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RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

✓ GORDON H. DePAOLI, Esq.
WOODBURN, WEDGE and JEPSON
Post Office Box 2311
Reno, NV 89505

TENANCY-IN-COMMON AGREEMENT

THIS TENANCY-IN-COMMON AGREEMENT (hereinafter referred to as "Agreement") is made and entered into this 13th day of November, 1989, by and between EDWARD G. STEVENSON (hereinafter referred to as "STEVENSON") and DUANE JONES (hereinafter referred to as "JONES"). STEVENSON and JONES are collectively the "Owners" and severally each "Owner".

RECITALS

This Agreement is made and entered into with reference to the following facts:

A. The Owners have separately acquired their interests in that certain land located in the County of Douglas, State of Nevada, more particularly described in Exhibit A attached hereto and incorporated herein (hereinafter referred to as the "Land").

B. The Owners are the owners of the buildings, improvements and other appurtenances (hereinafter referred to as the "Improvements") located on the Land. The Owners own those undivided interests in the Improvements as set forth in Exhibit B attached hereto and incorporated herein. The Owners shall be deemed to own like undivided interests in the Land.

C. The Land and the Improvements are collectively referred to as the "Common Property".

D. Each Owner intends to and shall own his respective interest in the Common Property as a tenant-in-common with the other Owner. Each Owner desires to make and enter into an agreement with the other Owner to provide for the proper and orderly ownership, operation and management of the Common Property and of its respective ownership interest therein.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein, the Owners, and each

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of them, hereby agree as follows:

1. **DECLARATION OF INTENTION.** The Owners hereby declare that their relationship in and to the Common Property is that of tenants-in-common, expressly subject, however, to the terms and conditions set forth in this Agreement. Nothing contained in this Agreement shall be deemed to constitute the Owners as partners or joint venturers.

2. **TERM.** The effectiveness of this Agreement shall commence upon the execution hereof, and shall continue for a period of fifteen (15) years, unless sooner terminated by unanimous consent of the Owners or by legal partition of the Common Property.

3. **OPERATION AND MANAGEMENT.** All management duties relating to the operation and maintenance of the Common Property shall be jointly discharged by Owners. Owners shall serve without compensation except for the reimbursement of direct and indirect expenses incurred on behalf of the Common Property. All decisions regarding the ownership, operation and management of the Common Property in the ordinary course of business, including, without limitation, the collection of all income from or of the Common Property and the establishment of a reasonable operating and contingency reserve therefrom, the payment of any indebtedness secured by the Common Property, the enforcement of any leases, subleases or rental agreements relating to the Common Property, and the incurring of any expense for the benefit of the Common Property and the distribution to the Owners of monies received from the Common Property, shall be made by the Owners jointly.

4. **OPERATING CAPITAL AND RIGHT OF CONTRIBUTION.** JONES will pay any indebtedness secured by the Common Property, all real and personal property taxes, assessments or other charges assessed against the Common Property and any other expenses associated with the Common Property which are deductible under the Internal Revenue Code. STEVENSON will contribute \$1,189.00 each month to the aforementioned expenses. All other capital as shall be necessary to operate, maintain and manage the Common Property, including, without limitation, for the payment of all fire, liability or other insurance premiums and charges relating to the Common Property, all capital expenditures required to be made to the Improvements constructed or to be constructed on the Common Property, all costs for repairs or replacement of any improvements, personal property, equipment or fixtures, and all other costs, charges, or expenses related to or incurred by the Owners with respect to the Common Property, shall, unless otherwise agreed upon by both Owners, be contributed by each Owner on a prorata Basis determined in accordance with the fractional interest that each Owner owns in the Common Property. Such capital shall be contributed within ten (10) days after written notification specifying the amount of and the reasons and necessity for such contribution. In the event one (1) of the Owners fails to make such contribution within said ten (10)

days, the non-defaulting Owner shall be entitled to the remedies set forth in Paragraph 5, below.

5. **REMEDIES.** In addition to all other remedies provided by the laws of the State of Nevada, the non-defaulting Owner under the terms and provisions of Paragraph 4, above (hereinafter referred to as the "Non-Defaulting Owner"), shall have the following remedies against the defaulting Owner thereunder (hereinafter referred to as "Defaulting Owner"):

a. **Advance of Funds by Non-Defaulting Party.** For purposes of Paragraph 4, above, the Non-Defaulting Owner shall have the right, but not the obligation, to advance the money owing by the Defaulting Owner. The amount of such advance shall constitute a loan to the Defaulting Owner and shall bear interest at the rate of ten percent (10%) per annum from the date of advancement until paid in full.

b. **Assignment of Rents, Issues and Profits.** Any such advance shall be due and repayable upon demand of the advancing Non-Defaulting Owner. Unless repaid on demand, any such advance, together with interest as set forth above, shall, at the option of the Non-Defaulting Owner, be deducted and repaid from the rents, issues and profits of the Common Property otherwise allocable and distributable to the Defaulting Owner.

c. **Lien; Power of Sale.** In addition to the foregoing, the Non-Defaulting Owner shall have a lien upon the ownership interest of the Defaulting Owner in the Common Property to the extent of such advances and interest. In the event the Defaulting Owner fails to repay, upon demand, the amount of such advances and interest, said lien at the option of the Non-Defaulting Owner may at any time be foreclosed as a mortgage. The advancing Non-Defaulting Owner is hereby expressly granted the power to sell the undivided interest of the Defaulting Owner in the Common Property at a public sale conducted by the advancing Non-Defaulting Owner or its appointed agent, pursuant to the applicable provisions of Nevada law allowing for exercise of a non-judicial power of sale in a deed of trust or mortgage, at which sale the Non-Defaulting Owner is hereby authorized to credit bid on its behalf the amount of the unpaid advance made on behalf of the Defaulting Owner, together with all accrued interest. For purposes hereof, the provisions of that certain form deed of trust recorded on May 28, 1981, in Book 1635, at Page 387, of the Official Records of Washoe County, Nevada, as Document No. 740833, and are incorporated herein.

6. **ENCUMBRANCES OF FRACTIONAL INTERESTS.** Each of the Owners covenants and agrees that he shall not encumber, hypothecate, mortgage, pledge, assign or otherwise alienate for security

purposes its undivided fractional ownership interest in the Common Property without first obtaining the prior written consent of the other Owners. Any such lien, encumbrance, mortgage, pledge, judgment or other charge placed against the Common Property without such consent shall be removed from the Common Property by such Owner within thirty (30) days from the date it is placed on the Common Property. Failure to remove the same within said thirty (30) days shall constitute a material breach of this Agreement and the non-breaching Owner may, at his option and at the sole cost and expense of the Owner in breach hereof, immediately pay such monies or take such other action as may be necessary to remove such lien or encumbrance. Any sums so paid, together with all costs incurred in removing such liens, including reasonable attorneys' fees, shall be regarded as a loan to the defaulting Owner, enforceable and repayable as set forth in Paragraph 5, above.

7. RIGHT OF FIRST REFUSAL AS CONDITION PRECEDENT TO SALE OF FRACTIONAL INTEREST TO THIRD PERSON. No Owner shall have the right to sell, assign, exchange or otherwise transfer his undivided fractional interest in the Common Property, or any part thereof, for a period of two (2) years from the date of this Agreement and thereafter only upon the following terms and conditions and under the following circumstances. The interest of an Owner in the Common Property, or any part thereof, may be sold, exchanged or otherwise transferred:

a. Other Owners. To any other Owner.

b. Third Parties. To any other person or party subject to the following conditions:

(i) The ownership interest in the Common Property, or any part thereof, which the Owner (hereinafter referred to as the "Transferor Owner") intends to sell, assign, exchange, or otherwise transfer shall first be offered in writing to the other Owner (hereinafter referred to as the "Transferee Owner") at the stated price or exchange value at which the interest is proposed to be sold or exchanged and the proposed terms thereof. The Transferee Owner shall have a period of sixty (60) days in which to accept or reject said offer in whole or in part.

(ii) If the Transferee Owner accepts said offer in whole or in part, an escrow shall be opened at a responsible Reno, Nevada title company of the Transferee Owner's choice for processing the purchase of such interest in the Common Property and said escrow shall close within sixty (60) days of the acceptance of said offer. The title insurance premium and all other costs and expenses of escrow shall be borne and paid for by the respective parties in accordance with the custom and practice then prevailing in Douglas County, Nevada.

(iii) If the Transferee Owner does not accept said offer, then the entire Common Property shall be sold at a purchase price agreed upon by the Owners or if they cannot agree thereon, the purchase price shall be established pursuant to the appraisal procedure set forth in paragraph 10 hereof.

8. **SALE, REFINANCE OR EXCHANGE OF ENTIRE COMMON PROPERTY.** The entire Common Property shall be sold, refinanced or exchanged upon the written vote or consent of both Owners. Each of the Owners hereby covenants and agrees to execute all documents, including grant deeds, as shall be required to effect such sale, refinance or exchange of the Common Property.

9. **EFFECT OF TRANSFER.** Upon the sale or other transfer to any person or party of any Owner's undivided fractional interest in the Common Property, or any part thereof, the transferee or transferees shall become a tenant-in-common with the remaining Owner and their rights, interests and obligations in and to the Common Property shall be governed and determined by the terms and provisions of this Agreement.

10. **RIGHT TO PURCHASE AS CONDITION PRECEDENT TO PARTITION OR TO TRANSFER BY DEATH OR GIFT.** Each Owner shall retain all of his right as a tenant-in-common to unilaterally seek and obtain a partition and sale of the Common Property, or to dispose of his interest in the Common Property by will, intestate succession, or gift to his issue and/or spouse or to a trust for the benefit of said Owner's spouse and/or issue (collectively a "Related Party Transfer"), and to otherwise act unilaterally with respect to his interest therein except as expressly provided for in this Agreement; subject, however, to the satisfaction or waiver by the other Owner of the following conditions precedent.

a. **Offer to Non-Electing Owner.** In the event that one (1) of the Owners elects to have the Common Property partitioned and sold or to make a Related Party Transfer, the Owner so electing to seek partition or his personal representative or trustee (hereinafter referred to as the "Electing Owner") shall first be required to offer to sell his total interest in the Common Property to the other Owner (hereinafter referred to as the "Non-Electing Owner") as a condition precedent to the institution of legal action for partition and sale or a Related Party Transfer. Said offer shall be made in writing to the Non-Electing Owner and shall contain the price at which said real property is being offered. The Non-Electing Owner shall have sixty (60) days from the date the price is established within which to elect to purchase the Electing Owner's interest in the Common Property. The price therefor shall, at the election of the Non-Electing Owner, be either the price stated in said offer

or at the price determined by an appraisal.

The value of the Electing Owner's interest in the Common Property purchased hereunder shall be equal to that percentage of the net fair market value of the Common Property that the Electing Owner owns of the Common Property, or portion thereof purchased by the Non-Electing Owner.

If the Owners cannot agree on the value of the Electing Owner's Interest within thirty (30) days following the Election Owner's decision to sell, the issue shall be submitted to two appraisers, both of whom shall be residents of the State of Nevada and each of whom shall be a member of the American Institute of Real Estate Appraisers, or the successors thereto. One shall be selected by the Electing Owner and one shall be selected by the Non-Electing Owner. Each appraiser shall independently determine the value of the interest as defined above within 30 days of this appointment. If the appraisals submitted are within 10% of each other, then the two appraisals shall be added together and divided by two and the average so obtained shall be the value of the interest.

If the appraisals are not within 10% of each other, then the two appraisers so appointed shall confer jointly and, if possible, determine the value of the interest. If the two appraisers cannot agree within 10 days from the date on which the last appraisal was submitted, then the two appraisers shall appoint a third appraiser who shall be a resident of the State of Nevada and a member of the American Institute of Real Estate Appraisers, or the successor thereto. The third appraiser shall independently determine the value of the interest award within 30 days of his appointment. If the third appraiser's determination is within 10% of one of the other appraisals, the two appraisals that are within 10% of each other shall be added together and divided by two and the average so obtained shall be determinative of the value of the interest.

If the third appraisal is not within 10% of either of the other appraisals, then the third appraisal shall bind both Owners and shall be determinative of the value of the interest.

Each Owner shall pay the fee of his appraiser. The fee of the third appraiser shall be paid for equally by the Owners. In the event either Owner refuses to appoint an appraiser as it hereinabove provided, then it is mutually understood and agreed that the appraisal by the appraiser appointed by the party willing to appoint an appraiser, shall determine the value of the interest.

b. Failure to Purchase Entire Interest. In the event that the Non-Electing Owner does not elect to so purchase the entire undivided interest of the Electing Owner in the Common Property within said sixty (60) day period of time, the Electing Owner shall then have the right to immediately and without further notice to the Non-Electing Owner take all such steps as shall be necessary to effect a court-ordered partition and sale of the Common Property or make a Related Party Transfer.

c. Payment of Purchase Price. In the event that the Non-Electing Owner elects to purchase said offered interest in the Common Property, an escrow shall be established at any responsible Reno, Nevada title company selected by the Non-Electing Owner, and the purchase price for such interest shall be paid in cash on a closing date which shall be not later than sixty (60) days from the expiration of the time in which the Non-Electing Owner had to elect to purchase or not.

11. CONDEMNATION.

a. Sale by Unanimous Consent. If an action for condemnation of all or a portion of the Common Property is proposed or threatened by a governmental agency having the right of eminent domain, then, upon the unanimous written consent of all of the owners and any institutional mortgagee, the common property, or a portion of it, may be sold and conveyed to the condemning authority. If an Owner withholds his consent to such a sale, and the condemning authority institutes condemnation proceedings, the court shall fix and determine the condemnation award.

b. Distribution of Proceeds of Sale. On a sale occurring under paragraph (a) above, the proceeds shall be distributed to each Owner as his interest appears on Exhibit B hereto.

c. Distribution of Condemnation Award. If the Common Property, or a portion of it, is not sold but is instead taken, the award shall be apportioned among the Owners by the terms of the judgment of condemnation, and if not so apportioned, then the award shall be distributed to each Owner as his interest appears on Exhibit B hereto.

12. FURTHER ASSURANCES. Each of the Owners covenants and agrees that he shall execute such further documents and instruments as shall be necessary to fully effectuate the terms and provisions of this Agreement.

13. ATTORNEYS' FEES. If any action at law or in equity, including an action for declaratory relief, is brought which is related to this Agreement or the breach thereof, the prevailing party in any final judgment, or the non-dismissing party in the

event of a dismissal without prejudice, shall be entitled to the full cost of all reasonable expenses, including all court costs and reasonable attorneys' fees paid or incurred in good faith.

14. **GOVERNING LAW.** This Agreement shall be construed in accordance with the laws of the State of Nevada, and in the event there is any litigation with respect to any term or condition of this Agreement, the parties hereto agree that the venue for such litigation will be Washoe County, Nevada.

15. **ENTIRE AGREEMENT; MODIFICATION.** This Agreement embodies and constitutes the entire understanding among the parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged, or terminated except by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment, discharge, or termination is sought, and then only to the extent set forth in such instrument.

16. **AMENDMENTS.** The provisions of the Agreement may be waived, altered, amended, or repealed, in whole or in part, only on the written consent of all parties to this Agreement. Any amendment of this Agreement shall be dated, acknowledged, and recorded, and shall be labeled "Amendment to Tenancy-In-Common Agreement," and if, and to the extent, any conflict arises between the provisions of said amendment and any of the provisions of any earlier document or documents, the most recent duly executed amendment shall be controlling.

17. **BOOKS.** At all times during the existence of and continuance of this tenancy-in-common, the Owners shall keep or cause to be kept true and accurate books of account. Each Owner shall at all reasonable times have access thereto.

18. **BANK ACCOUNTS.** A bank account shall be opened and maintained for the operation and management of the Common Property in which there shall be deposited all contributions of the Owners and all other income generated by the Common Property. All funds deposited in such account or accounts shall be used solely for the benefit of the Common Property or distributed to the Owners. Said account or accounts shall be opened at such bank or savings institution as the Owners may select and shall be opened in the name of both the Owners. Withdrawals from any such account in excess of One Hundred Dollars (\$100.00) shall require the written consent of both the Owners. In the event both the Owners give such written consent, the actual withdrawals may then be made upon the designated signature by any one (1) of the Owners or such other representatives as the Owners may subsequently designate. For purposes of determining whether unanimous consent for a withdrawal

is required, all costs which relate to a single project must be aggregated. If the total cost of all items purchased for such project then exceeds One Hundred Dollars (\$100.00), unanimous consent for the withdrawal shall be required.

19. **NOTICES.** Any notice to be given or to be served upon any party hereto, in connection with this Agreement, must be in writing, and may be given by certified or registered mail and shall be deemed to have been given and received four (4) days after a certified or registered letter containing such notice, properly addressed, with postage prepaid is deposited in the United States Mails; and if given otherwise than by certified or registered mail, it shall be deemed to have been given when delivered to and received by the party to whom it is addressed. Such notices shall be given to the parties hereto at the following addresses:

STEVENSON: Edward G. Stevenson
c/o Woodburn, Wedge and Jeppson
One East First Street, Suite 1600
Reno, Nevada 89505

JONES: Duane Jones
P.O. Box 185
Glenbrook, Nevada 89413

Any party hereto may, at any time by giving five (5) days' written notice to the other party hereto, designate any other address in substitution of the foregoing address to which such notice shall be given and other parties to whom copies of all notices hereunder shall be sent.

20. **SEVERABILITY.** If any term, provision, covenant, or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions, covenants, and conditions of this Agreement, and all applications thereof, not held invalid, void, or unenforceable, shall continue in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

21. **NO WAIVER.** The waiver by either Owner of any covenant contained herein, shall not be deemed a continuing waiver of same or of any other covenant contained herein.

22. **RECORDATION.** Each of the Owners agrees that this Agreement or a memorandum hereof shall be recorded, and each of the Owners covenants and agrees to execute and acknowledge this Agreement or a memorandum hereof in proper recordable form.

23. **SUCCESSORS AND ASSIGNS.** All covenants, representations, warranties and agreements of the parties contained herein shall be binding upon and inure to the benefit of each of the Owners hereto, their legal representatives, heirs, successors and permitted assigns and shall constitute a covenant running with the Common

Property.

24. **COMMON PROPERTY.** Based upon the mutual agreement between each Owner and his respective spouse, if any, the Owners agree that all right, title and interest in and to the Common Property whether separate or community property shall be governed by this Agreement. It is expressly acknowledged that in the event of divorce, the wife of the respective Owner shall have no continuing interest in the Common Property and the wives of the Owners shall waive their right to a continuing interest. Any interest they may have shall be determined by the divorce court in the form of a money judgment against the respective spouse and the other Owner(s) shall not be liable for payment for said interest nor shall the wife have a lien upon the Common Property for said judgment.

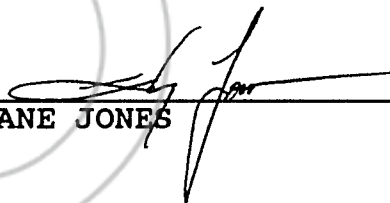
25. **UNANIMOUS CONSENT.** Wherever the phrase "unanimous consent" or the word "unanimous" or "consent of the Owners" appears herein, such phrase or word shall mean the consent of all Owners.

26. **PAYMENT OF FINANCING COSTS IN THE EVENT OF ACCELERATION OF FIRST DEED OF TRUST.** If solely as a result of Jones' purchase of the one-half (1/2) interest of Gayle Stevenson in the Common Property, the existing note and first deed of trust are accelerated, then Stevenson shall pay all financing charges associated with acquiring new financing to replace the existing note and deed of trust.

IN WITNESS WHEREOF, the Owners, and each of them, have executed this Agreement on the day and year first set forth above.



EDWARD G. STEVENSON

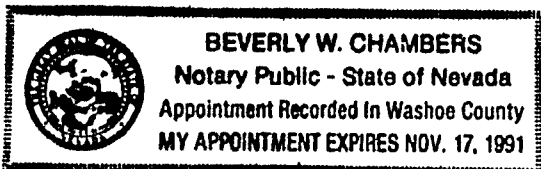


DUANE JONES

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this 13th day of November, 1989, before me, the undersigned, a Notary Public in and for the County of Washoe, State of Nevada, duly commissioned and sworn, personally appeared Edward G. Stevenson, known to me to be the person whose name is subscribed to the within instrument, and who acknowledged to me that he executed the foregoing instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Beverly W Chambers
Notary Public

STATE OF NEVADA)
) ss.
COUNTY OF DOUGLAS)

On this 10th day of NOVEMBER, 1989, before me, the undersigned, a Notary Public in and for the County of ^{Douglas} ~~Washoe~~, State of Nevada, duly commissioned and sworn, personally appeared Duane Jones, known to me to be the person whose name is subscribed to the within instrument, and who acknowledged to me that he executed the foregoing instrument freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



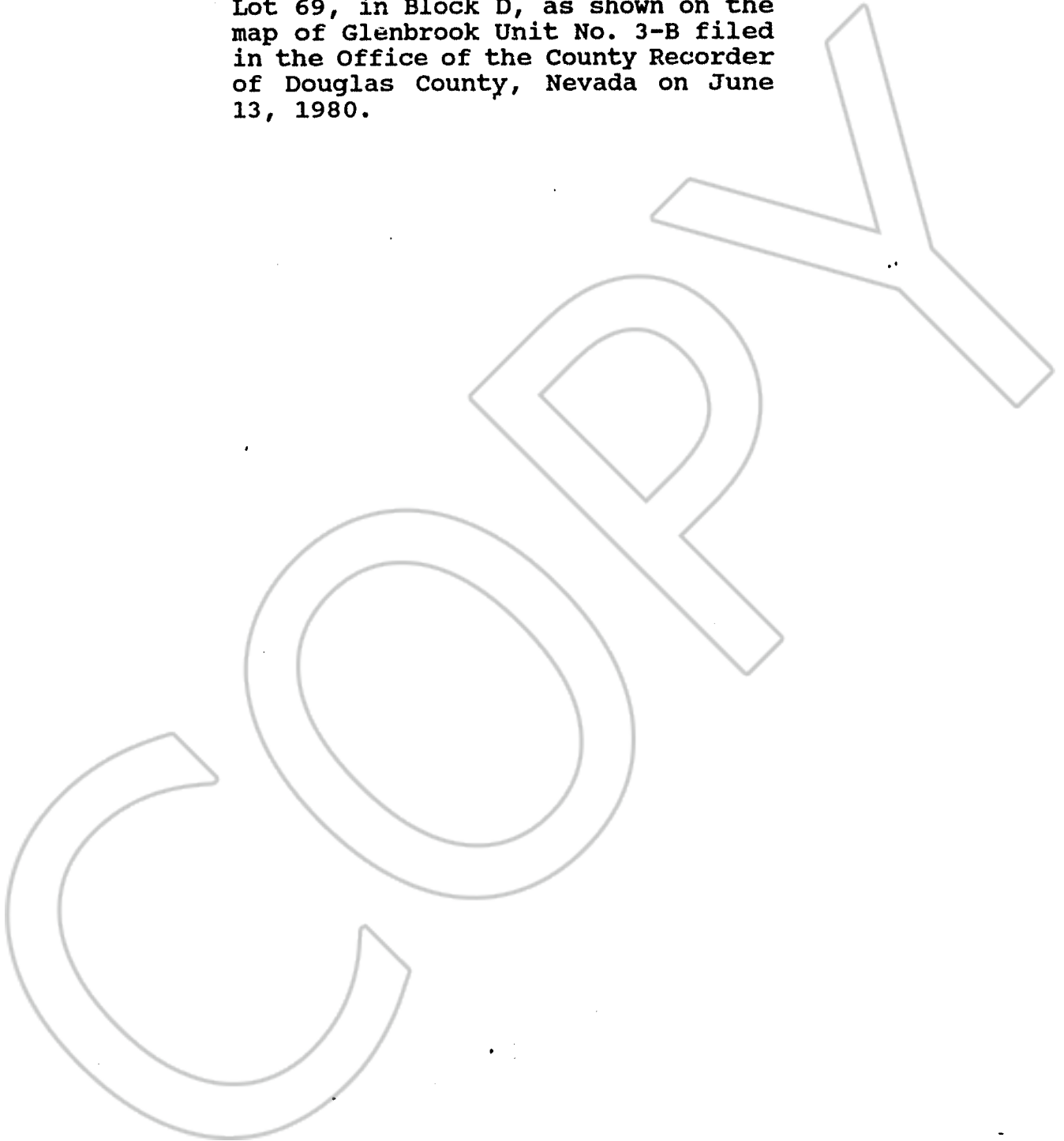
Carole Terry
Notary Public

EXHIBIT A

Property Description

Situate in the County of Douglas, State of Nevada:

Lot 69, in Block D, as shown on the map of Glenbrook Unit No. 3-B filed in the Office of the County Recorder of Douglas County, Nevada on June 13, 1980.



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EXHIBIT B

Ownership Interests

EDWARD G. STEVENSON

50%

DUANE JONES

50%

COPY

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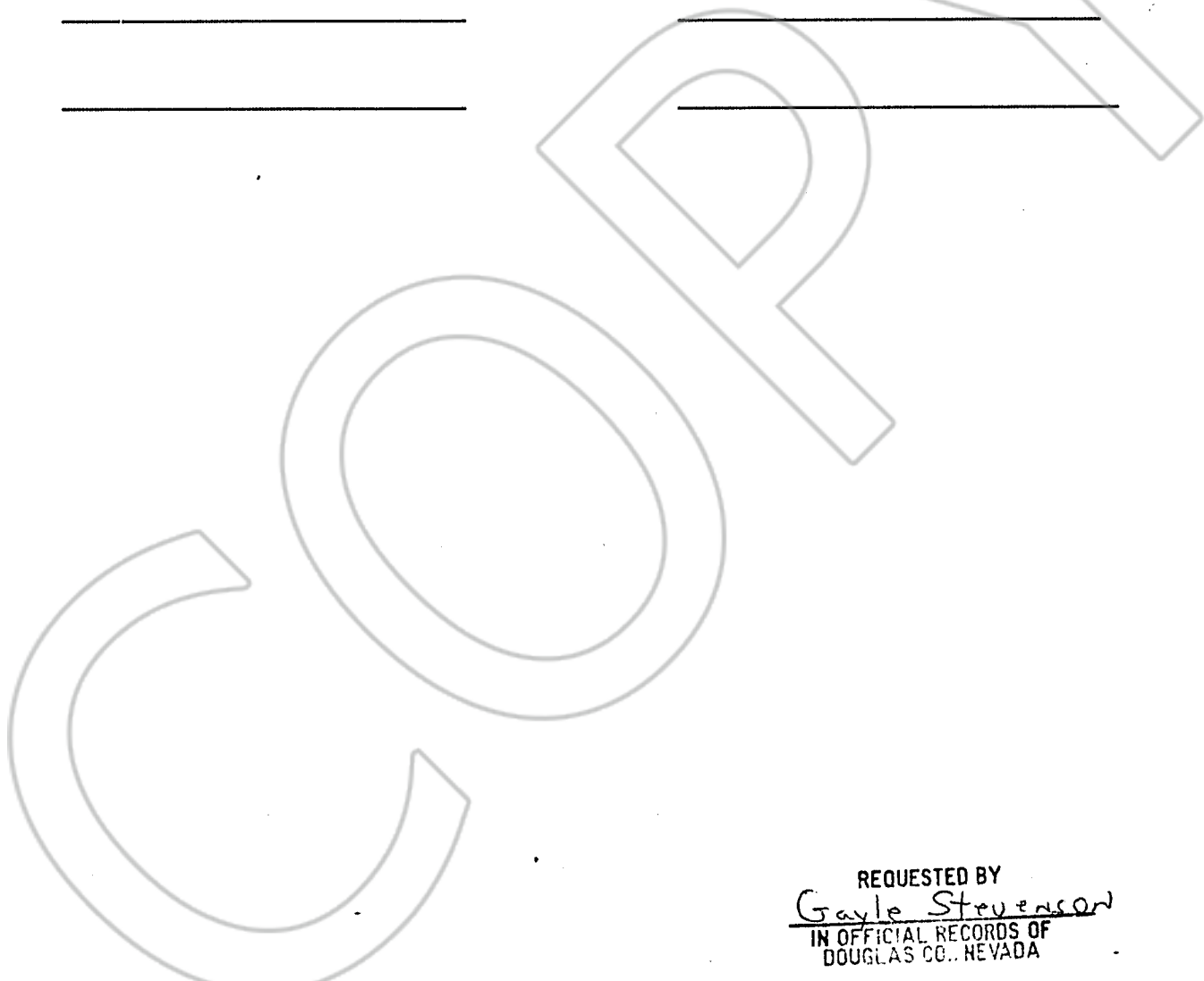
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SPOUSES CONSENT

I acknowledge that I have read the foregoing Agreement and that I know its contents. I am aware by its provisions my spouse agrees to sell, subject to certain restrictions, all his or her interest in the Common Property, including my community or marital interest in it, if any. I hereby consent to the restrictions, approve of the provisions of the Agreement, and agree that the Common Property and my interest in it are subject to the provisions of the Agreement and that I will take no action at any time to hinder operation of the Agreement on the Common Property or my interest in it, particularly as set forth in paragraph 24 of the foregoing Agreement.

Name

Date



REQUESTED BY
Gayle Stevenson
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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SUZANNE BLAUDREAU
RECORDER

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\$ 18⁰⁰ PAID K1a DEPUTY

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