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DECLARATION OF TIME SHARE COVENANTS,  
CONDITIONS AND RESTRICTIONS FOR  
THE RIDGE POINTE

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DECLARATION OF TIME SHARE COVENANTS,  
CONDITIONS AND RESTRICTIONS FOR  
THE RIDGE POINTE

THIS DECLARATION, made this 8th day of October, 1997, by RIDGE POINTE LIMITED PARTNERSHIP (hereinafter referred to as "Declarant"), is made with reference to the following Recitals and is as follows:

RECITALS

A. Declarant is the owner of certain real property (the "Property") located in the county of Douglas, state of Nevada, commonly known as THE RIDGE POINTE, and more particularly described as Lot 160 as shown on the Fourteenth Amended Subdivision Map of Tahoe Village No. 1 recorded on September 16, 1996, Book 996 at Page 2133 as Document No. 396458 in the Official Records, Douglas County Recorder's Office, Minden, Nevada.

B. The Property is currently the subject of certain covenants, conditions and restrictions set forth in the Declaration of Restrictions recorded August 31, 1971, in Book 90 of Official Records of Douglas County, Nevada at Page 484; a Declaration of Reciprocal Covenants recorded August 31, 1971, in Book 90 of Official Records at Page 485, Douglas County, Nevada, and in the Declaration of Restrictions recorded January 11, 1973, in Book 173 of Official Records of Douglas County, Nevada, at Page 229 which were amended and superceded by a Declaration of Restrictions

recorded July 26, 1989 in Book 789 at Page 3011 of Official Records of Douglas County.

The Property is also the subject of the Bylaws of Tahoe Village Homeowners Association, a non-profit corporation, dated November 21, 1985 and recorded November 26, 1985 in Book 1185 of Official Records at Page 2763, Douglas County, Nevada, as Document No. 127487, as amended from time to time thereafter.

C. The Declarant proposes to convey by grant, bargain, and sale deed undivided interests in the Property providing in each deed that the grantee(s) (as hereinafter defined) named therein shall have certain defined rights to occupy a Unit within the Property and to use the Common Areas during certain specified time periods and reserving to Declarant and its respective successors and assigns certain easements and the exclusive rights to occupy the Property and to use the Common Areas during all other periods of time, subject to the declarations, limitations, covenants, conditions, and restrictions set forth in this Declaration.

NOW, THEREFORE, in furtherance of such intent, Declarant hereby declares that the Property is and shall be held, conveyed, hypothecated, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the declarations, limitations, covenants, conditions and restrictions set forth in this Declaration, as this Declaration may from time to time be amended, and to such other rules and regulations as are instituted pursuant to the provisions of this Declaration, and all of which declarations, limitations, covenants, conditions and restrictions are declared to be in

furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability and enjoyment of the Property and the interest or interests therein to be conveyed or reserved. Declarant does hereby subject and commit all of THE RIDGE POINTE Project, its buildings and improvements constructed thereon or to be constructed thereon, to the provisions of this Declaration and the requirements and regime of NRS Chapter 119A, as amended, so as to create, through this Declaration, a time share ownership project. All such declarations, limitations, covenants, conditions and restrictions shall constitute covenants running with the land, and equitable servitudes and liens, and shall be binding upon and for the benefit of Declarant and each such interest conveyed, as that term is herein defined, and upon and for the benefit of all parties having or acquiring any right, title or estate in the Property, including without limitation the heirs, executors, administrators, successors and assigns of any such parties and all subsequent owners and lessees of all or any part of the Property.

## ARTICLE I

### DEFINITIONS

In addition to other definitions provided for herein, as used herein, the following terms shall have the following meanings:

1.1 "Alternate Year Time Share" means a "Time Share," as defined below, as to which the exclusive right to use and occupy a Time Share Unit for a properly reserved Use Period may be exercised only in alternate years, beginning with the Use Year indicated in each Alternate Year Time Share Owner's Deed. Except where other-

wise specifically provided in this Declaration, the Bylaws and the Rules and Regulations, all references to Time Share(s) shall be deemed to apply also to Alternate Year Time Share(s).

1.2 "Alternate Year Time Share Owner" means an "Owner" as defined below, whose Interest is in an Alternate Year Time Share. Except where otherwise specifically provided, all references in this Declaration, the Bylaws and the Rules and Regulations to Owner(s) shall be deemed to apply also to Alternate Year Time Share Owner(s).

1.3 "Association" means The Ridge Pointe Property Owners Association, a Nevada non-stock, non-profit cooperative corporation.

1.4 "Check-In Time" and "Check-Out Time" mean the times designated as such in the then current Rules and Regulations.

1.5 "Common Area" means that portion of the Property which is not within the boundaries of any Unit, excepting Exclusive Common Area.

1.6 "Common Furnishings" means all furniture, furnishings, appliances, fixtures and equipment and all other personal property from time to time owned, leased or held for use by the Association and which are located in or upon the Project.

1.7 "Declaration" means this instrument, as this instrument may be amended from time to time in the manner herein provided.

1.8 "Declarant" means RIDGE POINTE LIMITED PARTNERSHIP and any successors in title (whether by voluntary transfer,



foreclosure or otherwise) to all of the interest then owned by it or any successor which is then a Declarant; provided, however, that if at the time of the transfer in question Declarant owns only one (1) interest the transferee of such Unit shall not be deemed a Declarant.

1.9 "Deed" means each grant, bargain, and sale deed recorded after the date hereof by which Declarant conveys an Interest.

1.10 "Exchange Program" means a service provided by an organization such as Interval International whereby Owners and owners of time periods in other timesharing and similar programs may exchange Use Periods in the Project for time periods in projects in other locations.

1.11 "Exchange User" means an owner of a time period in another timesharing program or an individual using an Owner's Time Share Unit who occupies a Time Share Unit and uses the Common Areas pursuant to an Exchange Program.

1.12 "Exclusive Common Area" means that portion of the Property not within the boundaries of any Unit which is space not generally occupied in buildings of this type by the public for reasons of health and safety or for the convenience of maintenance and management of the Project, as determined by the Board of Directors from time to time.

1.13 "Fiscal Year" means that period beginning with the first day of January of each year and ending with the last day of

December of the year, or as otherwise determined by the Board of Directors from time to time.

1.14 "Interest" means an Owner's ownership interest in a Time Share.

1.15 "Inventory Control System" means the system adopted by the title company initially recording deeds for Declarant sales to identify the specific interests sold.

1.16 "Manager" or "Managing Agent" means the agent engaged by the Board of Directors of the Association pursuant to and in the manner provided in Paragraph 4.3 hereof.

1.17 "Member" means any person who is an Owner and has the right to vote in the Association or any group of persons who are Owners and may cast a vote collectively as provided in this Declaration.

1.18 "Mortgagee" means the (a) beneficiary of a recorded deed of trust or the holder of a recorded mortgage encumbering any Time Share or (b) the successor(s) to each person named in clause (a).

1.19 "Mortgage" means a mortgage, deed of trust, or other security instrument.

1.20 "Owner" means any person who has signed a Purchase Agreement for or who has accepted a Deed to a Time Share Unit or any successor to any such person and includes as to each Time Share: (a) the grantee collectively named in the Deed; or (b) the Buyer (Purchaser) collectively named in the Purchase Agreement; or

(c) the successor(s) to each person described in clauses (a) or (b) hereof.

1.21 "Permitted User" means any agent, guest, tenant or other occupant of an Owner's Unit occupying such Unit pursuant to a reservation made by an Owner, other than an Exchange User.

1.22 "Project" means that part of the property which is made subject to the terms and conditions of this Declaration, all of the buildings and other improvements constructed or to be constructed thereon and all of the Common Furnishings.

1.23 "Purchase Agreement" means a contract of sale between Declarant, and other person(s) or entity(ies) named therein as "Buyer" (Purchaser) for the purchase and sale of an Interest which culminates in the conveyance of such Interest by Deed.

1.24 "Rules and Regulations" means the rules and regulations adopted and promulgated from time to time pursuant to subparagraph 4.2(d) of this Declaration relating to the possession, use and enjoyment of the Interests in the Project.

1.25 "Starting Date" means the date on which the first Purchase Agreement is accepted by Declarant.

1.26 "Time Share" means a 1/1326 or 1/2652 undivided interest in the Property, together with the right to make use of any and all easements appurtenant thereto, the non-exclusive right to use the Common Area, and the exclusive right to use and occupy any Time Share Unit and the Common Furnishings therein, for a Use Period for which such rights to use have been properly reserved, subject to the provisions of this Declaration, Bylaws and the Rules

and Regulations. Time Share includes a non-exclusive right to use of any and all easements appurtenant to the Project and to any property to which the Project is annexed, and a non-exclusive right to use the Common Area in the Project and in any property to which the Project is annexed. Time Share does not include the right to use or occupancy of any property to which this Project is affiliated, except under a valid exchange program.

1.27 "Time Share Owner" means an "Owner."

1.28 "Time Share Unit" means the area encompassed by the boundaries, which are the interior surfaces of the twenty-six (26) living spaces on the Property and specifically, the perimeter walls, floors, ceilings, windows and doors thereof, and the Unit includes both the portions of the buildings so described and the airspace so encompassed. The following are not part of the Unit: bearing walls, columns, floors, roofs, foundations, elevator equipment and shafts, central heating, central refrigeration and central air conditioning equipment, reservoirs, tanks, pumps and other central services, pipes, ducts, flues, chutes, conduits, wires and other utility installations, wherever located, except the outlets thereof when located within the Unit. In interpreting deeds and plans the existing physical boundaries of the Unit or of a Unit reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in the deed or plan, regardless of settling or lateral movement of the building and

regardless of minor variances between boundaries shown on the plan and those of the building.

1.29 "Unit" means a Time Share Unit.

1.30 "Use Period" means the time period or periods during which an Owner has reserved the use of a Time Share Unit in accordance with the reservation procedures set forth in this Declaration.

1.31 "Use Year" means each one (1) year period beginning on the last Friday or Saturday of December each and every year as determined by the Manager.

## ARTICLE II

### RESERVATION RIGHTS, USE RIGHTS AND USE RESTRICTIONS

2.1 Reservation and Use Rights of Owners. Subject to all of the terms and conditions contained elsewhere in this Declaration, an Owner shall have the right, for each Time Share owned, during each Use Year or each alternate Use Year, as the case may be, to use and occupy a Unit on the Property for seven (7) nights; provided that such Owner shall have reserved such use and occupancy in accordance with the procedures for the making of reservations.

The Rules and Regulations shall describe procedures for reserving Use Periods consistent herewith, which use periods shall commence on a Friday or Saturday (except as provided below for split week reservations), which procedures shall include at least the following provisions:

(a) Requests for reservations shall be grouped according to the following priorities:

- (1) Multiple Week Owners;
- (2) Single Week Owners.

Priorities within a class of Owners shall be given as follows:

- (1) Consecutive Week Requests;
- (2) Single Week Requests;
- (3) Split Unit Requests;
- (4) Split Week Requests.

(b) All requests shall be delivered in a manner as directed by the Association from time to time and shall state three (3) choices for reservations, in order of preference, and shall be mailed as provided in the Rules and Regulations.

(c) All split use periods will include a three (3) or four (4) day period, including a Friday and Saturday night usage and a three (3) or four (4) day period of usage which cannot include a Friday or Saturday usage.

(d) Requests for reservations by Declarant shall be submitted no sooner than thirty (30) days after the reservations may be first obtained by the Owners.

(e) The Association shall respond to each reservation request within thirty (30) days after receipt thereof.

(f) A servicing fee may be charged by management for extra services requested by an Owner such as reservation

cancellations, reservation changes, split unit or split week reservations.

2.2 Use and Occupancy. Each Owner shall have the exclusive right to occupy and use a Time Share Unit and the Common Furnishings contained within such Time Share Unit and the non-exclusive right to use and enjoy the Common Areas during such Use Period or Use Periods as shall have been properly reserved by the Owner pursuant to the foregoing provisions of the Bylaws and Rules and Regulations. IT IS SPECIFICALLY ACKNOWLEDGED THAT AN OWNER MAY NOT ACTUALLY OCCUPY DURING A USE PERIOD, ANY SPECIFIC TIME SHARE UNIT. No Owner shall occupy a Time Share Unit nor exercise any other rights of ownership with respect to a Time Share Unit, other than the rights provided to Owners in this Article II, during any period other than the Owner's Use Period(s) unless expressly authorized by the Owner entitled to occupy the Time Share Unit during such time. Each Owner shall keep the Time Share Unit occupied by the Owner and the Common Furnishings therein in good condition and repair during the Owner's Use Period(s); vacate the Time Share Unit at the expiration of the Owner's Use Period(s); remove all persons and such Owner's personal property therefrom; leave the Time Share Unit and the Common Furnishings therein in good and sanitary condition and repair and otherwise comply with such reasonable check-out and other procedures and regulations as may from time to time be contained in the Rules and Regulations. Subject to the Rules and Regulations, any Owner may permit a Time Share Unit reserved by Owner to be occupied by other persons

(Permitted Users) for the purposes permitted by this Declaration during the Owner's Use Period, but such Owner shall be responsible for any loss, damage, destruction or violation of this Declaration which occurs during such occupancy by a Permitted User as if such Owner was actually occupying the Time Share Unit.

If, as a result of an error in the administration of the reservation system by the Association or the Managing Agent, an Owner can reserve no Use Period during the Owner's Season, such Owner shall be entitled to compensation from the Association or the Managing Agent in an amount equal to the cost of the rental of comparable accommodations in the vicinity of the Project during the Season in question.

2.3 Failure to Vacate. If any Owner, or any Exchange User or Permitted User fails to vacate a Time Share Unit at the end of the Use Period, or otherwise uses or occupies a Time Share Unit during a period other than the Use Period, or prevents another Owner, Exchange User or Permitted User (the "Detained Owner" or "Detained User") from using or occupying a Time Share Unit during such Detaining Owner's Use Period, such Owner, Exchange User or Permitted User (the "Detaining Owner") shall be subject to any or all of the following remedies at the sole discretion of the Association: (a) the Association may terminate utility services to the Time Share Unit; (b) be subject to immediate removal, eviction or ejection from the Time Share Unit wrongfully occupied; (c) be deemed to have waived any notice required by law with respect to any legal proceedings regarding removal, eviction or ejection (to



the extent that such notices may be waived under Nevada law); (d) reimburse the Association and the Detained Owner for all costs and expenses incurred as a result of such conduct, including but not limited to costs of alternate accommodations, travel costs, court costs and reasonable attorneys' fees incurred in connection with removing, evicting or ejecting the Detaining Owner from such Time Share Unit, and costs (including reasonable attorneys' fees) incurred in collecting such reimbursement(s), all of which costs may be assessed against the Detaining Owner as a "Personal Charge" (as hereinafter defined in Paragraph 5.8 below); and (e) pay to the Detained Owner entitled to use the Time Share Unit during such wrongful occupancy, as liquidated damages (in addition to the costs and expenses set forth in subparagraph 2.3(d), above), a sum equal to two hundred percent (200%) of the fair market value per day of the Time Share Unit for each day or portion thereof, including the day of surrender, during which the Detaining Owner prevents occupancy of the Time Share Unit; (f) prohibit the Detaining Owner from subsequent use until all damages incurred are paid in full. The Association shall be responsible for determining the "fair rental value" of the Time Share Unit. "Fair rental value" for the Time Share Unit shall be based upon the costs of renting comparable accommodations located within the vicinity of the Project. By accepting any conveyance of a Time Share, each Owner agrees that, in the event of a failure to vacate by the Owner, the Owner's Exchange Users, or the Owner's Permitted User, damages would be impracticable or extremely difficult to ascertain and that the

measure of liquidated damages provided for herein constitutes fair compensation to those who are deprived of occupancy. The Association shall use reasonable efforts to attempt to remove such Detaining Owner from the Time Share Unit, and/or to assist the Detained Owner in finding alternate accommodations during such hold-over period; to secure, at the expense of the Association, alternate accommodations for any Detained Owner. The Association may, in its sole discretion, deem it necessary to contract for a period greater than the actual period for which the use is prevented in order to secure alternate accommodations as set forth above. If an Owner, Exchange User or a Permitted User, by intentional or negligent act, renders a Time Share Unit uninhabitable for the successive Use Period(s), such Owner, Exchange User or Permitted User shall be deemed a Detaining Owner, the foregoing provisions of this Paragraph 2.3 shall apply and such Time Share Owner, Exchange User and/or Permitted User(s) of successive Use Period(s) just as if such Owner, Exchange User or Permitted User had refused to vacate the Time Share Unit at the end of the Use Period. For the purposes of this Paragraph 2.3, the act or negligence of a Permitted User, or Exchange User shall be deemed to be the act of the Owner; provided, however, that such Owner shall be responsible for the payment of amounts to the extent the same are not reimbursed by insurance. The Association may enforce obligations due under this Paragraph 2.3 by suspending the Detaining Owner's privileges with respect to use and occupancy of the Project.

2.4 Use Restrictions. A Time Share Unit shall not be occupied by more than six (6) persons. No Owner shall make nor authorize any alterations, additions or improvements to a Time Share Unit or the Common Furnishings; paint, repaint, tile, paper or otherwise refinish or redecorate the inner surfaces of the walls, ceilings, floors, windows or doors bounding any Time Share Unit which such Owner may from time to time occupy; or remove, alter or replace any portion of the Common Furnishings. The right to perform all of the foregoing acts has been delegated to the Association by this Declaration. The foregoing prohibitions, however, shall not modify or affect the obligation of each Owner for the prudent care and ordinary maintenance and upkeep of all property subject to the Owner's use. No animals or household pets of any kind shall be allowed or kept in or upon the Project, except as may be approved by the Board of Directors in the Rules and Regulations.

No Owner, specifically excluding Declarant, shall further parcel, subdivide or time share the Interest conveyed to the Owner which is the subject of this Declaration.

2.5 Rental of Units by Declarant. Declarant hereby reserves the exclusive right to occupy and to rent to the general public each Time Share during all times not included in any Use Period, subject to the conditions of this paragraph. Any rentals received by Declarant shall inure to Declarant's benefit. The cost of repair or replacement incurred by reason of damage or destruction to a Time Share Unit, and/or the Common Furnishings

therein, which damage or destruction occurs during the rental of such Unit pursuant to this Paragraph 2.5 shall be the responsibility of Declarant. Notwithstanding the foregoing provisions of this Paragraph 2.5, in the event Declarant: (a) becomes in excess of sixty (60) days delinquent with respect to any Assessment or subsidy agreement payment owed by Declarant under the provisions of this Declaration; and (b) thereafter fails to pay any such delinquent Assessment or subsidy agreement payment within ten (10) business days following receipt from the Association of written notice to pay, the Association shall thereafter, and until all delinquent Assessments owed by Declarant are paid in full, have the right to rent during all times not included in any Use Period, Time Shares to the general public and all rentals therefrom shall inure to the Association's benefit. No rental (whether by Declarant or the Association) shall interfere with or diminish the rights of Owners to use and occupy Units in accordance with this Declaration and the Rules and Regulations.

At the earlier of: (i) the annual meeting of the Association following the date on which there have been sold Time Shares representing at least ninety percent (90%) of the total number of Time Shares authorized for sale in the Project; or (ii) the annual meeting of the Association ten (10) years after the expiration date of the Management Agreement provided for by Paragraph 4.3, an annual special vote of Owners, other than Declarant, shall be held on the question of whether to permit Declarant to continue the rental of Time Shares not owned by

Declarant to members of the general public. Thereafter, the vote on this question shall be conducted annually for so long as Declarant is conducting its program of rental of Time Shares to the general public as herein provided. The rental program provided for in this Paragraph 2.5 shall be terminated, if a majority of the Owners (other than Declarant) voting on such question vote to terminate the rental program for non-Declarant owned Time Shares provided for in this Paragraph 2.5. Except for the rights and easements reserved to Declarant and the Association as provided in this Paragraph 2.5, no third party, including, but not limited to the Association, the Managing Agent, and anyone acting on their behalf shall have any right to rent any Time Shares or the occupancy of any Time Share Units to members of the general public; provided, however, that the foregoing shall not be construed as preventing an Owner from renting such Owner's Time Share Unit in the Owner's Use Period, to a member of the general public for such Owner's own account or as preventing Declarant from renting Time Shares owned by Declarant to members of the general public for Declarant's own account.

In addition to the foregoing, the right of Declarant to rent Time Shares whether owned by Declarant or non-Declarant owned to the general public shall be exercised subject to the following limitations:

(i) Declarant shall make no request for reservation of a Time Share Unit until thirty (30) days after the date

reservations may first be obtained by the Owners for the month in which the reservation is desired; and

(ii) An Owner's untimely request for a reservation shall be honored, unless every Time Share Unit in the Project has been reserved by another Owner, or has been rented to a member of the public, for the requested Use Period prior to receipt of that Owner's untimely request.

2.6 Time Share Use Easements. In order to permit the use and occupancy of all Time Share Units in accordance with the provisions of this Declaration, each Deed to a Time Share shall, by incorporation of this Declaration, include a reservation and a grant of an easement for the benefit of each Owner for the use and occupancy of all of the Time Share Units, subject to all the other provisions of this Declaration.

2.7 Common Area Use Easements. Every Owner shall have a non-exclusive easement of use and enjoyment in, to and throughout the Common Area and for ingress, egress and support over and through the Common Area. Each such non-exclusive easement shall be appurtenant to and pass with title to each Time Share, subject to the following rights and restrictions.

2.7.1 The right of the Board of Directors of the Association to adopt, amend and enforce the Rules and Regulations.

2.7.2 The right of the Board of Directors of the Association to limit the number of guests.

2.7.3 The right of the Association to suspend the right of an Owner to use the recreation or other common

facilities for any period during which any assessment against the Owner remains unpaid.

2.7.4 The right of the Association to borrow money to improve, repair or maintain the Project.

2.7.5 The right of the Association to assign, rent, license or otherwise designate and control use of unassigned parking and storage spaces within the Common Area.

2.8 Easement for Construction, Sales, Resales, Customer Service and Related Purposes. Declarant, on behalf of itself, its agents, employees, contractors, subcontractors, invitees, successors, assigns and other authorized personnel reserves unto itself, for a period beginning with the acceptance by an Owner of the first Deed in the Project and continuing for ten (10) years from the issuance of the most recent Nevada Department of Real Estate subdivision sales permit for the Project, an exclusive easement in, over and through the Units, recreation facilities, and the Common Areas, for the purposes of: (1) completing the development of the Property; (2) marketing and selling the Time Shares; (3) maintaining customer relations and providing post-sale service to Owners; (4) displaying signs and erecting, maintaining and operating, for leasing, sales, construction and administrative purposes, model Units and a customer relations, customer service and sales office complex in the property; (5) showing the Units and Common Area and arranging for the use of any recreational facilities within the Common Areas by prospective purchasers; and (6) conducting the rental operations described in Paragraph 2.5, above.

2.9 Transfer of Interest. No person other than the Declarant owning an interest in a Time Share shall sell, convey, hypothecate or encumber less than all of the Owner's interest in such Time Share. Any sale, conveyance, hypothecation or encumbrance by any such person of less than all of an interest in any singular Time Share shall be null, void and of no effect.

2.10 Separate Mortgages. Upon receipt of a Deed, each Owner shall have the right to mortgage or otherwise encumber all, but not less than all, of the Owner's Time Share. Any mortgage shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure, the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure, assignment in lieu of foreclosure or otherwise. Notwithstanding any other provision of this Declaration, no breach of the provisions herein contained, nor the enforcement of any lien created pursuant to the provisions hereof shall defeat or render invalid the lien of any mortgage of any Interest if such mortgage is recorded in the Office of the County Recorder of Douglas County, Nevada, and is bona fide, given in good faith and for value. A Mortgagee shall, however, with respect to any Time Share, be obligated to pay assessments and shall be subject to the lien provisions hereof upon delivery of title to the Time Share to Mortgagee or in the event a Mortgagor is in excess of two (2) years delinquent without diligent action toward foreclosure of the Mortgage.



2.11 Partition and Subordination of Tenancy-in-Common Attributes.

(a) It is intended that this Declaration alone shall govern all rights with respect to the use, possession, enjoyment, management and disposition of the Interests originally conveyed by deed in the Project. Accordingly, all rights with respect to the use, possession, enjoyment, management or disposition of a Time Share in the Project which an Owner might otherwise have as a tenant-in-common (including but not limited to any common law or statutory right jointly to use, possess or manage commonly owned property), are hereby unconditionally and irrevocably subordinated to this Declaration for so long as this Declaration shall remain in effect; provided, however, that, in the event that an election to terminate this Declaration is made pursuant to Paragraph 8.2, an Owner shall have the rights specified in Paragraph 8.2.

(b) Except as provided in subparagraph 2.11(a) above and Paragraph 8.2 below, no Owner or other person or entity acquiring any right, lien or interest in any of the property shall seek or obtain, through any legal procedures, judicial partition of the property. If, however, any Interest is owned by two (2) or more persons as tenants-in-common or as joint tenants or as community property, nothing herein contained shall prohibit a judicial sale of that Interest in lieu of partition as between such co-tenants or joint tenants.

2.12 Protection of Interest. Except as provided in Paragraph 2.11, no Owner shall permit the Owner's Interest to be

subject to any lien, claim or charge, the enforcement of which may result in a sale or threatened sale of the Interest of any other Owner or any part thereof, or should the use and enjoyment of any portion thereof by any Owner be threatened by reason of any lien, claim or charge against the Interest of any other Owner, or should proceedings be instituted to effect any such sale or interference, any Owner acting on the Owner's own behalf or through the Association or the Association acting on behalf of any one (1) or more Owners (unless promptly indemnified to the Owner's or its satisfaction) may, but shall not be required to, pay or compromise the lien, claim or charge without inquiry into the proper amount or validity thereof and, in such event, the Owner whose Interest was subjected to such lien, claim or charge shall forthwith pay the amount so paid or expended to the Owner or the Association, whomsoever shall have paid or compromised the lien, claim or charge, together with such reasonable attorneys' fees and related costs as the Owner or it may have incurred.

2.13 Inventory Control. Declarant shall work with a title company prior to the first sale of a Time Share to establish an inventory control system which assigns a permanent inventory number to each Time Share which permanently identifies the Time Share and identifies the Time Share as an annual or alternate year interest and whether the alternate year use is for odd or even numbered years.

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ARTICLE III

THE ASSOCIATION

3.1 Association. The Ridge Pointe Property Owners Association, a Nevada non-stock, non-profit cooperative corporation, shall be the Association.

3.2 Membership in Association. Each Owner of an Interest (including Declarant as to all Interests not the subject of a Purchase Agreement or conveyed by Deed) shall be a member of the Association (the "Member") and shall remain a Member thereof until the Owner ceases to own an Interest in the Project.

3.3 Transfer of Membership. The membership of each Owner in the Association is appurtenant to and inseparable from the ownership of an Interest and shall be automatically transferred upon any authorized transfer or conveyance of the ownership of the Interest to any transferee or grantee and except as provided herein, said membership shall be non-transferable whether by gift, bequest, assignment or otherwise.

3.4 Voting. In accordance with the provisions of the Bylaws, the Association shall have but two (2) classes of voting membership. The voting rights and privileges of each class of Members of the Association shall be as follows:

Class A Members. Class A Members shall be all Owners excepting Declarant and shall be entitled to one (1) vote for each Time Share owned, or to one-half (1/2) vote for each Alternate Year Time Share owned. When there is more than one (1) Owner of a Time Share or an Alternate Year Time Share, the vote for

such Time Share or Alternate Year Time Share shall be exercised as those Owners among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Time Share, nor more than one-half (1/2) vote be cast with respect to any Alternate Year Time Share.

Class B Members. The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Time Share owned, or to one and one-half (1½) votes for each Alternate Year Time Share owned. The Class B membership shall cease and be converted to Class A membership on the happening of one of the following events, whichever occurs earlier: (a) when seventy-five percent (75%) of the Time Share Interests have been sold to Owners other than Declarant; or (b) seven (7) years from the first sale of a Time Share to an Owner other than Declarant.

In order to approve any Association action for which a vote of the membership is required by the Declaration, the vote or written assent of the prescribed majority of the total voting power of the Association shall be required.

3.5 Majority Requirements. In order to approve any Association action for which a vote of the membership is required by this Declaration, the vote or written assent of the prescribed majority of the total voting power of the Association and the vote or written assent of the prescribed majority of the voting power of Members, including the Declarant, shall be required.

3.6 Master Association Voting. As to any matter requiring a vote of the membership of the Tahoe Village Homeowners

Association ("Master Association"), the Association shall cast the vote(s) of Members, as determined by the majority vote of the Board of Directors.

3.7 Board of Directors. The initial Board of Directors (the "Board") of the Association shall be the persons named in the Articles of Incorporation of the Association. At the time of the first annual meeting of the Members, the Members (including Declarant) shall elect, in accordance with the Bylaws, a new Board replacing the Board defined in the preceding sentence.

3.8 Inspection and Copying of the Association's Books and Records.

(a) The books and records of the Association shall be made available for inspection.

(b) The Association may, as a condition to permitting a Member to inspect the membership register or to its furnishing information from the register, require that the Member agree in writing not to use, or allow the use of, information from the membership register for commercial or other purposes not reasonably related to the regular business of the Association and the Member's interest in the Association.

(c) The Board shall establish reasonable rules with respect to:

(1) Notice to be given to the Managing Agent or other custodian of the records by the Member desiring to make the inspection or to obtain copies.

(2) Hours and days of the week when a personal inspection of the records may be made.

(3) Payment of the cost of reproducing copies of records requested by a Member.

(d) Every Board member shall have the absolute right at any time to inspect all books, records and documents of the Association and all real and personal properties owned or controlled by the Association. This right of inspection shall include the right to make copies of records subject only to the provisions of subparagraph (b) hereof.

#### ARTICLE IV

##### MANAGEMENT

4.1 Powers and Duties Generally. Administration of the Time Share program, operation, maintenance, repair and restoration of the Project, and the Common Furnishings, and any alterations and additions thereto, shall be the responsibility of the Association. The Association, acting alone (through its Board, its officers, or other duly authorized representatives) may, subject to the provisions of the Association's Articles of Incorporation, the Bylaws, Rules and Regulations and this Declaration, exercise any and all rights and powers hereinafter enumerated and, except as specifically limited herein, all the rights and powers of a non-stock, non-profit cooperative corporation under the laws of the state of Nevada.

4.2 Specific Powers and Duties of the Association. The management and repair of the Time Share Project, the acquisition

(by purchase or lease), maintenance, repair and replacement of the Common Furnishings and the administration of the affairs of Owners, the use and occupancy of the Time Share Units and payment, as agent, of expenses and costs enumerated in this Declaration shall be under the direction and control of the Association. The Association shall have the duty to maintain, repair and replace Common Furnishings as needed, to administer the Time Share operation provided herein and to levy, collect and enforce the assessments enumerated in this Declaration. The Association shall have the exclusive possession of each Time Share Unit during the period designated by the Association (herein sometimes referred to as the "service period(s)") for the performance of maintenance and repairs on such Time Share Unit. The Association shall annually compile a roster of the names and addresses of each of the Time Share Owners (the "Roster"). Upon the written request of a Time Share Owner, the Association shall furnish such Time Share Owner with a copy of the Roster and may charge such Time Share Owner a reasonable fee therefor. Each Time Share Owner who requests and receives a copy of the Roster hereby agrees that the Owner will not make any commercial use of the same and will not distribute a copy of the Roster to any third party. The Association shall have the power to do all things that are required to be done by it pursuant to this Declaration. Without limitation of the foregoing powers and duties, the Association is expressly authorized in its discretion and on behalf of the Owners to do any or all of the following:

(a) Repair and Maintenance. To repair, maintain, repaint, furnish or refurnish the Project or any part thereof, to establish reserves for anticipated costs, including the costs of acquisition and replacement of Common Furnishings; to acquire and pay for materials, supplies, furniture, furnishings, labor and services which the Association deems necessary or proper for the maintenance and operation of the Project.

(b) Taxes and Assessments. To pay all taxes and assessments, and other costs affecting or relating to the Project or Common Furnishings; and similarly to discharge, contest or protest liens or charges affecting the Project.

(c) Utilities. To obtain and pay the costs of electrical, telephone, gas and other utility services for the Project.

(d) Rules and Regulations. To adopt, amend, publish and enforce, from time to time, Rules and Regulations relating to the possession, use and enjoyment of the Project which Rules and Regulations shall be consistent with the provisions of this Declaration.

(e) Legal and Accounting. To obtain and pay the cost of legal and accounting services necessary or proper in the maintenance and operation of the Project and the enforcement of this Declaration, the Bylaws and the Rules and Regulations.

(f) Insurance. To obtain and pay the cost of, and at all times maintain in effect:

(i) insurance covering the Project and the Common Furnishings therein against loss or damage by fire and other



hazards customarily covered by fire insurance policies written with extended coverage, the amount of such insurance to be not less than one hundred percent (100%) of the aggregate replacement value and which insurance policy shall name the Association as a co-insured, for itself and as agent for each Owner as their interests appear;

(ii) general comprehensive public liability insurance against claims for personal or bodily injury, death or property damage arising from the use and maintenance of the Project with limits of not less than (A) One Million and No/100 Dollars (\$1,000,000.00) per person and Two Million and No/100 Dollars (\$2,000,000.00) per occurrence with respect to injury or death and (B) One Hundred Thousand and No/100 Dollars (\$100,000.00) per occurrence with respect to property damage. Such liability insurance shall name all Owners, as a class, as additional insureds and contain appropriate waivers of subrogation against any Owner or member of such Owner's household, and a provision that no act or omission by an Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or operate as a condition to recovery by any other person under such policy; and

(iii) any other insurance, including, but not limited to, Workers' Compensation Insurance, deemed necessary or desirable by the Association.

The policies of insurance shall name Declarant, the Owners and the Association as insureds, as their respective interests appear, cover such risks, be written by such insurers,

and, subject to the limits set forth in clauses (i) and (ii) above, be in such amounts as the Association shall deem proper under the circumstances.

Additionally, the Association may cause, at its cost, the Managing Agent and any employee of either the Managing Agent or the Association who has charge of the Owners' funds, to be bonded in an amount equal to the amount of funds handled.

(g) Levy and Collection of Assessments. To levy, collect and enforce Assessments against the Owners in the manner provided in Articles V and VI hereof in order to pay the expenses of the Project, maintain reserves and pay the fee of the Manager, and to do all things necessary to enforce each Owner's obligations hereunder.

(h) Financial Statements and Other Information. The following shall be regularly prepared and available for inspection by all Owners and Declarant:

(i) A pro forma operating statement (the "Budget") of "Maintenance Expenses" (as that term is defined in subparagraph 5.3, below) for the Project for each fiscal year which operating statement shall be made available to Owners and Declarant upon request no later than thirty (30) days prior to the beginning of each calendar year containing at least the following:

(A) Estimated revenue and expenses on an accrual basis; and

(B) The amount of the total cash reserves of the Association currently available for replacement or

major repair of common facilities and for contingencies;  
and

(C) An itemized estimate of the remaining life of, and the methods of funding to defray the costs of repair, replacement or additions to, major components of the common areas and facilities for which the Association is responsible; and

(D) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the common areas and facilities for which the Association is responsible.

(ii) An annual report shall be distributed upon request, consisting of the following: (a) a balance sheet as of the last day of each calendar year; (b) an operating statement for such calendar year; (c) a statement of changes in financial position for the calendar year; and (d) for any fiscal year in which the gross income to the Association exceeds \$75,000.00, a copy of the review of the annual report prepared in accordance with generally accepted accounting principles by a licensee of the Nevada or California State Board of Accountancy; and (e) a list of the names, mailing addresses and telephone numbers of the current members of the Board of Directors. The annual report shall be prepared by an independent accountant for any calendar year in which the gross income to the Association exceeds \$75,000.00. If

the annual report is not prepared by an independent accountant, it shall be accompanied by the certificate of authorized officer of the Association that the statements were prepared without audit from books and records of the Association.

(iii) Minutes of a Board meeting shall be distributed upon request.

(iv) A list of the orders of business to be considered at each annual meeting of Members shall be distributed not less than thirty (30) days prior to the meeting date. The list shall include the name, address and a brief biographical sketch, if available, of each person who has announced his or her intention to stand for election to the Board.

(i) Bank Accounts. To deposit all funds collected from Owners and Declarant pursuant to Article V hereof and all other amounts collected by the Association in connection with its duties provided herein as follows:

(i) All funds shall be deposited in a separate bank account or accounts (the "General Account") as determined by the Board of Directors. Funds deposited in the General Account(s) may be used by the Association for the general purposes for which such funds have been collected.

(ii) Funds which the Association shall collect for "Reserve Expenses" [as defined in subparagraph 5.3(ii)] pursuant to the provisions of subparagraph 5.3(ii) shall, within ten (10) days after deposit in the General Account, be deposited in an interest bearing account(s) selected by the Board of Directors, all herein

collectively referred to as the "Reserve Account(s)"), and the Association shall keep accurate books and records reflecting the amount in the Reserve Accounts.

(iii) The Board of Directors shall deposit or invest Association funds with such companies or financial institutions as is appropriate for a fiduciary of this type taking into consideration the Association's needs for liquidity, returns and the levels of risk.

(j) Statements of Status. Upon the request of any Owner, Mortgagee, prospective mortgagee, purchaser or other prospective transferee of an Interest, to issue a written statement setting forth any amounts unpaid with respect to such Interest, the use entitlement for the remainder of the Use Year and the reservation status respecting a Time Share. Such statement, for which a reasonable fee may be charged, shall be binding upon the Association in favor of any person who may rely thereon in good faith.

(k) Cleaning and Maid Service. To provide for cleaning and maid service, and for maintenance and repairs upon the check-out of each Time Share Owner or other occupant of a Time Share Unit and during service periods so that the Time Share Units are maintained in good order and repair. In addition to cleaning and maid service that is normally provided to each Time Share Unit, the Manager may, at the Time Share Owners' or Exchange User's or Permitted User's cost, provide such cleaning and maid services as shall reasonably be requested by a Time Share Owner or other

occupant. The Association shall charge for such special cleaning and maid service and such charges shall be a Personal Charge, payable by the Time Share Owner or Exchange User or Permitted User when the Owner checks out of the Time Share Unit. This extra cleaning and maid service shall be subject to the Association's or Manager's availability of staff.

(1) Right of Entry. During service periods and at any other reasonable time, upon giving reasonable notice if such Unit is occupied, to enter the Unit for the purpose of cleaning, maid service, and if unoccupied for the purpose of painting, maintenance, and repair, and to enter upon and within any Unit, at any reasonable time, whether or not during a service period and whether or not in the presence of an Owner, for the purpose of (i) making emergency repairs therein, (ii) abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit, (iii) protecting property rights and the welfare of the other Owners, or (iv) for any other purpose reasonably related to the performance by the Association of its responsibilities under the terms of this Declaration. Such right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use and/or enjoyment by the occupant of such Unit and shall be preceded by reasonable notice to the Owner or occupant thereof whenever the circumstances permit.

(m) Other Necessary Acts. To do all other things or acts deemed by the Association to be necessary, desirable or appropriate for the operation and maintenance of the Project.

(n) Delegation. To delegate the authority and responsibility of the Association hereunder to one or more agents, including, without limitation, the Manager provided for in Paragraph 4.3, below.

(o) Execution of Leases. To enter into leases of portions of the Common Areas. These leases shall in all cases require that the lessee defray its proportionate share of the maintenance costs of the Common Areas.

4.3 Authority and Duty to Engage Manager or Managing Agent. The Association has engaged Declarant to initially manage the Project. As to any subsequent manager, the Association shall have the authority to engage and the obligation to use its best efforts to engage and maintain a Manager for the Project contemplated hereby pursuant to a written agreement (the "Management Agreement") meeting the requirements of this Paragraph 4.3. Each Management Agreement shall:

(a) Authorize and obligate the Manager to perform all the duties and obligations of the Association specified in Paragraph 4.2, above, provided, however, that the Manager may, with Board of Director approval, delegate its authority and responsibilities to one (1) or more sub-agents for such periods and upon such terms as the Manager deems proper, subject to the limitations set forth in Paragraph 4.4, below.

(b) Provide for a term of not more than five (5) years, except that the Management Agreement may provide that the term will be automatically renewed for successive one (1) year terms unless notice of non-renewal is given no later than ninety (90) days prior to the end of any five (5) year term or one (1) year term by either party, provided, however, that the Association may not give notice of non-renewal unless approved by a majority of Owners other than the Declarant.

(c) Provide for a termination for cause by the Board at any time, and provide further that should the Manager dispute such termination for cause, the dispute shall be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

(d) Provide that the Manager may resign only upon compliance with the following conditions:

(i) The Manager shall have given at least ninety (90) days prior written notice to the Association.

(ii) Prior to or at the expiration of the period of such a notice (not less than ninety (90) days but not beyond one hundred eighty (180) days after such notice is given, the Association shall have entered into a Management Agreement with another management firm meeting the requirements of this Paragraph 4.3 or shall have made a determination to discharge the duties delegated to the Manager with its own personnel. If, at the end of the period specified in such notice, the Association, despite reasonable efforts to do so, has not entered into such a Management



Agreement or determined to discharge the duties previously delegated to the Manager with its own personnel, the resignation of the Manager shall not be effective until such a new Management Agreement is entered into between the Association and a new management firm or the Association makes the determination called for in the preceding sentence.

(iii) On or before the effective date of the Manager's resignation or termination, the Manager shall turn over all books and records relating to the management and operation of the Project to the Association.

(e) Provide for compensation to be paid to the Manager not to exceed fifteen percent (15%) of expenses incurred by the Association during the applicable fiscal year. Such compensation may be increased if authorized by a majority of Owners other than the Declarant or, if, despite the failure to obtain a majority of Owners after requesting the same, the Association is unable to procure a Manager without increasing such compensation.

(f) Enumerate the powers and duties of the Managing Agent in the operation and maintenance of the Project.

(g) Specify the records to be maintained by the Managing Agent.

(h) Specify the periodic reports and other information to be provided to the Association and Owners by the Managing Agent.

(i) Require fidelity bonding of the Managing Agent, and errors and omissions insurance for the Managing Agent, if available.

(j) Delegate to the Managing Agent the authority to exercise the Association's right to enter Units, as described in subparagraph 4.2(1), above.

(k) Delineate the authority of the Managing Agent to administer the participation of the Time Share Project in any Exchange Program.

The first Manager shall be RESORTS WEST.

4.4 Limited Liability. Neither the Association nor the Manager shall be responsible for the acts, omissions or conduct of any of the Members or for the breach of any of the obligations of any of the Members.

4.5 Ridge Club Agreement. The Association shall enter into an Agreement with The Ridge Tahoe Property Owners' Association allowing Members to use amenities at The Ridge Tahoe resort on terms acceptable to the Association. (Ridge Club Agreement). The Ridge Club Agreement may not be terminated nor placed in voluntary default by the Association without the vote of 75% of the Owners.

## ARTICLE V

### ASSESSMENTS

#### 5.1 Creation of Personal Obligations for Assessments.

(a) Each Owner holds one (1) fractional undivided interest in the Project for each Time Share owned and the Declarant shall be deemed to be the holder of all fractional interests in Time Shares other than those held by Owners. Declarant, for each fractional interest held by it, hereby covenants, and each Owner by entering into a Purchase Agreement or accepting the conveyance of

a Time Share, whether or not it shall be so expressed in the Purchase Agreement or Deed, shall be deemed to have covenanted and agreed, for each Interest held, to pay to the Association the Maintenance Assessment, all special assessments and personal charges, as hereinafter described in Paragraphs 5.5, 5.6, 5.7 and 5.8, respectively (all of which are sometimes herein individually and collectively referred to as "Assessment(s)"), which shall be established, made and collected as hereinafter provided.

(b) The Assessments, together with interest, costs and reasonable attorneys' fees shall be the personal obligation of each Owner at the time the assessment becomes due and payable and shall be a lien and charge upon the Interest against which the assessment is made. No Owner may waive or otherwise avoid liability for the assessments by non-use of the Owner's Interest or any part thereof or any abandonment thereof.

5.2 Purpose of Assessments. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of the Members, the improvement, operation and maintenance of the Project and all property to which it is annexed, and to pay for the administration of the Association's operations, reimbursement of expenses incurred by the Association, and other expenditures incurred in the performance of the duties of the Association as set forth in this Declaration.

5.3 Maintenance Expenses. As used herein, "Maintenance Expenses" means the aggregate amount of expenses, as set forth in the Budget, incurred by the Association during the applicable

fiscal year: (i) to operate, manage, maintain and repair the Project and the common furnishings, and to administer the Association's operation on the Property; (ii) to provide for reserves to ensure payment when due of the cost of capital expenditures relating to the repair of the Project and the repair and replacement of Common Furnishings and capital equipment, and for such other purposes as are required by good business practice (the "Reserve Expenses"); (iii) to provide for the possibility that some assessments to it may not be paid on a current basis; (iv) to provide for the payment of amounts due to Tahoe Village Homeowners Association; (v) to provide for payment of fees due under the Ridge Club Agreement; and (vi) to provide for the payment of the fee of the Manager. Without limiting the generality of the foregoing, Maintenance Expenses shall include: all charges, costs, and expenses whatsoever incurred by the Association for or in connection with the administration and operation of this Project; real property taxes and other taxes assessed against the Property; or the Common Furnishings or any other interests of the Owners (except as and to the extent that such taxes are separately assessed to the individual Owners) in this Project; assessments and other similar governmental charges levied on or attributable to the Property; insurance, including fire and other casualty and liability insurance obtained pursuant to this Declaration; any liability whatsoever for loss or damage arising out of or in connection with the Property or any fire, accident, or nuisance therein; cost of repair, reinstatement, rebuilding and replacement

of the Property or the Common Furnishings therein; the cost of all basic utility services, including water, electricity, refuse removal, telephone and any other similar service attributable to the Project; the unpaid share of any assessment levied during the previous calendar year against any Owner who has defaulted in payment thereof to the extent that the same becomes uncollectible; wages, accounting and legal fees, management fees, maid service, and cleaning fees, and other necessary expenses of upkeep, maintenance, management and operation actually incurred with respect to the Property. Maintenance expenses for any applicable Fiscal Year shall not exceed the actual increase in costs or a maximum one hundred twenty percent (120%) of maintenance expenses for the preceding Fiscal Year or any increase in Maintenance Expenses attributable to an increase in real property taxes based upon a change in the method of assessment by the county assessor, unless a majority of Members shall consent thereto by vote or written assent. The Reserve Expenses portion of the Budget may consist of specific items and amounts for which such Reserve Expenses are being collected.

5.4 Budget Surplus. At the end of any Fiscal Year, any sums held by the Association which are paid to it as Maintenance Assessments and which were not expended by the Association, shall be applied to reduce the following year's Maintenance Assessment.

5.5 Maintenance Assessment. On a Fiscal Year basis, an assessment ("Maintenance Assessments") for each Time Share Unit shall be determined as follows:

(a) For each Time Share, by dividing the total budgeted amount of Maintenance Expenses by the total number of Time Shares; in calculating the total number of Time Shares for this purpose, each Alternate Year Time Share shall be counted as equivalent to one-half (1/2) of a Time Share.

(b) For each Alternate Year Time Share, by dividing the Maintenance Assessment for each Time Share (as determined according to subparagraph (a) immediately above) by two (2).

5.6 Payment of Maintenance Assessment. The Maintenance Assessment shall be paid as follows:

(i) For any fiscal year in which an Owner purchases a Time Share from the Declarant, as provided in that Owner's Purchase Agreement.

(ii) For any other fiscal year, the Maintenance Assessment shall be payable with respect to each Time Share other than those owned by Declarant in one lump sum due on or before a date set by the Association, or if the Association shall elect, in installments. Alternate Year Owners' payment shall be payable in the fiscal year in which the Owner's Use Period falls.

(iii) For any fiscal year in which there is a subsidy agreement between the Association and Declarant, Declarant's Maintenance Assessment obligation shall be deemed discharged if the terms of such agreement are fulfilled.

(iv) For any fiscal year in which there is no subsidy agreement between Declarant and the Association, Declarant's Maintenance Assessment shall be paid by Declarant in

cash or in kind as mutually agreed by the Board of Directors and Declarant.

5.7 Special Assessments. If the Maintenance Assessments are, or will become, inadequate to meet all expenses incurred by the Association hereunder for any reason, including nonpayment by any Owner of Assessments on a current basis, the Board of Directors shall promptly determine the approximate amount of such inadequacy, prepare and distribute a supplemental budget and levy against each Member and Declarant, as to Interests deemed owned by them, a special assessment (the "Special Assessment") in an amount sufficient to provide for such inadequacy; provided, however, that without the vote or written assent of a majority of Members, Special Assessments shall not, in the aggregate, exceed ten percent (10%) of budgeted gross Maintenance Expenses for the applicable fiscal year. Any Special Assessment shall be payable in one lump sum or periodically, as determined by the Board of Directors, and shall be payable within fifteen (15) days after receipt of a statement therefor.

5.8 Personal Charge(s). The term "Personal Charge(s)" means any expense resulting from the act or omission of any Owner or Exchange User or Permitted User occupying a Time Share during the Use Period of an Owner, including, without limitation, the cost of long distance telephone charges or telephone message unit charges, food, beverages, sports supplies, optional maid service and other special services or supplies attributable to the occupancy of a Time Share during such Owner's Use Period. Personal

Charges also means the cost (to the extent not reimbursed by insurance proceeds): (1) to repair any damage to the Time Share Unit, or the Common Areas; or (2) to repair or replace any Common Furnishings located therein on account of loss or damage occurring during such Owner's Use Period; or (3) the cost to satisfy any expense to any of the other Owners or their Permitted Users, Exchange Users or to the Association due to: (a) any intentional or negligent act or omission of such Owner, Exchange User or Permitted User; or (b) resulting from the breach by such Owner, Exchange User or Permitted User of any provisions of this Declaration, the Bylaws or the Rules and Regulations. Such Personal Charges shall be payable by the Owner as follows:

(a) If the Association is able to determine the amount of Personal Charges at Check-Out Time, such Personal Charges shall be payable at Check-Out Time; and

(b) Personal Charges which are not ascertainable as provided in subparagraph 5.8(a), above, shall be payable upon receipt of a statement therefor.

## ARTICLE VI

### ENFORCEMENT OF RESTRICTIONS

6.1 In General. In the event that any Owner or Permitted User(s) or Exchange User should fail to comply with any of the provisions of this Declaration, the Bylaws and the Rules and Regulations, the Association or any other Owner(s) shall have full power and authority to enforce compliance with this Declaration, the Bylaws and the Rules and Regulations in any manner provided for



herein by law or in equity, including, without limitation, bringing (a) an action for damages, (b) an action to enjoin any violation or specifically enforce the provisions of this Declaration, the Bylaws and the Rules and Regulations, and (c) an action to enforce the liens provided for herein and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner and the right to take possession of the Interest of any Owner. In the event the Association or any Owner(s) shall employ an attorney to enforce any provision(s) of this Declaration, the Bylaws or the Rules and Regulations against any Owner, the party engaging the attorney shall be entitled to recover from the Owner violating any such provision(s) reasonable attorneys' fees and costs in addition to any other amounts as provided for herein. All sums payable hereunder by an Owner shall bear interest at eighteen percent (18%) per annum from the due date, or if advanced or incurred by the Association, or any other Owner pursuant to authorization contained in this Declaration, commencing ten (10) days after repayment is requested. All enforcement powers of the Association shall be cumulative. Each Owner by entering into a Purchase Agreement or accepting a Deed shall be deemed to have covenanted and agreed that the Association shall have all of the rights, powers and remedies set forth in this Article VI and elsewhere in this Declaration.

6.2 Certain Specific Enforcement Powers. In amplification of, and not in limitation of, the general powers specified

in Paragraph 6.1, above, the Association shall have the following rights and powers:

(a) Suspension of Privileges. If any Owner or Permitted User or Exchange User shall be in breach of this Declaration, the Bylaws or the Rules and Regulations, the Purchase Agreement, or Mortgage with a Mortgagee, including, but not limited to, the failure of such Owner to pay any Assessment on or before the due date thereof, subject to the limitations hereinafter in this subparagraph 6.2(a) set forth, the Association may suspend the right of such Owner, Exchange User or Permitted User(s): (1) to reserve and/or occupy any Time Share Unit; and (2) the right of such Owner to participate in any vote or other determination provided for herein. If such suspension of privileges is based on the failure of an Owner to pay Assessments or mortgage payments or any other amount(s) due hereunder when due, the suspended privileges of such Owner shall be reinstated automatically at such time as the Owner shall have paid to the Association or Mortgagee, in cash or by cashier's or certified check, all amounts past due as of the date of such reinstatement. If such suspension of privileges is based on any act or omission other than the failure of an Owner to pay assessments or any other amount(s) due hereunder when due, no such suspension shall be made except after a meeting of the Board at which a quorum of the Board is present, duly called and held for such purpose in the same manner as provided in the Bylaws for the noticing, calling and holding of a special meeting of the Board. Written notice of such meeting and the purpose

thereof, including the reasons for the suspension sought, shall be given to the Owner whose privileges are being sought to be suspended at least fifteen (15) days prior to the holding of such meeting. Such notice shall be given as provided at Paragraph 8.3, below. Such Owner shall be entitled to appear at such meeting and present his case as to why his privileges should not be suspended. The decision as to whether such privileges should be suspended shall be made by a majority of the members of the Board present at such meeting. Written notice of suspension and the reasons therefor shall be given to the suspended Owner and the suspension shall become effective on the date such notice is given but not earlier than the fifth (5th) day following the date of such decision.

(b) Enforcement by Lien. The Association shall have a secured lien, in the nature of a Mortgage or Deed of Trust with power of sale, on each Interest as security for the prompt and faithful performance of each Owner's assessment obligations under this Declaration, the Bylaws and the Rules and Regulations, together with the payment of interest, costs of enforcement, including reasonable attorneys' fees, in connection therewith. Provided, however, that as against any Mortgagee or beneficiary of an Owner's Interest acquiring all of or any part interest in such Owner's Interest by deed, deed of trust or Mortgage given by such Owner for valuable consideration and accepted by the Mortgagee, or beneficiary without notice of default in the assessment payment secured after diligent inquiry, no such lien shall be effective to

secure past due assessment payments in default at the time of recording such deed, deed of trust or Mortgage, except to the extent that notice of default in the payment of such deed, deed of trust or mortgage, has been given at the time of recording such deed, deed of trust or mortgage by the prior recording of a notice of default and claim of lien recorded within the immediately preceding twenty-four (24) calendar months in the Office of the County Recorder of Douglas County, Nevada, which notice of lien complies with the then existing provisions of Nevada Revised Statutes 119A. Such lien may be enforced by sale by the Association, its agent or attorney after failure of the Owner to make the secured payment provided such sale is conducted in accordance with the provisions of 119A of Nevada Revised Statutes. The purchaser at any foreclosure sale shall obtain title subject to the provisions of this Declaration. The Association may bid at the foreclosure sale and may hold, lease, mortgage or convey any Interest acquired at such sale.

6.3 Subordination to Certain Mortgages. The lien provided for herein shall be prior to all encumbrances made by an Owner or imposed by legal process upon any Owner except taxes, bonds, assessments and other levies, which by law, are prior thereto, whether the notice of default and claim of lien is recorded prior or subsequent to any such encumbrances. However, the lien provided for herein shall be subordinate to the lien of any first mortgage or other first encumbrance made in good faith and for value and recorded in the Office of the County Recorder of

Douglas County, Nevada, prior to the recordation of a notice of default and claim of lien hereunder (the "Prior Mortgage"). The sale or transfer of any Interest shall not defeat or affect the lien provided for herein; provided, however, that the sale or transfer of any Interest subject to Prior Mortgage pursuant to a judicial foreclosure, exercise of a power of sale under such Prior Mortgage or by deed in lieu only if the deed in lieu is recorded within ninety (90) days of its execution by the Grantor, shall extinguish the lien provided for herein as to payments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Interest, or the purchaser thereof, from liability for any subsequent liability or performance thereafter becoming due or from the lien thereof.

6.4 Information Exchange with Mortgagee. The Association and a Mortgagee may exchange phone, address and account status information on Members.

## ARTICLE VII

### DAMAGE, DESTRUCTION, CONDEMNATION

7.1 In General. In the event of any damage or destruction, whether resulting from an insured casualty, uninsured casualty or a partial taking in eminent domain proceedings of the Time Share Property or the Common Furnishings other than by ordinary wear and tear, the Association shall, subject to the provisions of Paragraphs 7.2 and 7.3, forthwith cause such damage or destruction to be repaired and shall use any available insurance or condemnation proceeds for such purpose. If the damage is not

covered by condemnation proceeds or by insurance proceeds, or if the available insurance or condemnation proceeds are insufficient, the Association shall, subject to the provisions of Paragraphs 7.2 and 7.3, and the next succeeding sentence, levy a Special Assessment ratably against all Owners and against Declarant for the amount required to meet the cost of such repair or restoration. In the event the damage or destruction was caused by the intentional or negligent act or omission of an Owner, Exchange User or Permitted User the cost of such repair or the amount of such deficiency shall be a Personal Charge and payable by such Owner as provided in Paragraph 5.8 above.

7.2 Extensive Damage or Destruction. In the event the amount of the Special Assessment which is required to be levied pursuant to Paragraph 7.1 above, shall exceed twenty percent (20%) or more of the budgeted gross expenses for the year, such Special Assessment shall not be levied unless both a majority of Owners and Declarant shall approve such Special Assessment. If such Special Assessment is not so approved within one hundred eighty (180) days following the date of such damage or destruction, this Declaration shall be terminated effective upon the recordation of a Certificate of Termination executed by the President or a Vice President and the Secretary or Treasurer of the Association stating that the Declaration has been terminated in accordance with the provisions of Paragraph 8.2 of the Declaration and the Association or any Owner shall thereafter have the right to maintain an action for sale in lieu of partition as to the Project and any proceeds or

condemnation proceeds received as a result of such damage or destruction, shall be distributed according to the priorities set forth in Paragraph 8.2 below.

7.3 Minor Damage or Destruction. If the damage or destruction is such in the discretion of the Board of Directors as not to significantly affect the operations of the Project as a whole, the Board of Directors may take such other action as it deems appropriate under the circumstances including no action.

7.4 Excess Insurance Proceeds. Any excess insurance or condemnation proceeds over the cost of repair or restoration or any insurance or condemnation proceeds available in the event the Time Share Project and Common Furnishings are not rebuilt, restored, repaired or replaced pursuant to the provisions of this Declaration, shall be distributed in accordance with the distribution formula set forth in Paragraph 8.2.

## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

#### 8.1 Amendment.

(a) Amendment by the Members. Except as provided elsewhere herein, this Declaration may be amended by the vote or written assent of a majority of the total voting power of the Association. Any such amendment shall be binding upon every Owner and the Owner's Interest whether the burden thereon or the benefit thereto is increased or decreased. No provision of this Declaration shall be amended without the vote or written assent of the Declarant subject to 1.8 above and a majority of the membership's

voting power at least equal to that majority required for action under that provision.

(b) Amendment Required to Register Project. Declarant may amend this Declaration as required by any governmental entity authorized to license the sale of time shares in the jurisdiction of that entity.

(c) Any amendment to this Declaration shall become effective when it has received the required approvals and the Board has executed, acknowledged and recorded in the Office of the County Recorder of Douglas County an instrument expressing the amendment and certifying that the required approvals were received.

8.2 Termination. Subject to the provisions of the next following sentence and Paragraph 7.2, this Declaration shall remain in effect for a period of fifty (50) years from the date of recordation hereof and thereafter shall remain in effect for successive periods of ten (10) years each unless, after the expiration of the original term, an election to terminate is made by the vote or written assent of a majority of the Owners. Following such election, the Association shall cause the Project to be sold and each Owner and Declarant if still existent hereby grants to the Association a special power of attorney coupled with an interest to execute, deliver and complete all documents, papers and instruments made in connection with or necessary for the consummation of such sale. The Association, subject to the rights of the holder(s) of any existing encumbrances relating to any of the Units, shall distribute the proceeds from the sale of the



Project and Common Furnishings located thereon shall be distributed to both the Owners (and Declarant as to any Interests owned by the Declarant) pro rata.

8.3 Notices. Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given when: (1) delivered personally at the appropriate address set forth below (in which event, such notice shall be deemed effective only upon such delivery); or (2) (a) three (3) days after deposit of same in any United States post office in the state to which the notice is addressed, or (b) five (5) days after deposit of same in any such post office box other than in the state to which the notice is addressed, both postage prepaid and addressed as set forth below. Notice shall be deemed given to all addressees to whom notice must be sent when notice has been deemed given under the preceding sentence. Any notice to an Owner required under this Declaration shall be addressed to the Owner at the last known address for such Owner appearing in the records of the Association or, if there be none, at the address of the Project. Notices to the Association shall be addressed to the address designated by the Association by written notice to all Owners. Notices to Declarant shall be addressed to RIDGE POINTE LIMITED PARTNERSHIP, P.O. Box 5790, Stateline, Nevada 89449. The addresses and addressees for purposes of this Paragraph 8.3 may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice is received, the last address and addressee as stated by written notice or as provided herein, if

no written notice of change has been sent or received, shall be deemed to continue in effect for all purposes hereunder.

8.4 Notification of Sale of Time Share. No later than fifteen (15) days after the voluntary or involuntary sale or transfer of any Interest (except by Declarant or by deed of trust or mortgage foreclosure) the transferor shall provide notification to the Association and to the Mortgagee, if any, in writing and in whatever form, if any, required by the Association, of such sale or transfer and evidence of notice to Mortgagee. Such notice shall contain: (a) a copy of the conveyancing instrument; (b) the name and address of the transferee and transferor; (c) the date of the sale or transfer and proof by transferee of the fact that all documents relating to the Interests have been provided to the transferee and with respect to the Association; and (d) the transfer fee due the Association for the change of ownership records. In the absence of such notice, the Association shall not be required to recognize the transferee for any purpose, and any action taken, prior to the giving of such notice, by the transferee as an Owner may not be recognized by the Association. Prior to receipt of any such notification by the Association or the Managing Agent, any and all communications required or permitted to be given by the Association shall be deemed duly given and made to the transferee if duly and timely made and given to such transferee's transferor.

8.5 Severability. If any provision of this Declaration, or any section, sentence, clause, phrase or word of the application

thereof in any circumstances, shall be held invalid, the validity of the remainder of this Declaration and of the application of the provision, sentence, clause, phrase or word under any other circumstances shall not be effected thereby.

8.6 Successors. The provisions of this Declaration shall be binding upon all parties having or acquiring a Time Share or any right, title or interest therein and shall be for the benefit of each Owner and Declarant and their respective heirs, successors and assigns. Each Owner and Declarant shall be fully discharged and relieved of liability for the covenants herein as such covenants relate to each Interest: (1) upon ceasing to own such Interest, and/or (2) upon paying all sums and performing all obligations hereunder relating to each Interest.

8.7 Violation or Nuisance. Every act or omission whereby any provision of this Declaration, the Bylaws or the Rules and Regulations is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner.

8.8 Interpretation. The captions of the articles, paragraphs and subparagraphs hereof are for convenience only and shall not be considered to expand, modify or aid in the interpretation, construction or meaning of this Declaration. As used herein the singular shall include the plural and the masculine shall include the feminine and neuter as the context so requires.

///

8.9 No Waiver. The failure to enforce any provision of this Declaration shall not constitute a waiver thereof or of the right to enforce such provision thereafter.

IN WITNESS WHEREOF, the Declarant has hereunto caused these presents to be executed this 8<sup>th</sup> day of October, 1997.

"DECLARANT"

RIDGE POINTE LIMITED PARTNERSHIP,  
a Nevada limited partnership

By: POINTE PARTNERS LIMITED  
PARTNERSHIP, a Nevada limited  
partnership, General Partner

By: RESORTS WEST, II, INC.,  
a Nevada corporation,  
Managing General Partner

By:   
LEX ADAMS, President

STATE OF NEVADA            )  
                                      :    ss.  
COUNTY OF DOUGLAS    )

On October 8, 1997, personally appeared before me, a notary public, LEX ADAMS, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he is the President of RESORTS WEST, II, INC., a Nevada corporation, Managing General Partner of POINTE PARTNERS LIMITED PARTNERSHIP, a Nevada limited partnership, General Partner of RIDGE POINTE LIMITED PARTNERSHIP, a Nevada limited partnership, and who further acknowledged to me that he executed

the foregoing DECLARATION OF TIME SHARE COVENANTS, CONDITIONS AND RESTRICTIONS on behalf of said limited partnership.

*Karen Echols*  
NOTARY PUBLIC

 KAREN ECHOLS  
Notary Public - State of Nevada  
Appointment Recorded in Carson City  
No: 93-2272-3 - Expires January 10, 2001

COPY

REQUESTED BY  
Stewart Title of Douglas County  
IN OFFICIAL RECORDS OF  
DOUGLAS CO., NEVADA

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LINDA SLATER  
RECORDER  
\$67<sup>000</sup> PAID *ka* DEPUTY