said unit in order to protect the property rights and best interests of the remaining owners. To facilitate this paragraph, all owners shall deposit with the property manager, or his nominee, a key to their units.

Section 2. CONTINUING LIABILITY FOR ASSESSMENTS. The membership register, books of account, minutes of meetings of members of the Board and of committees of the Board, shall be made available for inspection and copying by any member of the Association or by his duly appointed representative any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association. The Board shall establish reasonable rules with respect to: (a) notice to be given the custodian of records by the member desiring to make the inspection; (b) hours and days of the week when such inspection may be made; and (c) payment of costs for reproduction of documents required by a member. Every Director shall have the absolute right at any reasonable time to inspect the books, records, and documents of the Association and physical properties owned or controlled by the Association. The right of inspection by a Director shall include the right to make extracts and copies of documents.

Section 3. TAXES. Each owner shall pay any real and personal property taxes separately assessed against his unit and all utility charges separately metered or charged against his unit, and such payment shall be made by each owner in addition to and separately for assessments otherwise payable to the Association by each owner.

Section 4. ENFORCEMENT OF DECLARATION AND BY-LAWS. The owners, or any one of them, or any member of the Board, or the Board acting on behalf of the owners, or the Tahoe Village Owners Association, shall be entitled to bring legal action for damages against any owner who shall default in the performance of any of the provisions hereof- the By-Laws or rules and regulations adopted by the Board for the protection of the project, including but not limited to, the covenant to pay assessment charges. Further, said persons shall be entitled to enjoin any violation of said documents, such Board rules and regulations and shall further be entitled to prosecute any other legal or equitable action that may be necessary to protect the project. If any owner, member of the Board or the Board shall deem it necessary to initiate any legal or equitable action for the protection of the project, against any owner, then said persons shall be entitled to reasonable attorney's fees and costs of said owner for expenses incurred in bringing or initiating said action; any judgement rendered against any such defaulting owner shall include costs of said action, together with reasonable attorney's fees in an amount fixed by the Court. Notwithstanding the foregoing, there shall be no purported power in the Association to cause a forfeiture or abridgement of any owner's rights to the full use and enjoyment of his individually owned unit on account of a failure by the owner to comply with the provisions of this Declaration or the By-Laws, or of duly enacted rules of operation for the Common Area and facilities, except where the loss or forfeiture is the result of the judgement of a court or a decision arising out of arbitration or on account of a foreclosure sale under a power of sale for failure of the owner to pay assessments levied by the Association.

Section 5. LIBERAL INTERPRETATION OF DECLARATION. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the project for the mutual benefit of all owners.

Section 6. SEVERABILITY OF PROVISIONS. The provisions herein shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any of the provisions hereof, shall not affect the validity of the remaining provisions.

Section 7. CUMULATIVE REMEDIES. Each and all legal or equitable remedies provided for herein, shall be deemed to be cumulative, whether so expressly provided for or not.

Section 8. SUCCESSORS AND ASSIGNS. This Declaration shall be binding upon upon and shall insure to the benefit of the heirs, personal representatives, successors, and assigns of Declarant and the heirs, personal representatives, grantees, lessees, and assignees of owners.

Section 9. WAIVER OR BREACH OF DECLARATION. No waiver or any breach of any of the covenants or conditions of this Declaration shall constitute a waiver of any succeeding or preceding breach of the same, or any other covenant or condition herein contained.

Section 10. DELIVERY OF NOTICES AND DOCUMENTS. Any written notice or other documents relating as required by this Declaration may be delivered personally or by mail. If by mail, such notice, unless expressly provided for herein or in the By-Laws to the contrary as to the type of notice being given, shall be deemed to have been delivered and received 48 hours after a copy thereof has been deposited in the United States mail, postage prepaid, addressed as follows:

(a) If to an owner, other than Declarant, to the address of any unit in the project owned by him in whole or in part, or to the address last furnished to the Board by such owner, for the purpose of giving notice and delivering documents. Each owner, other than Declarant, shall file in writing with the Board promptly upon becoming an owner, his address for the purpose of giving notice and delivering documents and shall promptly notify the Board in writing of any subsequent change of address.

(b) If to Declarant, whether in its capacity as an owner or in any other capacity: P.O. Box 2177, Stateline, Nevada 89449.

(c) Prior to the organizational meeting, notices to the Board shall be addressed to the address set forth in (b) above therefore, notices to the Board shall be addressed to the Secretary and the Board shall cause the address of the Secretary to be posted at all times in a conspicuous

place. In addition, from and after the organizational meeting, notice of the address of the Secretary of the Association shall be given by the Board to each owner, within a reasonable time after the Board has received actual notice of such owner's purchase of a condominium.

Section 11. NOTIFICATION OF SALE OF CONDOMINIUMS. Concurrently with the consummation of the sale of any condominium under circumstances whereby the transferee becomes an owner thereof, or within five (5) business days thereafter, the transferee shall notify the Board, in writing, of such sale. Such notification shall set forth: (1) the name of the transferee and his transferor; (2) the street address or unit number of the condominium purchased by the transferee; (3) the transferee's mailing address and (4) the date of sale. Prior to receipt of such notification, any and all communications required or permitted to be given by Declarant, the Board or the Architectural Committee or any agent or representative thereof, shall be deemed to be duly made and given to the transferee, if duly and timely made and given to said transferee's transferor.

Section 12. JOINT AND SEVERAL LIABILITY. In the case of joint ownership of a condominium, the liability of each of the owners thereof in connection with the liabilities and obligations of owners, set forth in or imposed by this Declaration, shall be joint and several.

ARTICLE IX

UTILITIES

Section 1. UTILITY RIGHTS. The rights and duties of the owners with respect to lines for sanitary sewer, water, gas, electricity, telephone cables and air conditioning, shall be governed by the following:

(a) Wherever sanitary sewer house connections and lines or electricity, gas, telephone lines, air conditioning lines, or television cables are installed within the property, which connections or any portion thereof, lie in or upon portions of the property owned by others than the unit owner of a unit served by said connections, the units owners of any unit served by said connection shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon such portion of the property or to have the utility companies enter thereupon to repair, replace, and generally maintain

said connection as and when the same may be necessary as set forth below

(b) Wherever sanitary sewer house connections and lines, facilities and/or water house connections and lines or electricity, gas telephone lines, air conditioning lines, or television cables are installed within the property, which connections serve more than one unit, the owners of each unit served by said connection shall be entitled to the full use and enjoyment of such portions of said connection as services his unit.

(c) In the event any portion of said connection or line is damaged or destroyed through the negligent act or acts or failure to act, or willful misconduct of one unit owner or any of his agents, invitees, tenants, servants, guests or members of his family, so as to deprive other unit owners of the full use and enjoyment of said connection or line, then such connection or line shall be repaired and restored by the Association, but at the expense of the unit owner who commits or whose guests, agents, or family members commit, such act or acts.

(d) In the event any portion of such connection or line is damaged or destroyed by some cause other than this negligence or willful misconduct of one of the unit owners, his agents, guests, servants, tenants, invitees, or members of his family (including ordinary wear and tear and deterioration from lapse of time), then in such event such connection or line shall be repaired and restored by the Board, such repair and restoration to be paid out of the assessments levied in accordance with this Declaration equally, against all owners.

(e) In the event of a dispute between owners with respect to the repair or rebuilding of said connection or line, or with respect to the sharing of the cost thereof, then upon written request of one of such owners, addressed to the Association, the matter shall be submitted to the Board for a final and binding determination.

Section 2. EASEMENTS. Easements through the units and Common Area for all facilities for the furnishing of utility services, television cable service and heating and air conditioning lines within any unit, which facilities shall include but not be limited to, conduits, ducts, plumbing and wiring shall be appurtenant to each unit, and all other units and the Common Area shall be subject thereto; provided, however, that easements for such facilities shall at all times be and remain substantially in accordance with the initial construction of the project, or the project as reconstructed upon damage or destruction, pursuant to the terms of this Declaration.

ARTICLE X

DESTRUCTION OF IMPROVEMENTS

Section 1. RECONSTRUCTION WITH ELECTION OF OWNERS. In the event of total or partial destruction of the improvements in the condominium project, a special meeting shall be called for the purpose of having the Association members vote on whether or not to repair the damage. Said meeting shall be called within 45 days of said destruction. If reconstruction is to take place, as approved by a majority of the owners, the Board shall be required to execute, acknowledge, file, and record, not later than 120 days from the date of said destruction, a certificate declaring the intention of the owners to rebuild.

Section 2. TAHOE VILLAGE OWNERS ASSOCIATION APPROVAL OF RECONSTRUCTION PLANS.

In the event of a total or partial destruction of the improvements and an owner's vote to reconstruct, then such restoration shall take place only after approval of all plans by the TAHOE VILLAGE OWNERS ASSOCIATION and said Association shall have the authority to require reconstruction to be in conformity with all building codes and ordinances then in effect.

Section 3. RECONSTRUCTION ASSESSMENTS. If a majority of owners determine to rebuild, each owner shall be obligated to contribute such funds as shall be necessary to pay his proportionate share

of the cost of reconstruction over and above the insurance proceeds and the proportionate share of each owner shall be the same as his proportionate interest in the Common Area. In the event of failure or refusal by any owner to pay his proportionate share, after notice to him, should failure or refusal continue for a period of sixty (60) days, the Board may levy a special assessment against such owner, which may be enforced under the lien provisions contained in this Declaration.

Section 4. OBLIGATION OF BOARD. If a majority of owners determine to rebuild, the Board shall obtain bids from at least two reputable contractors and shall award construction work to the lowest bidder. The Board shall have authority to enter into a written contract with said contractor for such reconstruction work and the insurance proceeds held by the Board shall be disbursed to said contractor according to the terms of the agreement. It shall be the obligation of the Board to take all steps necessary to insure the commencement and completion of such reconstruction at the earliest possible time.

Section 5. DETERMINATION NOT TO REBUILD. If the vote of a majority of owners shall be insufficient to authorize rebuilding:

(a) Distribution of Insurance Proceeds. Subject to the rights of mortgagees, any insurance proceeds available for such rebuilding, shall be distributed among the owners and their individual lenders by the Board, as their respective interests may appear. The proportionate interests of each owner in said proceeds in relation to other owners, shall be the same as the proportionate ownership in the Common Area. If a majority of owners elect to rebuild, the Board shall file and record a certificate as provided in Section 1, hereinabove.

(b) Recordation of Certificate not to Rebuild. The Board shall have the duty, within 120 days of the date of such loss, to execute, acknowledge, and record a certificate setting forth the determination of the owners not to rebuild, and shall promptly cause to be prepared and filed, such revised maps and

other documents as may be necessary to show the conversion of the project to the status of unimproved land or to show the elimination of one or more of the units, as a result of such destruction. The TAHOE VILLAGE OWNERS ASSOCIATION shall approve, prior to their filing, any maps or documents required by this Section 5, or before the sale of all or any portion of the project due to a decision not to rebuild.

Section 6. REVIVAL OF RIGHT TO PARTITION CONDOMINIUM. Upon recordation of such certificate, the right of any owner to partition his condominium through legal action, shall forthwith revive.

Section 7. ARBITRATION OF DISPUTES. In the event of a dispute among the owners, respective of the provisions of this Article, any owner may cause the same to be referred to arbitration in accordance with the then prevailing rules of the American Arbitration Association. In the event of arbitration, notice thereof shall be given to the members of the Board and all owners as promptly as possible after reference to arbitration is made, giving all owners an opportunity to appear in such arbitration proceedings. The decision of such arbitrator in this matter shall be final and conclusive upon all owners. The arbitrator may include in his decision an award for costs and/or attorney's fees against any one or more of the parties to the arbitration.

Section 8. CONDEMNATION. In the event an action for condemnation is proposed or commenced by any governmental body having the right of eminent domain, the following provisions shall apply: If such action or proposed action is for the condemnation of the entire project, or a portion thereof, upon the unanimous consent of all owners, the project may be sold to such government body, prior to judgement and the proceeds of such sale shall be distributed to the owners, and their lenders, as their respective interest may appear, based upon each owner's interest in the Common Area. Lacking such unanimous consent, any consequent compensation for the taking, shall be distributed to the owners, according to their proportionate interest in the property taken by the government body.

ARTICLE XI

SUSPENSION OF THE RIGHT OF PARTITION

The right of partition of the Common Area is hereby suspended pursuant to NRS 117.050. The project may be partitioned and sold as a whole, pursuant to the provisions of NRS 117.050 upon a showing of the occurrences of any one of the events therein provided.

Additionally, partition may be had of the project, upon the showing that the conditions for such partition by sale set forth in Article X have been met. Nothing herein contained shall prevent the partition or division of interest between joint or common owners or one condominium.

ARTICLE XII

PROHIBITION AGAINST SEVERABILITY OF COMPONENT INTEREST IN CONDOMINIUM

Section 1. PROHIBITION OF SEVERANCE. No owner shall be entitled to sever his unit in any condominium from his undivided interest in the Common Area, for any purpose. Neither of said component interests may be severally sold, conveyed, encumbered, hypothecated, or otherwise dealt with and any violation or attempted violation of this provision shall be void and of no effect.

Section 2. CONVEYING OF ENTIRE CONDOMINIUM. Subsequent to the initial sales of the condominiums, any conveyance of a unit or of the component interests in the Common Area, by the owner of any condominium, shall be presumed to convey the entire condominium, provided, however, that nothing contained herein shall be construed to preclude the owner of any condominium from creating a co-tenancy in the ownership of said condominium with any other person or persons.

ARTICLE XIII

TERM OF DECLARATION - COMPLIANCE WITH RULE AGAINST PERPETUITIES AND RESTRAINTS OF ALIENATION

The covenants contained herein shall run with the land and shall be binding upon all parties and all persons claiming under them until January 1, 2028, after which time the covenants shall be automatically extended for successive periods of 5 years, unless

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an instrument executed by not less than a majority of owners of the condominiums shall be recorded, cancelling or terminating this Declaration.

ARTICLE XIV

PROTECTION OF LENDERS

Section 1. WRITTEN NOTIFICATION TO FIRST MORTGAGEES. A first mortgagee, upon request, is entitled to written notification from the Board of the Association of any default in the performance by an individual unit mortgagor of any obligation under the condominium documents (Declaration of Restrictions and By-Laws), which is not cured within 60 days. It shall be the responsibility of each owner of a unit to notify the Association within 30 days of the close of his escrow to purchase such unit, of the name and address of the holder of the first mortgage on his particular condominium.

Section 2. EXEMPTION FROM RIGHT OF FIRST REFUSAL. Any first mortgagee which comes into possession of the unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or Deed (or assignment) in lieu of foreclosure, shall be exempt from any right of first refusal.

Section 3. SUBORDINATION OF ASSESSMENT LIEN TO MORTGAGES. Any holder of a first mortgage which comes into possession of the condominium pursuant to the remedies provided in the mortgage or foreclosure of the mortgage, shall take the property free of any claim for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such holder comes into possession of the condominium (except for claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all residential units, including the mortgaged unit). The lien assessments provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable

prior to a sale or transfer of such property pursuant to a decree of foreclosure of trustee's sale. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, not from the lien of any such subsequent assessment.

Section 4. PRIOR APPROVAL OF FIRST MORTGAGE HOLDERS. Unless at least seventy-five percent (75%) of holders of first mortgage liens on individual condominiums have given their prior written approval, the Association shall not:

(a) By act or omission, seek to abandon or terminate the condominium regime;

(b) By act or omission change, waive or abandon any scheme of regulations or enforcement thereof, pertaining to the architectural design of the exterior appearance of the units, the exterior maintenance of the units or the maintenance of the Common Area.

(c) Change the pro rata interest or obligations of any condominium unit for: (i) purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; and for (ii) determining the pro rata share of ownership of each unit in appurtenant real estate and any improvements thereon which are owned by unit owners in the project in undivided pro rata interests ("Common Area").

(d) Partition or subdivide any condominium.

(e) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the condominium project, shall not be deemed a transfer within the meaning of this clause.

(f) Use hazard insurance proceeds for losses to any condominium property (whether to units or to the Common Area) for other than the repair, replacement, or reconstruction of such improvements, except as provided by statute in case of substantial loss to the units and/or the Common Area of the project.

Section 5. MORTGAGEES RIGHT TO PAY TAXES OR CHARGES. The mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any portion of the Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Area and mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement is reflected in an agreement in favor of all mortgagees duly executed by the Association and an original or certified copy of such agreement is possessed by Declarant.

Section 6. EXAMINATION OF BOOKS AND RECORDS. The holders of first mortgages shall have the right to examine the books and records of the Association.

Section 7. RESERVES FOR REPLACEMENT. An adequate reserve fund for replacement of the Common Area facilities must be established by the Association and must be funded by regular monthly assessments rather than by special assessments.

Section 8. TAXES, ASSESSMENTS AND CHARGES. All taxes, assessments, and charges which may become liens prior to the first mortgage under the local law, shall relate only to the individual condominiums and not to the project as a whole.

Section 9. NO PRIORITY OVER RIGHTS OF FIRST MORTGAGEES. No provision herein shall give a unit owner, or any other party, priority over any rights of first mortgagees of units, pursuant to their mortgages in the case of a distribution to unit owners of insurance proceeds or condemnation awards for losses to or a taking of units and/or the Common Area.

Section 10. PROFESSIONAL MANAGEMENT OF PROJECT. Any agreement for professional management of the project or any other contract providing for services by Declarant, must provide for termination by either party without cause, or payment of a termination fee, on 90 days' or less written notice and a maximum contract term of 3 years.

Section 11. NOTICE TO LENDER. The Association shall give written notice to all first mortgagees of any loss to or taking of the common elements of the project, if such loss or taking exceeds \$10,000 or damage to a condominium unit covered by a mortgage exceeds \$1,000.

Section 12. CONFLICT. If there is any conflict between any provision of this Article and any other provision in this Declaration or the By-Laws of the Association, the language contained in this Article, "Protection of Lenders," shall control.

ARTICLE XV

BREACH

Section 1. RIGHT OF ENTRY. Violation of any of the provisions, conditions, restrictions, covenants, easements, or reservations contained herein shall give to Declarant or its successors, or to the Association, the right to enter on the property upon or as to which such violation exists and to abate and remove, at the expense of the owner thereof, any erection, thing, or condition that may be or exists thereon contrary to the intent and meaning of the provisions hereof. Such entry shall be made only after three days notice to said owner and with as little inconvenience to the owner as possible, and any damage caused thereby shall be repaired by the Association. Declarant or its successors shall not thereby be deemed guilty of any manner of trespass by such entry, abatement, or removal.

Section 2. NUISANCE. The result of every act or omission, whereby any provision, condition, restriction, covenant, easement, or reservation herein contained is violated, in whole or in part, is hereby declared to be and constitutes a nuisance and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by Declarant or its successors or the Association. Such remedy shall be deemed cumulative and not exclusive.

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Section 3. RIGHT OF LIEN HOLDER. A breach of any of the provisions, conditions, restrictions, covenants, easements, or reservation herein contained, shall not affect or impair the lien or charge of any bona fide first mortgage or first deed of trust, made in good faith and for value, on any of the units; provided, however, that any subsequent owner of the unit shall be bound by these provisions, conditions, restrictions, covenants, easements, and reservations whether such owner's title was aquired by foreclosure, trustee's sale, or otherwise.

Section 4. ENFORCEMENT. In the event of a breach of any of the provisions, conditions, restrictions, easements, covenants, or reservations hereby established, which is continued for thirty (30) days, the Board may enforce any and all terms and conditions of this Declaration. It is hereby declared that damages at law for such breach are indaequate. The restrictions provided for herein shall be enforceable equitable servitudes and shall inure to and bind all the owners of the residential units.

ARTICLE XVI

AMENDMENT

Section 1. SUBSEQUENT TO CLOSE OF FIRST ESCROW. Subsequent to the close of the first escrow, each and all of the covenants, conditions, and restrictions contained herein may be modified, amended, augmented, or deleted in the following manner and not otherwise: by the execution of either an amended Declaration or an amendment to this Declaration duly executed and acknowledged by not less than seventy-five percent (75%) of the owners of units and their beneficiaries of first trust deeds which may then be of record as valid encumbrances against the project or any part therof, exclusive, however, of the vote of Declarant; provided, that the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause; provided further that no amendment hereto shall

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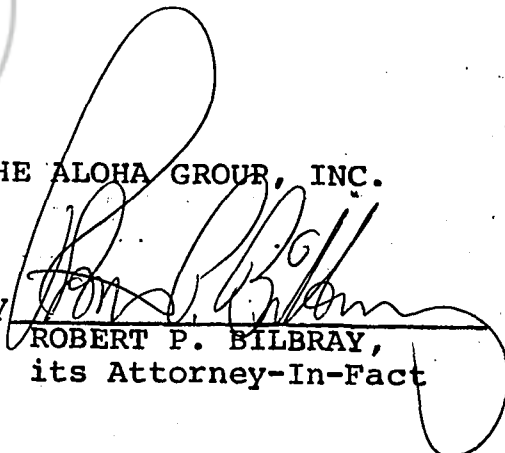
be valid which would tend to defeat the encumbrancer-mortgagee's priority position with respect to its lien or which would convert the encumbrance-mortgage to an illegal status under governmental regulations unless written consent is obtained from the encumbrancer-mortgagee; further, no amendment hereto shall be valid without prior written approval of the TAHOE VILLAGE OWNERS ASSOCIATION, if the adoption of such amendment would negate the obligations of the Association to maintain the project in a first class condition and in a good state of repair and/or defeat any provision that provides for assessment and obligation for the maintenance and upkeep thereof.

Section 2. PRIOR TO CLOSE OF FIRST ESCROW. Prior to the close of first escrow, Declarant shall have the right to amend this Declaration by executing and recording with consent of beneficiaries, all of trust deeds then of record, the desired amendment thereto.

Section 3. APPROVAL OF THE TAHOE VILLAGE OWNERS ASSOCIATION. Any amendment which would defeat the obligation of the Association to maintain the Common Area in a first class condition and in a good state of repair, or which would defeat the assessment procedure to insure said maintenance, must be first approved in writing by the TAHOE VILLAGE OWNERS ASSOCIATION.

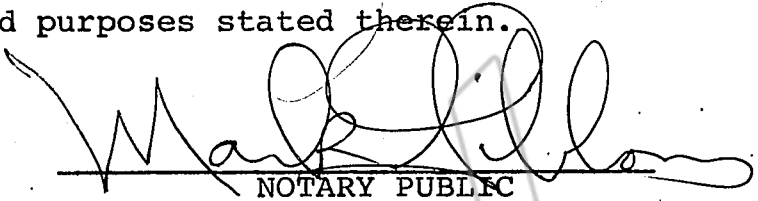
IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.

THE ALOHA GROUP, INC.

By 
ROBERT P. BILBRAY,
its Attorney-In-Fact

STATE OF NEVADA)
) ss:
COUNTY OF CLARK)

On the 12 day of August, 1980, personally appeared before me, a Notary Public for said County and State, ROBERT P. BILBRAY, known to me to be the Attorney-In-Fact for THE ALOHA GROUP, INC., who acknowledged to me that he executed the foregoing instrument freely and voluntarily, and for the uses and purposes stated therein.



NOTARY PUBLIC



Notary Public - State of Nevada
CLARK COUNTY
Mark Gibbons
My Appointment Expires Oct. 4, 1983

COPY

Exhibit "A"

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE STATE OF NEVADA, COUNTY OF DOUGLAS, DESCRIBED AS FOLLOWS:

Units 1 thru 8 as set forth on the Condominium Map of Lot 18, Tahoe Village Unit No. 3, filed for record February 22, 1980, as Document No. 41772, Official Records of Douglas County, State of Nevada.

TOGETHER WITH an undivided 8/8ths interest in and to those portions designated as Common Areas as set forth on the Condominium Map of Lot 18, Tahoe Village Unit No. 3, filed for record February 22, 1980, as Document No. 41722, Official Records of Douglas County, State of Nevada.

COPY

REQUESTED BY
Bilberry Gibbons y
IN OFFICIAL RECORDS OF
DOUGLAS CO. NEVADA *Pitaro*
51.00 pd.
1980 AUG 14 AM 11:21

MARIE A. RABEL
RECORDER

Carol Covert 47445
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