IN THE SUPREME COURT OF THE STATE OF NEVADA

Supreme Court Case No.

Electronically Filed
Feb 08 2024 09:22 AM
Elizabeth A. Brown
Clerk of Supreme Court

MEI-GSR HOLDINGS, LLC, a Nevada corporation; AM-GSR HOLDINGS, LLC, a Nevada corporation; and GAGE VILLAGE COMMERCIAL DEVELOPMENT, LLC, a Nevada corporation,

Petitioners,

v.

THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA, IN AND FOR THE COUNTY OF WASHOE, AND THE HONORABLE ELIZABETH GONZALEZ (RET.), SENIOR JUDGE, DEPARTMENT OJ41; AND RICHARD M. TEICHNER, RECEIVER,

Respondents,

and

ALBERT THOMAS, ET AL., individuals,

Real Parties in Interest.

APPENDIX TO PETITION FOR WRIT OF PROHIBITION OR, IN THE ALTERNATIVE, MANDAMUS
VOLUME 2 OF 12

Jordan T. Smith, Esq., Bar No. 12097
Brianna Smith, Esq., Bar No. 11795
Daniel R. Brady, Esq., Bar No. 15508
PISANELLI BICE PLLC
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Las Vegas, Nevada 89101

Attorneys for Petitioners

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DATED this 7th day of February 2024.

PISANELLI BICE PLLC

By: *<u>/s/ Jordan T. Smith</u>*

Jordan T. Smith, Esq., #12097
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Daniel R. Brady, Esq., #15508
400 South 7th Street, Suite 300
Las Vegas, Nevada 89101

Attorneys for Petitioners

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am an employee of PISANELLI BICE PLLC and that, on this 7th day of February 2024, I electronically filed and served a true and correct copy of the above and foregoing **APPENDIX TO PETITION FOR WRIT OF PROHIBITION OR, IN THE ALTERNATIVE, MANDAMUS, VOLUME 2 OF 12,** properly addressed to the following:

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Hon. Elizabeth Gonzalez (Ret.)
Senior Judge, Dept. 10
Second Judicial District Court
75 Court Street,
Reno, NV 89501
srjgonzalez@nvcourts.nv.gov

/s/ Shannon Dinkel
An employee of PISANELLI BICE PLLC

Hotel-Condominiums at Grand Sierra Resort
Formula for Allocation of SFU and Hotel Expenses

Apartment	Units	Unit Size	% of Ownership	Total Unit Sq Ft	Total % of Ownership
The Imperial Suite	22	1,340	0.317%	29,480	6.967%
The DMD Suite	6	2,101	0.497%	12,606	2.979%
The Loft (1)	11	922	0.218%	10,142	2.397%
The Loft (2)	4	1,006	0.238%	4,024	0.951%
The Loft (3)	6	856	0.202%	5,136	1.214%
The Presidential Suite	8	1,552	0.367%	12,416	2.934%
The Solarium Suite	2	1,218	0.288%	2,436	0.576%
The Grand Suite (A)	64	558	0.132%	35,712	8.440%
The Grand Suite (B)	87	552	0.130%	48,024	11.350%
The Grand^2 (A)	320	427	0.101%	136,640	32.293%
The Grand^2 (B)	275	420	0.099%	115,500	27.296%
The Grand^2 (C)	2	436	0.103%	872	0.206%
The Grand^2 (D)	16	434	0.103%	6,944	1.641%
Delux Parlor Combined	2	1,600	0.378%	3,200	0.756%
	825			423,132	100.000%

WASHOE COUNTY
RECORDER

OFFICE OF THE RECORDER
KATHRYN L. BURKE, RECORDER

1001 E. NINTH STREET
POST OFFICE BOX 11130
RENO, NEVADA 89520-0027
PHONE (775) 328-3661
FAX (775) 325-8010

LEGIBILITY NOTICE

The Washoe County Recorder's Office has determined that the attached document may not be suitable for recording by the method used by the Recorder to preserve the Recorder's records. The customer was advised that copies reproduced from the recorded document would not be legible. However, the customer demanded that the document be recorded without delay as the parties rights may be adversely affected because of a delay in recording. Therefore, pursuant to NRS 247.120 (3), the County Recorder accepted the document conditionally, based on the undersigned's representation (1) that a suitable copy will be submitted at a later date (2) it is impossible or impracticable to submit a more suitable copy.

By my signing below, I acknowledge that I have been advised that once the document has been microfilmed it may not reproduce a legible copy.

Signature

6-27-07
Date

DON M. McHARG
Printed Name

1UO-GSR 002550

CV12-02222 DC-0990006636-025
ALBERT THOMAS ETAL. VS. MEI 18 Pages
District Court 10/16/2014 01:41 PM
Washoe County 2490
EV2 MTORRES

EXHIBIT "2"

EXHIBIT "2"

EXHIBIT "2"

GRAND SIERRA RESORT
UNIT MAINTENANCE AGREEMENT

This UNIT MAINTENANCE AGREEMENT ("Agreement") is made and entered into this September 28, 2007 (the "Effective Date") by and between GRAND SIERRA OPERATING CORP., a Nevada corporation, (the "Company") and [illegible] (collectively and jointly and severally referred to in this Agreement as "Owner"), whose address is 8772 Steep Climb Court, Reno, NV 89521.

Office Phone: 322-5050
E-Mail Address: MIKE@CHOICE.NET

Home Phone #: 853-2585
Fax #: 322-6197
Owner's Designate: [illegible]

A. Owner has, concurrently herewith, purchased Hotel Unit # 1927 (the "Unit") in the Hotel-Condominiums at Grand Sierra Resort (the "Hotel"), and desires to receive certain hotel services from the Company with respect to Owner's Unit and Owner's personal use of the Unit.

B. The Company, either directly or through a hotel management company engaged by the Company to manage the operations of the Hotel (the "Manager"), has agreed to provide Owner with the services described herein upon the terms and conditions set forth in this Agreement. All references to the Company in this Agreement refer to either the Company or the Manager, if any, appointed by the Company to provide the services described herein as agent of the Company.

NOW, THEREFORE, in consideration of the terms, conditions and the mutual covenants herein set forth, the parties agree as follows:

1. DEFINITIONS. Capitalized terms will have the meanings set forth below or are defined elsewhere in this Agreement.

(a) "CC&Rs" means the Declaration of Conditions, Covenants, Restrictions and Reservations of Easements for Grand Sierra Resort.

(b) "Company" means Grand Sierra Operating Corp. or any Manager that may be appointed by the Company to provide the services described herein as agent of the Company.

(c) "Guest" means any person or persons who rents the Unit, including complimentary Guests, but excluding Owner and Owner's immediate family.

(d) "Owner" means the owner of the Unit identified in the introductory paragraph of this Agreement and his or her immediate family; the term "Owner" excludes all other persons who may use and occupy the Unit, all of whom are referred to as "Guests" herein.

(e) "Unit" means the Unit identified in Recitals

Owner Initials
Owner Initials

2. UNIT MAINTENANCE SERVICES. During the term of this Agreement, the Company, either directly or through the Manager as the Company's agent, shall provide and/or make available to Owner for use as Owner requests, the following services:

(a) Reservation Services. Reservation services for scheduling Owner's and Guest's use of the Unit; provided, however, that the Company shall have no responsibility for collecting payment from any rental guests booked either through Owner or Owner's third party rental agent, which shall be the sole responsibility of Owner and/or Owner's third party rental agent unless otherwise agreed to between Owner and the Company under a separate Unit Rental Agreement;

(b) Registration Services. Registration of arrivals and departures by Owner and Guests, including verification of identity, preparation of electronic keys, and verification of arrivals and departures;

(c) Switchboard Operations. Routing of all inbound and outbound telephone calls to Owner's Unit through a central telephone system;

(d) Linen and Housekeeping Services. Linen service and housekeeping service during any period that the Unit is occupied either by Owner or Guests, in accordance with the standards in effect by the Company for the Hotel operations in general;

(e) Departure Cleaning. Upon check-out by Owner or a Guest of the Unit, Departure Cleaning of the Unit, sufficient to return it to a condition ready for rental or occupancy;

(f) Additional Housekeeping Services. Additional housekeeping or cleaning services, as requested by Owner or Guests;

(g) Annual Interior Deep Cleaning. An annual interior deep cleaning of the Unit including, but not limited to, carpet and upholstery steam cleaning, floor waxing, external window washing and other cleaning services as necessary to maintain the Unit in a first-class, occupiable condition suitable for rental;

(h) Routine Maintenance Services. Routine maintenance services which are, in the sole discretion of the Company, necessary to keep the Unit suitable for occupancy and in compliance with the Hotel's first class standards of operation. Such routine maintenance shall include, but not be limited to, tasks that are normally performed by property management and other semi-skilled personnel;

(i) Non-Routine Maintenance and Emergency Repairs. Non-routine and emergency maintenance or repair work as determined necessary in the sole discretion of the Company to keep the Unit suitable for occupancy and in compliance with the first-class operating standards of the Hotel or upon discovery of a condition in the Unit which, in the Company's sole discretion, requires immediate attention.

Owner Initials
Owner Initials

3. FEES FOR SERVICES. Owner agrees to pay to the Company fees for all services provided under this Agreement, in accordance with the Fee Schedule attached as SCHEDULE A hereto.

4. OWNER RESPONSIBILITIES. Owner shall be responsible for maintaining the following standards for the Unit during the Term of this Agreement:

(a) Unit Furnishings. ~~Owner shall, at Owner's sole expense, furnish and maintain the Unit in a first-class, occupiable condition, with complete furniture, fixtures, and equipment including, but not limited to, the minimum requirements for furniture, fixtures, and equipment specified by the Company for the Owner's Unit type.~~ Determinations of first-class, occupiable condition and the type, color and specifications of all furniture, fixtures, equipment and decorations shall be within the absolute discretion of the Company. Owner understands and agrees that the Unit shall be required to comply with the standards for uniform appearance of Hotel units, as required under the CC&Rs;

(b) Replacement of Furnishings. ~~Owner shall be responsible for the cost of replacing any item of furniture, fixtures and equipment required by the Company as necessary to maintain the Unit in a first-class, occupiable condition.~~ Owner shall not hold the Company or Manager responsible for repair, restoration, redecorating or other expenses arising as the result of the rental or use of the Unit including wear and tear, ~~and acknowledges that such expenditures are Owner's responsibility.~~ Owner further recognizes that rental occupancy will accelerate normal wear and tear. For the purpose of funding a periodic replacement of Unit Furnishings, the Company will charge Owner a monthly reserve (the "FF&E Reserve"), in accordance with SCHEDULE A hereto. All amounts in the FF&E Reserve maintained by the Company for all Unit Owners shall be held in a segregated account by the Company and used for the sole purpose of funding replacement furnishings, fixtures and equipment of the Unit. The Owner shall have no right to a refund of any amounts in the FF&E Reserve upon a sale or transfer of Owner's Unit, but the purchaser or transferee of the Unit shall receive the benefit of amounts held in the FF&E Reserve at the time or times that the Company determines to make replacements of furnishings, fixtures and equipment.

(c) Inspection of Unit. The Company shall, at least once annually, or more frequently as needed, inventory all furniture, fixtures, and equipment in the Unit, inspect the general condition of the Unit, and provide Owner with a written statement regarding the general condition of the Unit. Based upon such inspection, the Company shall assign an acceptable or unacceptable rating to the Unit. The term "acceptable" shall refer to those units which, in the sole judgment of the Company, meet the Company's rental standards and are in a first-class, occupiable condition. If the Company assigns an unacceptable rating to the Unit, the Company shall deliver to Owner a written statement detailing the Company's requirements to make the Unit acceptable. Owner hereby authorizes the Company to undertake such actions as are necessary to comply with the Company's requirements.

Owner Initials
Owner Initials

5. TERM. This Agreement shall be effective from the date that Owner purchases the Unit until the date that Owner sells or otherwise transfers the ownership of the Unit, or the date that Owner ceases to be the owner of the Unit, whether due to the destruction or condemnation of the Hotel or otherwise. Owner agrees that Owner will be subject to the terms of this Agreement for as long as Owner shall own the Unit.

6. INSURANCE. Pursuant to the terms of Section 5.7 of the CC&Rs, the Association and the Company will obtain and maintain commercial general liability and physical damage insurance in the amounts and on the terms disclosed from time to time by the Association and the Company to Owner. Owner shall be responsible for physical damage insurance on any additions, alterations, improvements and betterments to the Unit to the extent not covered by the policies of insurance obtained by the Company, and for insurance covering any personal belongings of the Owner located in the Unit.

7. OWNER'S USE OF THE UNIT. Owner and the Company agree that:

(a) Owner Usage Calendar. Owner may reserve the Unit for Owner's personal use at any time and from time to time during the term of this Agreement provided that: Owner makes an advance reservation by completing and submitting to the Company an Owner usage calendar (the "Owner Usage Calendar") no later than June 1 of each year showing all reservation dates for the subsequent twelve (12) month period provided, however, in the first year of ownership, Owner shall submit to the Company the Owner Usage Calendar on or before the closing of Owner's purchase of the Unit. Owner shall (i) comply with any reasonable reservation policies and procedures that the Company may adopt; and (ii) comply with the applicable ordinances adopted by the City of Reno with respect to the use of the Unit by Owner, Owner's family and Owner's non-rental guests. Owner acknowledges that the City of Reno does not permit the Unit to be used as a permanent residence, and that it may only be used for transient occupancy. If Owner fails to deliver the Owner Usage Calendar to the Company as required above, the Company may assume that the Unit is available for short-term occupancy for all dates during the subsequent twelve (12) month period. The Owner Usage Calendar shall include all dates when the Unit will be occupied by the Owner and non-paying Guests of owner, and all of such usage shall be deemed to be occupancy of Owner.

(b) Owner Use on Non-Calendared Date. Notwithstanding the reservation requirements in Section 7(a), if Owner desires to personally use the Unit on a date other than as set forth on the Owner Usage Calendar, Owner shall notify the Company of the desire to personally use the Unit. If the Company has not received a tentative or confirmed reservation for the Unit on the dates requested by Owner, the Company shall make every reasonable effort to accommodate such a request. If the Company has received a tentative or confirmed reservation for use of the Unit, the Company may deny such request and Owner shall have no right to personally use the Unit. the Company is under no obligation to inform Owner of any changes in availability based on cancellations, no-shows, change in dates, reduced blocks for group reservations, or any other similar circumstances.

Owner Initials
Owner Initials MV

(c) Registration, Check-In, Daily Use Fee and Additional Charges. Owner shall register at the front desk of the Hotel in order to receive a key to Owner's Unit. The Company shall charge a Daily Use Fee in the amount described in SCHEDULE A on a per night basis to Owner or any Guest of Owner who is to occupy the Unit. In addition, Owner and any Guest of Owner will pay the same fees and charges that are paid by other guests of the hotel for food and beverage, in-room entertainment, spa services, business services and/or any other services or products made available to the general public for sale by the Company, together with transient, sales, use or other taxes thereon.

(d) Arrival/Departure Requirements. Owner and Owner's Guests shall: (i) comply with any applicable arrival / departure requirements established by the Company for use of the Unit during holidays, special events, and peak occupancy periods; and (ii) comply with any established check-in and check-out procedures and times. Owner shall not enter the Unit, nor use any common areas or Shared Facilities Unit appurtenant to the Unit, nor permit any person, whether family member, repairman, or Owner's Guest to do so, other than during previously reserved dates of occupancy by Owner, without prior notification to, approval of, and coordination with the Company.

(e) Credit Card Authorization. In order to assure Owner's timely payment of amounts owed under this Agreement for Owner's personal use and the use of the Unit by Guests who are charged separately by Owner or Owner's rental agent, Owner agrees to maintain a valid credit card authorization on file with the Company's Finance Department at all times as a source of funds. This card will be used to pay all expenses owed that are past due by 30 days from the date of the statement. The Company will mail Owner a copy of the receipt within thirty (30) days of each charge. Owner hereby authorizes the Company and Manager to access the credit established in this paragraph in order to meet Owner's financial obligations under this Agreement.

(f) Alternative Accommodations. The Company may, in its sole discretion, provide Owner with accommodation in another Unit with similar features in the event that it determines that the Unit is not available for any reason for Owner's use.

8. RULES, REGULATIONS AND STANDARDS. Owner shall at all times abide by and comply with all rules and regulations established from time to time by the Company as necessary for the operation of the Hotel. Owner shall also ensure, at Owner's sole cost and expense, that the Unit shall at all times comply with all standards established from time to time by the Company and with all inspection reports and product improvement plans issued from time to time by the Company. Owner covenants and agrees not to interfere with, at any time, the employees, agents and/or contractors of the Company.

9. LIMITED POWER OF ATTORNEY. Owner does hereby irrevocably name, constitute and appoint the Company, its legal representatives, successors and assigns as Owner's attorney-in-fact for the term of this Agreement for the limited purposes of (i) providing Guests with full access to all common areas associated with the Unit, (ii) causing Unit maintenance activities required of the Company to be undertaken promptly, (iii) issuing and signing confirmed reservations for the Unit and (iv) taking any action, that may be lawfully permitted and required to evict any Guest.

Owner Initials
Owner Initials

10. (a) ASSIGNMENT BY THE COMPANY. The Company may assign this Agreement without Owner's consent to any affiliate of the Company or to any successor operator or Owner of the Hotel.

(b) ASSIGNMENT BY OWNER. Owner may not assign this Agreement, in whole or in part, except in connection with the sale, assignment or other hypothecation of 100% of Owner's interest in the Unit, and any such assignment shall be subject to the proposed assignee's specific assumption of this Agreement and the rights, duties and obligations of Owner hereunder, or in the case of any mortgagee of Owner, be subject to a Subordination, Non-Disturbance and Attornment Agreement on such terms as the Company may require.

11. STORAGE OF PERSONAL PROPERTY. Owner shall not store or leave any property in the Unit and the Company shall have no liability for any lost or damaged items left in the Unit.

12. DEFAULT BY OWNER. If Owner shall default in the performance of Owner's obligations under this Agreement or fail to abide by the rules and regulations established from time to time by the Company and such default shall continue sixty (60) days after Owner's receipt of written notice from the Company detailing the default in question, the Company may exercise any all remedies available to it at law or in equity, including the remedies provided for in the CC&Rs.

13. DEFAULT BY THE COMPANY. If the Company shall default in the performance of its obligations under this Agreement and shall fail to cure such default within sixty (60) days after the Company's receipt of written notice from Owner detailing the default in question, Owner may, as its sole and exclusive remedy, seek monetary damages from the Company in an amount equal to Owner's actual losses incurred as a result of the Company's default. Owner shall have no right to receive damages for emotional distress, consequential, lost profits, punitive or any other damages other than compensatory damages. Owner and the Company agree that recoverable damages are limited to the reasonable cost of any expense incurred by Owner to receive any of the services required to be provided by the Company under this Agreement as a result of the Company's failure to provide such services or failure to provide such services in the manner required under this Agreement.

14. OWNER'S ACKNOWLEDGEMENTS.

A) OWNER UNDERSTANDS AND ACKNOWLEDGES THAT EXECUTION OF THIS AGREEMENT IS A MANDATORY REQUIREMENT OF OWNERSHIP OF THE UNIT. OWNER FURTHER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT NEITHER THE COMPANY NOR MANAGER, OR ANY OF THEIR RESPECTIVE OFFICERS, REPRESENTATIVES, EMPLOYEES, AGENTS, SUBSIDIARIES, PARENT THE COMPANY AND AFFILIATES HAS (I) MADE ANY STATEMENTS OR REPRESENTATIONS WITH RESPECT TO THE ECONOMIC OR TAX BENEFITS OF OWNERSHIP OF THE UNIT; (II) EMPHASIZED THE ECONOMIC BENEFITS TO BE DERIVED FROM THE MANAGERIAL EFFORTS OF THE COMPANY OR MANAGER OR FROM PARTICIPATION IN THE UNIT MANAGEMENT PROGRAM; OR (III) MADE ANY SUGGESTION, IMPLICATION, STATEMENT OR REPRESENTATION, THAT OWNER IS NOT PERMITTED TO RENT THE UNIT DIRECTLY OR TO USE OTHER RESERVATIONS AGENTS TO RENT THE UNIT.

Owner Initials
Owner Initials

B) PURSUANT TO THE TERMS OF ANY HOTEL MANAGEMENT AGREEMENT THAT HAS BEEN OR MAY BE ENTERED INTO BY THE COMPANY WITH A MANAGER, EITHER THE COMPANY OR MANAGER MAY TERMINATE SAME IN ACCORDANCE WITH THE PROVISIONS THEREOF AND THEREFORE OWNER HEREBY ACKNOWLEDGES THAT THERE CAN BE NO GUARANTEE THAT MANAGER WILL OPERATE THE HOTEL THROUGHOUT THE TERM OF THIS AGREEMENT. THE EVENT OF A TERMINATION OF MANAGER AS THE OPERATOR SHALL NOT CONSTITUTE A DEFAULT UNDER THIS AGREEMENT AND THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REPLACE MANAGER WITH ANOTHER OPERATOR OF THE COMPANY'S CHOOSING.

15. OWNERSHIP OF MARKS. Owner acknowledges that the names "GRAND SIERRA RESORT" and the other Grand Sierra trademarks and service marks (collectively, "Marks") have acquired valuable secondary meanings and goodwill in the minds of the hospitality trade and the public and that services and products bearing the name "Grand Sierra" and/or any of the other Marks have acquired a reputation of the highest quality of hotel service. Without prejudice to this Agreement, Owner acknowledges that Owner has no claim to any right, title and interest in and to the Marks or any and all forms or embodiments thereof nor to the goodwill attached to the Marks in connection with the business, operations and goods in relation to which the same have been and may be used by Owner. The Company shall have the sole and exclusive right to use of the Marks for marketing and operation of the Hotel, and Owner shall have no right to use such Marks at any time during or after the term of this Agreement for any purpose except with the prior written consent of the Company. Owner will not at any time do or suffer to be done any act or thing which may, in any way, impair the rights of Manager in and to the Marks or which may affect the validity of the Marks or which may depreciate the value of the "GRAND SIERRA" names or any of the other Marks or the established prestige and goodwill connected with any of the same.

16. MISCELLANEOUS PROVISIONS. This Agreement shall be subject to and contingent upon the following:

(a) Limitation of Liability. Neither the Company nor Manager, nor any of their respective officers, representatives, employees, agents, subsidiaries, parent and affiliates shall be liable for any loss or damage to any person or property, including, but not limited to, Owner, the Guests, the Unit and its equipment, furnishings and appliances, of any nature resulting from any accident or occurrence in or upon the Unit, or the building in which the Unit is a part, including but not limited to, any and all claims, demands, damages, costs and expenses (including, without limitation, attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) resulting from: (i) the acts or omissions of Guests; (ii) wind, rain or other elements; or (iii) theft, vandalism, fire, earthquake, storm or other casualty; strikes, lockouts, or other labor interruptions; war, rebellion, riots or other civil unrest; or any other similar event beyond the control of the Company or Manager.

(b) Entire Agreement; Amendments. The parties hereto agree and acknowledge that this Agreement, together with the CC&Rs and the Dispute Resolution Addendum attached hereto as Schedule B, constitutes the entire Agreement between the parties with respect to the operation and maintenance of the Unit, and there are no oral or written amendments, modifications, other agreements or representations. The Company may,

Owner Initials
Owner Initials

no more frequently than once each year, upon at least sixty (60) days prior written notice to Owner, modify the services to be provided by the Company and/or adjust the charges payable for services provided for herein to reflect additions or changes in services provided by the Company generally to all Hotel guests, and to reflect actual changes in the cost of providing services by the Company generally to all Hotel guests; provided that the Company shall not increase the Daily Use Fee by more than seven percent (7%) per year without Owner's written consent. Except for this annual adjustment to services and charges, this Agreement may not be amended, supplemented, terminated or modified except with the prior written agreement of Owner and the Company.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada, without giving application to principles of conflicts of laws which shall control all matters relating to the execution, validity and enforcement of this Agreement.

(d) Alternative Dispute Resolution. The parties agree that any disputes arising out of or relating to this Agreement shall be resolved in accordance with the Dispute Resolution Addendum Agreement attached hereto as SCHEDULE B.

(e) Authority of Single Owner. Recognizing the fact that there may be several Owners of a single Unit, it is hereby agreed that Owner's designate, as listed on the front page of this Agreement, shall have the authority to issue any and all instructions to the Company, and the Company shall act in reliance thereon.

(f) Severability. If any clause or provision of this Agreement shall be held invalid or void for any reason, such invalid or void clause or provision shall not affect the whole of this Agreement and the balance of the provisions of this Agreement shall remain in full force and effect.

(g) Notices. Any notice or demand required under this Agreement or by law shall be in writing and shall be deemed effective upon receipt if sent by personal delivery, upon one (1) business day if sent by express overnight delivery with a nationally recognized courier service (such as Federal Express) or three (3) business days after having been sent by US mail, certified mail, return receipt requested and addressed to the parties at the addresses set forth above in the recitals of this Agreement. Either party may change such addresses with written notice to the other party.

(h) Authorization. Owner represents and warrants to the Company that Owner has the full authority to enter into this Agreement, and that there is no other party with an interest in the Unit whose joinder in this Agreement is necessary.

(i) Time of the Essence. For all purposes of this Agreement it shall be understood that time is of the essence.

(j) Binding on Assignees of Unit. This Agreement will run with the land and will be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of Owner. Owner covenants and agrees for itself and for its

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Owner Initials
Owner Initials

successors and assigns that the conveyance of any interest in the Unit to any other person or entity shall constitute an assumption by such successors, assigns or transferees of all of the duties and obligations arising under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

GRAND SIERRA RESORT	OWNER:
By: _____ Signature	_____ Signature
Print Name: _____	Print name: George Vagvolgyi
Title: _____	_____ Signature of Co-Owner (if any)
	Print name: Melissa Vagvolgyi
Dated signed: _____	Date signed: [illegible]

Owner Initials: [illegible]
Owner Initials: MV

SCHEDULE A

PRICE AND FEE SCHEDULE

Daily Use Fee (charged for each night Unit is occupied by Owner or any Guest) (includes all housekeeping charges except Additional Housekeeping Services requested by Owner)	Per Night Per Unit Type: Less than 800 sq.ft.: 800 to 1500 sq. ft.: Over 1500 sq. ft:	 $20.92 $28.62 $36.33
Additional Housekeeping Services (charges will be disclosed prior to service requested)	(provided upon request)	
Annual Interior Deep Cleaning	$600.00 per year	
Routine Maintenance Services (included in Daily Use Fee)	0	
Non-Routine Maintenance and Emergency Services as determined necessary by Company at rates customary in the hotel industry in Reno, Nevada	(provided at time of service)	
PF&E Reserve	Per Month Per Unit Type: The Imperial Suite The DMD Suite (Dodd Mitchell Design) The Loft (1) The Loft (2) The Loft (3) The Presidential Suite The Solarium Suite The Grand Suite (A) The Grand Suite (B) The Grand² (A) The Grand² (B) The Grand² (C) The Grand² (D) Deluxe Parlor Combined	 $406.69 $387.43 $294.50 $282.60 $246.47 $395.31 $306.41 $183.64 $183.64 $164.51 $164.51 $164.51 $164.51 $379.96

SCHEDULE B

DISPUTE RESOLUTION ADDENDUM AGREEMENT

Grand Sierra Operating Corp. ("Grand Sierra") takes great pride in its Hotel-Condominium project, and seeks to prevent disputes if at all practical. However, if a dispute does arise, Grand Sierra believes that the best alternative to resolve the dispute is to enter into binding arbitration instead of entangling the parties in a lengthy and costly court battle. Grand Sierra therefore has established the sale prices of its Hotel-Condominium units based upon the assumption that arbitration will be used to settle any disputes, and that all court proceedings will be avoided as provided for herein.

Grand Sierra also believes that parties should agree ahead of time on the procedures to be used to resolve a dispute. Therefore, this document details the rights of Owner and Grand Sierra in the event that a dispute arises. *OWNER IS ENCOURAGED TO SEEK WHATEVER HELP OWNER DEEMS NECESSARY IN MAKING THIS DECISION, INCLUDING LEGAL ADVICE, SO THAT OWNER HAS THE BENEFIT OF ALL INFORMATION AND ADVICE OWNER DEEMS NECESSARY BEFORE SIGNING THIS IMPORTANT DOCUMENT.* All parties enter into this Agreement voluntarily and with full knowledge of the meaning and effect of the language contained herein.

OWNER AND GRAND SIERRA AGREE THAT:

This addendum, when duly executed by both parties, will constitute a part of the "Unit Maintenance Agreement" dated 12/6/07, between George Vagujhelyi & Melissa Vagujhelyi referred to as "Owner," and Grand Sierra Operating Corp., referred to as "Grand Sierra," covering Unit number 1827 located within the Hotel at 2500 East Second Street, Reno, Washoe County, Nevada.

I. DEFINITIONS

(a) "Grand Sierra" shall mean Grand Sierra Operating Corp., a Nevada Corporation, the entity executing the Unit Maintenance Agreement as "Company," and its respective predecessors, successors, subsidiaries and/or affiliated corporations or other entities, parent companies, sister companies, divisions, partners, joint ventures, insurers, affiliates, owners, officers, directors, employees, shareholders, agents, and assigns.

(b) "Owner" shall mean the person or persons executing the Unit Maintenance Agreement as "Owner," and their successors, heirs, assigns, subsequent

Grand Sierra Initials _____ Owner Initials _____
Owner Initials _____

Owners, and any third party claiming any right or interest in the Unit through them; provided, however, that the term "Owner" does not include any lender, its successors, or assigns (collectively, a "Mortgagee") whose loan is secured by a deed of trust on the Unit and who may take title to the Unit through foreclosure of such deed of trust or through a deed in lieu of foreclosure. Any third party claiming any right or interest in the Unit through such a Mortgagee shall, however, be a "Owner" for purposes of this Dispute Resolution Addendum Agreement.

(c) "Unit" shall mean the Unit identified on page 1 of this Agreement as Owner's Unit.

(d) "Dispute(s)" shall mean any claim, cause of action (whether at law or in equity), demand or disagreement of any nature whatsoever ("Claim") arising from or in connection with the Unit Maintenance Agreement. The Disputes shall include, without limitation, claims and causes of action for real and personal property damage, breach of contract, breach of warranty (whether express, implied or by operation of law), tort, bodily injury or wrongful death, nondisclosure, misrepresentation, emotional distress, nuisance, compensatory or punitive damages, rescission of any agreement, enforceability of this Agreement, and/or specific performance. The following matters are excluded from the definition of a Dispute and are not subject to this Dispute Resolution Agreement:

1. Judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or land contract;
2. An unlawful detainer action;
3. The filing or enforcement of a mechanic's lien or a lien for non-payment of assessments or fines;
4. Any matter which is within the jurisdiction of a probate court;
5. Any claim made by a Unit Owner's Association or Grand Sierra against Owner pursuant to Nevada Revised Statutes, Sections 38.300 to 38.360 inclusive to enforce any covenants, conditions or restrictions, bylaws or rules or regulations adopted by the association against the Owner, or to increase, decrease or impose additional assessments upon residential property against the Owner;
6. The filing of judicial action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies;

Grand Sierra Initials _____

Owner Initials _____
Owner Initials _____

II. SUBMISSION OF DISPUTES TO ARBITRATION

a. Owner and Grand Sierra agree to submit any and all Disputes between Grand Sierra and Owner and their respective successors-in-interest to final and binding arbitration, unless specified otherwise herein, under the following procedures.

b. Before any Dispute can be submitted to mediation or arbitration, the party wishing to submit the Dispute must first, at least sixty (60) days before filing a Demand for Arbitration, give written notice to the other party of the Dispute, and therein detail with reasonable specificity the actions to be taken to resolve the Dispute.

c. The responding party shall have ninety (90) days after receiving the notice to conduct any investigations needed to assess the nature of the Dispute and extent of any alleged damages, and shall have the right to resolve the Dispute by taking the actions requested by the other party in the notice, or by taking other actions which would effectively resolve the Dispute. The parties may extend this response time by agreement. Grand Sierra shall have the absolute right, but not the obligation, to investigate and resolve the Dispute within one-hundred and twenty (120) days from receipt of Owner's notice or as extended by the parties.

d. If the responding party fails to effectively resolve the Dispute within said time frame, or within an extended time frame agreed to by the parties, the demanding party may submit the Dispute to mediation or arbitration as set forth herein.

e. Owner and Grand Sierra agree to submit any Disputes where the value of the claim of damage or estimated cost of repair or replacement of the item(s) in dispute is $5,000 or less and which has not been resolved by the responding party, to the jurisdiction of the Small Claims Court for the City of Reno. Owner and Grand Sierra agree that neither mediation nor arbitration shall be applicable where the claim of damage is $5,000 or less, unless both Owner and Grand Sierra otherwise agree in writing.

f. Any Dispute between Owner and Grand Sierra where the claim of damage is more than $5,000, where the estimated cost of performance, repair or replacement of the item(s) in dispute is more than $5,000 and which is not resolved by the responding party, shall first be submitted to non-binding mediation. If such mediation is not successful in resolving the Dispute, either Owner or Grand Sierra may submit the Dispute to arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), unless both Owner and Grand Sierra otherwise agree in writing.

1. Arbitration shall be initiated by filing a written Demand for Arbitration with the American Arbitration Association, accompanied by the required filing fee, and concurrently mailing a copy of the demand to the other party. In the event of a demand for arbitration that would be heard by a panel,

Grand Sierra Initials _____

Owner Initials
Owner Initials

of three arbitrators pursuant to AAA rules, the parties shall each select an arbitrator and the two so selected shall in turn select a third, the three of whom shall act as an arbitration panel. The arbitration shall take place in the office of the American Arbitration Association nearest to the Unit, at such time and date selected by the arbitrator. Any Dispute regarding the scope of the arbitration or the procedures to be followed in the arbitration shall be resolved by the arbitrator or arbitration panel.

2. The combined cost (fee and expenses) of the mediator, AAA, and of the arbitrator shall be apportioned equally between Owner and Grand Sierra. Each party shall deposit $1,500 with the arbitration panel to be used as security for each party's share of arbitration expenses.

3. The award rendered by the arbitrator or panel must be accompanied by a written decision that contains written findings of fact and conclusions of law and, once so rendered, shall be binding and final, as to all parties in the arbitration to the fullest extent permitted by law. Judgment on the award rendered by the arbitrator may be entered in a court of competent jurisdiction. Except as otherwise expressly set forth in this Agreement, Nevada law shall apply to all Disputes.

g. Grand Sierra may, in its sole discretion, consolidate the Disputes of other Owner(s) in the event that such Disputes are similar in nature and, if the aggregate amount of damage claimed by such Owners exceeds $5,000, such Disputes will be addressed in the same manner as a single Dispute where the claim of damage is more than $5,000.

h. Each party may, prior to the arbitration hearing, conduct discovery as provided in the Nevada Rules of Civil Procedure.

i. All arbitration proceedings shall be confidential. Neither party shall disclose any evidence or information about the evidence produced by the other party in the arbitration proceedings, except as compelled to do so in the course of a judicial, regulatory, or arbitration proceeding. Before making any disclosure permitted by the preceding sentence, a party shall give the other party reasonable advance written notice of the intended disclosure and an opportunity to prevent disclosure.

j. Grand Sierra, in its sole discretion, is entitled to require that any or all contractors, subcontractors, suppliers, consultants, partners, affiliates or agents of Grand Sierra who may have liability in connection with the Dispute be participants in the arbitration procedure described; provided, however, that Grand Sierra's failure or inability to require that such contractors, subcontractors or agents be parties to the following proceedings shall not affect the obligations and entitlements of Owner and Grand Sierra under this Agreement.

Grand Sierra Initials _____

Owner Initials _____
Owner Initials _____

III. LIMITATION OF AWARD AND LIABILITY

OWNER IS HEREBY ADVISED THAT THE LIMITATION OF AWARD AND LIABILITY SET FORTH BELOW MAY RESULT IN A WAIVER OF LIABILITY AND DAMAGES WHICH MAY OTHERWISE BE RECOVERABLE UNDER NEVADA LAW. OWNER IS ENCOURAGED TO SEEK WHATEVER HELP PURCHASER DEEMS NECESSARY IN MAKING THIS DECISION, INCLUDING LEGAL ADVICE, SO THAT PURCHASER HAS THE BENEFIT OF ALL INFORMATION AND ADVICE PURCHASER DEEMS NECESSARY BEFORE AGREEING TO THESE TERMS:

A. LIMITATION OF LIABILITY. IN ORDER TO OBTAIN THE BENEFITS OF A PURCHASE PRICE WHICH INCLUDES A LESSER ALLOWANCE FOR RISK FUNDING, THE RISKS HAVE BEEN ALLOCATED SUCH THAT OWNER AGREES, TO THE FULLEST EXTENT PERMITTED BY LAW, TO LIMIT THE RISKS AND LIABILITY OF GRAND SIERRA FOR ALL DISPUTES, CLAIMS, LOSSES, COSTS, DAMAGES OR EXPENSES OF ANY NATURE, INCLUDING ATTORNEY'S FEES, SUCH THAT THE TOTAL AGGREGATE LIABILITY OF GRAND SIERRA, ITS OWNERS, OFFICERS, DIRECTORS, PARTNERS, EMPLOYEES, CONTRACTORS, VENDORS, SUBCONSULTANTS, AND DESIGN PROFESSIONALS SHALL NOT EXCEED FIFTY THOUSAND DOLLARS ($50,000). IT IS INTENDED THAT THIS LIMITATION APPLY TO ANY AND ALL LIABILITY OR CAUSE OF ACTION AGAINST GRAND SIERRA HOWEVER ALLEGED OR ARISING, INCLUDING, WITHOUT LIMITATION, CLAIMS OF ERRORS OR OMISSIONS, NEGLIGENCE INCLUDING THE SOLE NEGLIGENCE OF GRAND SIERRA, STRICT LIABILITY, BREACH OF CONTRACT, BREACH OF WARRANTY, BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, INDEMNITY AND/OR CONTRIBUTION OR ANY OTHER CAUSE OF ACTION OR CLAIM WHETHER ARISING IN CONTRACT, TORT, STRICT LIABILITY, WARRANTY OR EQUITY.

B. WAIVER OF CONSEQUENTIAL DAMAGES – NOTWITHSTANDING ANYTHING HEREIN OR BY LAW TO THE CONTRARY, GRAND SIERRA SHALL NOT BE LIABLE TO OWNER FOR ANY CONSEQUENTIAL LOSSES OR DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF USE, ECONOMIC LOSSES, BUSINESS INTERRUPTION, DELAY COSTS, FINANCING AND INTEREST COSTS OR LOST PROFITS, WHETHER SUCH CLAIMS ARISE IN CONTRACT, TORT, STRICT LIABILITY, WARRANTY, EQUITY, BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, OR OTHERWISE.

Grand Sierra Initials _____

Owner Initials _____
Owner Initials _____

C. **ATTORNEY'S FEES** – **EACH PARTY SHALL BEAR ITS OWN ATTORNEY'S FEES AND OTHER COSTS IN PROSECUTING OR DEFENDING THE DISPUTE, EXCEPT THAT IN THE EVENT ANY ACTION OR PROCEEDING IS BROUGHT BY ANY PARTY HERETO TO ENFORCE THIS AGREEMENT, THE PREVAILING PARTY SHALL BE ENTITLED TO REASONABLE ATTORNEY'S FEES AND COSTS IN ADDITION TO ALL OTHER RELIEF TO WHICH THAT PARTY OR THOSE PARTIES MAY BE ENTITLED.**

IV. MISCELLANEOUS

a. If any provision or aspect of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable; or if any provision or aspect of this Agreement is rendered unenforceable, the remaining provisions of this Agreement shall nevertheless remain in full force and effect and continue to be binding.

b. If there is any conflict between this Dispute Resolution Addendum Agreement and the Unit Maintenance Agreement, the provisions of this Dispute Resolution Addendum Agreement shall control.

c. This Agreement shall not apply to a Mortgagee. However, any third party claiming any right or interest in the Unit through any Mortgagee shall be subject to this Agreement.

d. Each party has had the time to review this Agreement, negotiate any changes they deem necessary, and the opportunity to retain legal counsel to assist in its review and revision of this Agreement. As a result, Owner and Grand Sierra expressly acknowledge and agree that this Agreement shall not be deemed prepared or drafted by one party or another, or the attorneys for one party or another, and shall be construed accordingly.

e. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, trustors, trustees, insurance carriers, beneficiaries, predecessors, successors, members and assigns.

f. This Dispute Resolution Addendum Agreement, along with the Unit Maintenance Agreement and attachments, contain the entire agreement of the parties with respect to matters described herein and in the Unit Maintenance Agreement. Any oral representations or modifications contrary to the terms of this Agreement or the other contract documents for the Unit shall be of no force and effect unless reduced to writing and signed by all parties hereto.

Grand Sierra Initials _____

Owner Initials

Owner Initials

BY SIGNING IN THE SPACE BELOW, GRAND SIERRA AND OWNER WAIVE ANY RIGHTS THEY MAY POSSESS TO HAVE ANY ABOVE-DEFINED DISPUTE LITIGATED IN A COURT OR HEARD BY A JURY, AND WAIVE THE RIGHT TO RECOVER DAMAGES NOT PROVIDED FOR IN THIS AGREEMENT FOR A COVERED DISPUTE. IF EITHER PARTY REFUSES TO COMPLY WITH THE TERMS CALLED FOR HEREIN, THE OTHER PARTY MAY APPLY TO AN APPROPRIATE NEVADA COURT TO COMPEL ARBITRATION AS PROVIDED HEREIN.

GRAND SIERRA RESORT	OWNER:
By: _____ Signature	_____ Signature
Print Name: _____	Print name: George Vagujhelyi
Title: _____	_____ Signature of Co-Owner (if any)
	Print name: [illegible] Vagujhelyi
Dated signed: _____	Date signed: [illegible]

Grand Sierra Initials _____

Owner Initials
Owner Initials TMV

#11806

CV12-02222 DC-0990006636-026
ALBERT THOMAS ETAL. VS. MEI - 2 Pages
District Court 10/16/2014 01:41 PM
Washoe County 2450
EX3 MTORRFC

EXHIBIT "3"

EXHIBIT "3"

EXHIBIT "3"

Section 18.24.203.2690. Hotel-Condominium.

A hotel-condominium is an establishment meeting the criteria for a "Hotel" as set forth in this Title, but subdivided into individual rooms or suites for separate ownership. Hotel-condominium is a commercial condominium development for which the units are primarily used to derive commercial income from, or provide service to the public, and may not be used as a dwelling by an Owner for 28 days or more within any 12-month period. Hotels-condominium are subject to transient lodging standards and requirements. When hotel-condominiums are not occupied by the owner, owners shall make them available for transient rental lodging use through a hotel rental management program or otherwise.

(Ord. No. 5750, § 1, 9-28-05; Ord. No. 5804, § 1, 2-22-06; Ord. No. 6201, § 2, 9-14-11)

CV12-02222
ALBERT THOMAS ETAL. VS. MEI-
District Court 10/16/2014 01:41 PM
Washoe County 2450
Exp MTARPER
DC-0990006036-027
15 Pages

EXHIBIT "4"

EXHIBIT "4"

EXHIBIT "4"

GRAND SIERRA RESORT

PURCHASE AND SALE AGREEMENT

GRAND SIERRA RESORT

PURCHASE AND SALE AGREEMENT

Pursuant to California Business and Professions Code Section 10249.8, the following Notice is provided:

WARNING: THE CALIFORNIA DEPARTMENT OF REAL ESTATE HAS NOT QUALIFIED, INSPECTED OR EXAMINED THIS OFFERING, INCLUDING, BUT NOT LIMITED TO THE CONDITION OF TITLE, THE STATUS OF BLANKET LIENS ON THE PROJECT (IF ANY), ARRANGEMENTS TO ASSURE PROJECT COMPLETION, ESCROW PRACTICES, CONTROL OVER PROJECT MANAGEMENT, RACIALLY DISCRIMINATORY PRACTICES (IF ANY), OR THE AVAILABILITY OF WATER, SERVICES, UTILITIES, OR IMPROVEMENTS. IT MAY BE ADVISABLE FOR YOU TO CONSULT AN ATTORNEY OR OTHER KNOWLEDGEABLE PROFESSIONAL WHO IS FAMILIAR WITH REAL ESTATE AND DEVELOPMENT LAW IN THE STATE WHERE THIS SUBDIVISION IS SITUATED.

GMV
(Initials of Purchaser)

NAME OF PURCHASER:
GEORGE VAGUJHELYI
MELISSA VAGUJHELYI

SOCIAL SECURITY NUMBER or E.I.N.: [redacted]

HOME ADDRESS:
9573 STEEP CLIMB COURT
RENO, NV 89521

OFFICE ADDRESS:

HOME PHONE: 775-853-2585
HOME FAX:
HOME E-MAIL: gvagujhelyi@yahoo.com

OFFICE PHONE: 775-223-4129 cell
OFFICE FAX:
OFFICE E-MAIL: mvag@charter.net

PURCHASER'S ATTORNEY:

PHONE:
FAX:
E-MAIL:

PURCHASER'S BROKER:

PHONE:
FAX:
E-MAIL:

Purchaser Initials GMV
Seller Initials

NAME OF SELLER: GEORGE VAGUJHELYI AND MELISSA VAGUJHELYI

GRAND SIERRA OPERATING CORP.

PURCHASED UNIT: 1927

1. Purchase Price. The total Purchase Price ("Purchase Price") for the Property (defined below) is $ 230,000, payable as hereinafter set forth:

(a) The total Purchase Price for the Property shall be computed as follows:

Base Price for the Property (defined below)	$ 230,000
Other _____	$ _____
Total Purchase Price for the Property	$ 230,000

(b) The Purchase Price shall be paid as follows:

Initial earnest money deposit ("Initial Deposit"), which shall equal ten percent (10%) of the Total Purchase Price for the Property, less any funds previously paid into escrow pursuant to a Non-Contractual Reservation Agreement, payable concurrently with the execution of this Agreement by Purchaser:	10% $ 23,000.00 - Res. Dep. $ 10,000.00 = ($ 13,000.00) due upon signing of this Agreement
Final earnest money deposit ("Final Deposit"; the Initial Deposit and Final Deposit are collectively referred to herein as the "Earnest Money"), in an amount equal to an additional ten percent (10%) of the Total Purchase Price for the Property, payable within fourteen (14) days after the execution of this Agreement by Purchaser, unless preceded by the Closing Date:	10% = ($ 23,000.00)
Balance of the Purchase Price due at Closing	$ 184,000

Purchaser Initials MV
Seller Initials

2. **Purchase of Condominium Unit.**

(a) Seller agrees to convey, or cause to be conveyed, to Purchaser, and Purchaser agrees to purchase from Seller, pursuant to the terms and conditions of this Purchase Agreement: (a) Unit No. 1627 ("Purchased Unit") in the "Hotel-Condominiums at Grand Sierra Resort" (the "Condominium"); (b) the undivided percentage interest attributable to such Unit as a tenant-in-common in the Common Elements (as defined in the Condominium CC&Rs); and (c) the Personal Property (hereinafter defined). The Purchased Unit and its corresponding percentage interest in the Common Elements are herein collectively referred to as the "Unit Ownership." The Unit Ownership and the Personal Property are herein collectively referred to as the "Property." The Condominium will be located at 2500 East Second Street, Reno, Nevada, within portions of the building formerly known as The Reno Hilton Hotel (the "Building"). The Condominium consists or will consist of the real estate legally described in Exhibit A hereto, together with improvements which may be made thereto. The "Personal Property" means the appliances, furnishings and finishes to be installed in the Purchased Unit more particularly described on a schedule of Personal Property, Finishes and FF&E to be provided to Purchaser at or before Closing. Seller reserves the right to amend the schedule of Personal Property, Finishes and FF&E at any time. The Purchased Unit and the Condominium are described in greater detail in the Condominium Documents described in Paragraph 4 hereof.

(b) When the Earnest Money payments are made, Seller shall from time to time deposit said funds in a non-interest bearing escrow account with the Escrowee defined in Paragraph 5(b) hereof. Any funds otherwise payable to Purchaser that may result from calculation of the Initial Deposit in Paragraph 1(b) shall be applied by Seller against a subsequent deposit, or if Closing first occurs, against the balance of the Purchase Price at Closing. Earnest Money paid and deposited shall be held for the mutual benefit of Seller and Purchaser and retained or disbursed in accordance with the terms and provisions of this Purchase Agreement. Notwithstanding the foregoing provisions of this subparagraph 2(b), in lieu of maintaining the Earnest Money payments in an escrow account, Seller may furnish a bond executed by Seller as principal and by a corporation qualified under the laws of Nevada as a surety, payable to the State of Nevada, and conditioned upon the performance of Seller's duties concerning the purchase of the Unit Ownership. Such bond shall be in a principal sum equal to the amount of the Earnest Money payments. Seller thereafter shall be entitled to use all funds for which a bond is furnished.

(c) The FF&E for the Purchased Unit will be selected by Seller in its sole and absolute discretion and which may include, without limitation, furniture, decor items, towels, linens, color televisions, clocks, radios, drapes and other window treatments and decorative accessories. Pursuant to and in accordance with the Condominium CC&Rs (discussed below), Purchaser is not permitted to vary, add to, remove or change the FF&E in the Purchased Unit. The FF&E items will be installed in the Purchased Unit on or before the Closing Date.

3. **Construction and Warranty.** Seller has constructed and/or renovated or will construct and/or renovate the Purchased Unit substantially in accordance with (i) the floor plan for the Purchased Unit ("Floor Plans"); (ii) the preliminary plans and specifications for the Condominium prepared at Seller's direction ("Plans and Specifications"); and (iii) the schedule of

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Personal Property, Finishes and FF&E; provided, however, that the Floor Plans, Plans and Specifications, and schedule of Personal Property, Finishes and FF&E may change from time to time in order to accommodate Seller's changes to the Condominium project and further provided that the boundaries of the Purchased Unit shall be as finally depicted in the plat of survey (the "Plat") attached to the Condominium Documents (defined in Paragraph 4(a) hereof).

(a) Seller is hereby granted the right to make changes in the Floor Plans, Plans and Specifications, and Personal Property for the Purchased Unit on the terms set forth herein. No changes shall be made in the room dimensions of the Purchased Unit shown on the Plans and Specifications without the consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), except that Seller may change the room dimensions without Purchaser's consent if (i) such change will not result in a square footage reduction exceeding five percent (5%) of the gross square footage of the Purchased Unit or (ii) Seller deems it necessary to accommodate structural or mechanical elements of the Building or to comply with local codes or ordinances, statutes, regulations or requirements of inspecting governmental agencies, provided that such changes contemplated in this subparagraph (ii) made without Purchaser's consent do not materially adversely affect the rights of the Purchaser hereunder or the value of the Purchased Unit. Purchaser acknowledges and agrees that it is to Purchaser's benefit that Seller be allowed to make such changes and adjustments, that such changes and adjustments are customary in construction and renovation projects and Purchaser hereby authorizes Seller to make any such substitution without further consent from Purchaser.

(b) If model units are available for Purchaser's inspection, Purchaser hereby acknowledges and agrees that the appliances, decorative fixtures, trim, furnishings, decorative floor and wall coverings and all personal property and any FF&E located in any such model units are for display purposes only and are not included in the Purchased Unit unless specifically set forth herein to the contrary.

(c) Seller shall notify Purchaser in writing not less than twenty-one (21) days in advance of the date on which the Purchased Unit is estimated to be substantially completed in accordance with the Plans and Specifications for the Purchased Unit. ("Substantial Completion" shall be as determined conclusively by the certificate of Seller or Seller's consultant that the Purchased Unit, corresponding components of the Shared Facilities Unit, and/or Common Elements have been substantially completed in accordance with the Plans and Specifications. Such determination need not be made individually for the Purchased Unit, corresponding components of the Shared facilities Unit, or individual Common Elements, but may cover several floors or portions of the Building which include the Purchased Unit, portions of the Shared Facilities Unit, and/or individual Common Elements and may reference substantial completion in accordance with the plans and specifications for the Condominium, which include the Plans and Specifications). Any estimated Substantial Completion date is subject to change and is specifically subject to extension for delays occasioned by strikes, shortages of material, labor, or energy, accidents, fire and other casualties, inclement weather conditions, restrictive laws, ordinances or regulations, utility company or governmental delays or failures to act or issue approvals, acts of God and other causes beyond the reasonable control of Seller. Seller shall notify Purchaser from time to time of any material change of the estimated date of Substantial Completion. Notwithstanding any estimated date of Substantial Completion, Seller makes no

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warranties, either express or implied, and shall not have any liability to substantially complete the Purchased Unit by such date. If Substantial Completion of the Purchased Unit is delayed by reason of any act, delay, work or change by Purchaser ("Purchaser Delay"), then, at Seller's election, the Purchased Unit will be deemed to be Substantially Completed on the date the Purchased Unit would have been completed but for Purchaser Delay. Following Substantial Completion of the Purchased Unit but prior to Closing Date, Purchaser shall make an inspection of the Purchased Unit with Seller or its representative and shall execute Seller's form of inspection report ("Inspection Report") listing all items of work which the parties mutually agree are not in the agreed-upon condition ("Punch List Items"). If Purchaser does not appear for such inspection on the date which Seller shall designate by written notice to Purchaser, then Seller or its representative may, but shall not be obligated to, prepare the Inspection Report on behalf of Seller and Purchaser, and said Inspection Report shall be binding on Purchaser. Seller shall complete or correct the Punch List Items within a reasonable time after Closing Date, subject to the availability of labor or materials and other circumstances beyond the reasonable control of Seller. Purchaser will grant Seller and its agents access to the Purchased Unit after closing to complete or correct Punch List Items.

(d) At Closing, Seller shall deliver to Purchaser, and Purchaser shall acknowledge receipt of a certificate of warranty with respect to the Purchased Unit in the form of Exhibit C attached hereto (the "Limited Warranty").

EXCEPT AS EXPRESSLY SET FORTH IN THIS PARAGRAPH 3(d) AND IN EXHIBITS C, I AND J, PURCHASER ACKNOWLEDGES THAT PURCHASER IS PURCHASING THE PROPERTY "AS-IS," WITHOUT ANY WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING BY WAY OF ILLUSTRATION AND NOT LIMITATION, EXPRESS OR IMPLIED WARRANTIES OF QUALITY, INCLUDING BUT NOT LIMITED TO THE EXPRESS WARRANTIES OF QUALITY SET FORTH IN NRS 116.4113, MERCHANTABILITY, HABITABILITY, WORKMANSHIP OR FITNESS FOR A PARTICULAR PURPOSE. SELLER NEITHER ASSUMES NOR AUTHORIZES ANY PERSON TO ASSUME FOR SELLER ANY OTHER LIABILITY IN CONNECTION WITH THE SALE OR USE OF THE PROPERTY (INCLUDING THE PURCHASED UNIT) AND THERE ARE NO OTHER AGREEMENTS OR WARRANTIES, EITHER ORAL OR WRITTEN, COLLATERAL TO OR AFFECTING THIS AGREEMENT OR THE CONDOMINIUM PROPERTY (INCLUDING THE PURCHASED UNIT). NO WARRANTIES, EXPRESS OR IMPLIED, REPRESENTATIONS, UNDERSTANDINGS, GUARANTIES OR PROMISES INCLUDING THE WARRANTIES SET FORTH IN THE ACT HAVE BEEN MADE TO OR RELIED UPON BY PURCHASER IN MAKING THE DETERMINATION TO EXECUTE AND CLOSE PURSUANT TO THIS AGREEMENT AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL WARRANTIES, INCLUDING IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY AND HABITABILITY, AND ALL WARRANTIES IMPOSED BY STATUTE (EXCEPT TO THE EXTENT THEY CANNOT BE DISCLAIMED) ARE DISCLAIMED.

NO OFFICER, EMPLOYEE, AGENT, BROKER OR OTHER REPRESENTATIVE OF SELLER HAS ANY AUTHORITY TO CHANGE ANY WARRANTY DESCRIBED IN THIS

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AGREEMENT OR IN ANY EXHIBIT OR ATTCHED DISCLOSURE STATEMENT, OR TO EXTEND TO PURCHASER ANY ADDITIONAL OR DIFFERENT WARRANTIES

I (WE), AS PURCHASER, HAVE READ AND UNDERSTAND THIS PARAGRAPH 3 AND EXHIBITS C, I AND J, AND I (WE) HAVE HAD AN OPPORTUNITY TO SEEK PROFESSIONAL ADVICE CONCERNING ITS CONTENTS AND LEGAL IMPLICATIONS, AND AFTER DOING SO, KNOWINGLY AGREE TO ITS TERMS AND TO THE WAIVER-DISCLAIMER OF THE IMPLIED WARRANTY OF HABITABILITY, AND TO THE WAIVER AND EXCLUSION OF ALL WARRANTIES, EXPRESS OR IMPLIED, OTHER THAN THE LIMITED WARRANTIES OF EXHIBITS C, I AND J.

PURCHASER(S): GEORGE VAGUJHELYI AND MELISSA VAGUJHELYI

(Signature of Purchaser) (Signature of Purchaser)

4. <u>Condominium Documents; Condominium CC&Rs</u>.

(a) Prior to Closing, Seller will cause the Declaration of Covenants, Conditions, Restrictions, and Reservation of Easements for the Grand Sierra Resort ("Condominium CC&R's") to be recorded in the Office of the County Recorder for Washoe County, Nevada. Purchaser acknowledges that Seller delivered to Purchaser prior to Purchaser's execution of this Purchase Agreement a copy of (1) the Condominium CC&R's, (2) the proposed first year's budget for the Association ("Budget"), (3) the Floor Plan of the Purchased Unit, (4) Seller's good faith estimate of the charges to be due from Purchaser during the first full year (5) the By-Laws of the Association ("By-Laws"), and (6) all other items required by Nevada law. The Condominium CC&R's, By-Laws, Budget, Floor Plans and such other documents required by Nevada law are collectively called the "Condominium Documents." Purchaser acknowledges that Purchaser has had the opportunity to review the Condominium Documents. Seller reserves the right, in its sole and absolute discretion, to modify the Condominium Documents, together with the Articles of Incorporation of the Association, provided that Seller shall notify Purchaser or obtain the Purchaser's approval of any changes in the Condominium Documents and any such other documents, as the case may be, when and if such notice or approval is required by law. Purchaser agrees, from and after Closing, to comply with the provisions of and perform all the obligations imposed on Purchaser as a unit owner by Nevada law and the Condominium Documents. Purchaser shall execute the receipt attached hereto as Exhibit K with respect to the documents enumerated thereon.

(b) In addition to the Condominium, portions of the Building and/or surrounding Parcel may include separate condominiumized parcels which may include approximately 1,171 hotel rooms, parking lots, retail spaces, public spaces, a casino, approximately 200,000 square feet of meeting space, restaurants, and, in the future, one or two water parks each of 150,000

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square feet or more, all of which currently is in conceptual stages, and NEED NOT BE BUILT, and if built, may not become part of the Condominium.

Seller intends to enter into and record, prior to the conveyance of the first Unit, the Condominium CC&Rs that will provide and allocate certain cross easements, restrictive covenants, maintenance and service obligations and cost sharing obligations among the ownership components of the Building (collectively, the "Project"). Purchaser hereby acknowledges and agrees that Purchaser, the Purchased Unit and the Condominium are at all times subject to the terms and conditions of the Condominium CC&Rs as may be changed from time to time.

The Condominium is an "add-on condominium" and, as such, the Seller reserves the right to add additional mixed-use property to the condominium within a specified period in the future, which can be no more than twenty (20) years after the date that the condominium CC&Rs are first recorded. This additional mixed-use property may include units or common elements located in other portions of the Building, outside of the Building, or in new buildings yet to be constructed on the Parcel. All future phases of the Condominium may involve the addition to the Condominium on a section-by-section, floor-by-floor or other basis.

5. Closing.

(a) The purchase and sale of the Unit Ownership shall be closed on a date ("Closing Date") following Substantial Completion of the Purchased Unit, which date shall be designated by Seller or its agent upon not less than fourteen (14) days prior written notice to Purchaser, or upon such shorter notice as may be agreed upon by Purchaser and Seller. The Closing Date shall not be extended or delayed (nor shall any portion of the Purchase Price be withheld or escrowed) by reason of any Purchaser Delay, unless Seller otherwise elects, nor by reason of Punch List Items. Notwithstanding anything to the contrary contained in this Agreement, this Agreement is contingent, at Seller's sole option, upon the filing by Seller and acceptance by the City of Reno, Nevada of the final Map of Condominium encompassing the Purchased Unit, together with such other approvals of the Condominium, the Condominium Documents and/or the Project as may be required from any federal, state, county or local governmental authority. The date this condition precedent occurs shall be the "Contingency Date." In the event that Seller, in its sole and absolute discretion, shall determine that the Contingency Date will not occur on or before January 30, 2008, then it may, by notice to Purchaser, terminate this Agreement upon five (5) days prior written notice, in which event this Agreement shall be deemed null and void in its entirety and the Earnest Money shall be returned to Purchaser as Purchaser's sole remedy, and with no further liability to Seller.

Subject to Seller's Extension Right as provided below, if Closing on the Unit Ownership and Personal Property does not occur on or before January 30, 2008 (the "Anticipated Outside Closing Date") for reasons other than Purchaser Delay, and Purchaser is not then in default hereunder, then upon Purchaser's written notice to Seller of its election to terminate, which must be given within ten (10) days after the Anticipated Outside Closing Date and prior to Substantial Completion of the Purchased Unit and Seller's designation of the Closing Date as provided for above, Seller shall return to Purchaser the Earnest Money to which Purchaser is entitled pursuant

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to Paragraph 2 hereof and this Purchase Agreement shall become null and void without further liability of either Purchaser or Seller. Notwithstanding the foregoing, Seller may for any reason whatsoever extend the Closing Date ("Seller's Extension Right") by up to six (6) months after the Anticipated Outside Closing Date (the "Outside Closing Date"). In order to exercise Seller's Extension Right, Seller shall deliver to Purchaser written notice of such exercise at least ten (10) days prior to the Anticipated Outside Closing Date. If Seller exercises Seller's Extension Right and Closing does not occur on or before the Outside Closing Date for reasons other than Purchaser Delay, and Purchaser is not then in default hereunder, then unless otherwise agreed to in writing between Seller and Purchaser, upon Purchaser's written notice to Seller of its election to terminate, which must be given within ten (10) days after the Outside Closing Date and prior to Substantial Completion of the Purchased Unit and Seller's designation of the Closing Date as provided for above, Seller shall return to Purchaser the Earnest Money to which Purchaser is entitled pursuant to Paragraph 2 hereof, and this Purchase Agreement shall become null and void without further liability of either Purchaser or Seller.

(b) Closing shall be effected through an escrow ("Escrow") with Stewart Title Insurance Company or another title insurance company selected by Seller ("Escrowee") in accordance with the provisions of a deed and money escrow agreement prepared by Seller with such additional revisions or provisions included as are necessary to conform to the terms and provisions of this Purchase Agreement. The Escrow shall be established on or before the execution of this Agreement by Purchaser. Payment of the balance of the Earnest Money and the Purchase Price and delivery of all documents required for Closing hereunder shall be made through the Escrow. The cost of the Escrow shall be divided equally between Seller and Purchaser. Purchaser may use the proceeds of a money lender's escrow to pay the balance of the Purchase Price, provided that the terms of such money lender's escrow are not inconsistent with the terms of this Purchase Agreement and the Escrow. Purchaser shall bear the cost of any money lender's escrow.

(c) At Closing, Seller shall deliver to Purchaser a bill of sale for the Personal Property, and also shall assign to Purchaser, without recourse to Seller, any manufacturer's warranty which Seller receives covering the Personal Property.

ASIDE FROM ANY MANUFACTURER'S WARRANTY ACTUALLY DELIVERED TO PURCHASER, SELLER PROVIDES SUCH PERSONAL PROPERTY, AND ANY CONSUMER PRODUCT (AS THAT TERM MAY BE DEFINED UNDER APPLICABLE FEDERAL, STATE, OR LOCAL LAWS) AND FF&E WHICH MAY BE CONTAINED IN THE PURCHASED UNIT, "AS-IS." SELLER NEITHER MAKES NOR ADOPTS ANY WARRANTY WHATSOEVER AND SPECIFICALLY EXCLUDES AND DISCLAIMS EXPRESS OR IMPLIED WARRANTIES OF ANY NATURE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

(d) At Closing, Seller shall convey, or cause to be conveyed, to Purchaser, title to the Unit Ownership by Gram Deed, subject only to the following (collectively, "Permitted

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Exceptions"): (1) general real estate taxes not due and payable at the time of Closing; (2) the Plat and the Condominium Documents, including all other amendments and exhibits thereto; (3) applicable zoning and building laws and ordinances and other laws of record; (4) encroachments, if any, which do not materially affect the use of the Purchased Unit as a hotel-condominium unit; (5) leases and licenses affecting the Common Elements; (6) easements, agreements, conditions, covenants, and restrictions of record, which do not materially affect the use of the Purchased Unit as a hotel condominium unit; (7) the Condominium CC&Rs, including all amendments and exhibits thereto; (8) any construction easement agreement including all amendments and exhibits thereto; (9) acts done or suffered by Purchaser or anyone claiming by, through or under Purchaser, (10) rights of repurchase (as provided in Paragraph 12.2 of the Condominium CC&Rs); and (11) liens and other matters of title over which Stewart Title Insurance Company or another title insurance company selected by Seller ("Title Insurer") is willing to insure at Seller's expense. If Purchaser is husband and wife, title to the Unit Ownership shall be conveyed to said persons as joint tenants with right of survivorship, and not as tenants in common, unless Purchaser shall otherwise direct Seller in writing not less than ten (10) days prior to the Closing Date. If Purchaser intends to hold title to the Unit Ownership in a land trust, or other title-holding entity, then Purchaser shall so notify Seller in writing not less than ten (10) days prior to the Closing Date.

(e) Any State and County real estate transfer taxes and any City of Reno real estate transaction tax shall be paid by Purchaser. Purchaser also shall pay any County Notice of Exemption relating to the non-use of any solid fuel burning device. Purchaser shall pay title insurance charges for title insurance required pursuant to Paragraph 6 hereof, and other charges of Title Insurer, including without limitation, charges for recording Purchaser's deed and mortgage and charges for any title endorsements, document preparation fees, courier fees, recording fees, accommodation / courtesy signing fees, and reconveyance fees. Purchaser shall pay all charges, costs and expenses relating to Purchaser's mortgage financing, if any.

(f) At Closing, Seller shall furnish Purchaser (1) copies of certificates of insurance for the Condominium covering Purchaser and Purchaser's mortgagee, if any, as their interests may appear, as additional insureds, in accordance with the Condominium CC&Rs, and (2) a copy of the portions of the Plat depicting the site of the Condominium and the floor (or portion thereof) on which the Purchased Unit is located.

(g) General real estate taxes shall be paid and prorated in the manner set forth in Exhibit E hereto.

(h) The Purchaser shall pay to Seller (or, at Seller's election, to the Association) at closing (i) Purchaser's pro rata share of the assessment for common expenses payable for the month during which the closing occurs based on the number of days in such month falling on and after closing, (ii) the assessment for common expenses payable for the first month after the month in which closing occurs and (iii) Purchaser's pro rata share of any prepaid insurance premiums applicable to the Condominium, to the extent such premiums are not included within the common expenses. Purchaser and Seller acknowledge and agree that Seller shall pay the cost of installing the lines and facilities which will provide utilities (water, sewer and electricity) for the use of the Purchased Unit, together with any so-called "tap-on" and/or "connection" fees to

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the utility provider. Those initial installation costs and connection fees shall be excluded from common expenses paid by the Association or Purchaser for usage of any and all utilities. All future costs for utilities furnished to, and consumed by the Unit Owner at the Purchased Unit shall be paid by the Unit Owner as part of Unit Owner's monthly charges, or by direct separate billing from the utility provider, or as otherwise provided in the Condominium Documents.

(i) The Purchaser also shall pay to Seller at Closing Purchaser's pro rata share of the Shared Facilities Expenses and Hotel Expenses, as described and defined in the Condominium CC&Rs, that are payable for the month during which the closing occurs based on the number of days in such month falling on and after closing, and shall pay in advance at Closing the following full month's Shared Facilities Expenses and Hotel Expenses.

(j) At Closing, Seller shall deliver to Purchaser a copy of the Plat in the form attached to the Condominium Documents for recordation.

(k) At Closing, Purchaser shall execute and deliver to Seller the form of Unit Maintenance Agreement (as defined in the Condominium Documents) then in use by the Hotel Management Company.

(l) Prior to transfer of title or delivery of possession of any portion of the Property to Purchaser, Seller shall record in the office of the County Recorder for Washoe County, Nevada, the final Map of Condominium, in compliance with NRS 278.010 to 278.630, inclusive, and in compliance with any applicable local ordinances.

(m) Within fourteen (14) days after acceptance of this Agreement by Seller, Purchaser shall provide to Seller either (1) evidence satisfactory to Seller that Purchaser has sufficient cash to complete this purchase, or (2) a loan commitment or pre-approval letter for eighty (80) percent of the Total Purchase Price based upon a standard formal credit report, verification of income and verification of available funds. If any portion of the Total Purchase Price is to be financed, Purchaser shall submit a loan application to his lender within seven (7) days after acceptance of this Agreement by Seller, and Purchaser shall use his best efforts to qualify for and obtain such financing as described herein. In the event such a loan commitment / pre-approval is not applied for or obtained for at least eighty (80) percent of the Total Purchase Price, or evidence of sufficient cash provided, as set forth herein, Seller may pursue its remedies for breach of this Agreement pursuant to Paragraph 12(a).

6. <u>Title Insurance</u>. Purchaser hereby designates Title Insurer as the title insurance company to furnish title insurance as herein required. As a condition precedent to disbursement of sale proceeds from the Escrow, Title Insurer shall be prepared to issue an CLTA owner's policy of title insurance (any such policy herein referred to as "Owner's Policy") in the amount of the Base Price, less the price of the FF&E, showing title in Purchaser or such other grantee as Purchaser shall direct pursuant to Paragraph 3(d) hereof, containing Condominium Endorsement 1, subject only to the usual terms, conditions and exclusions contained therein and mechanics liens recorded within the statutory lien period, the Permitted Exceptions, and title exceptions pertaining to liens or encumbrances of a definitive or ascertainable amount ("liens of ascertainable amount") which may be removed by the payment of money at Closing. At Closing, the balance of the Purchase Price, or any part thereof may be applied to obtain a release of the

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Unit Ownership from any liens of ascertainable amount, and Purchaser agrees to accept title to the Property at Closing subject to any such liens of ascertainable amount and Additional Exceptions, as defined below, and any blanket encumbrances that are maintained by Seller in accordance with Nevada law.

Such Owner's Policy shall be conclusive evidence of good title as therein shown as to all matters insured by the Owner's Policy, subject only to the exceptions as therein stated. If there are any title exceptions other than the Permitted Exceptions and liens of ascertainable amount ("Additional Exceptions"), Seller shall have thirty (30) days from the date the Escrow is established to cure or obtain title insurance over such Additional Exceptions, and the Closing Date shall be delayed until said Additional Exceptions are cured or insured over. If Seller fails to have the Additional Exceptions removed, or, in the alternative, to obtain at Seller's expense within said thirty (30) day period an endorsement to the Owner's Policy whereby Title Insurer insures Purchaser and its successors and grantees against any loss or damage on account of such Additional Exceptions, Purchaser may terminate this Purchase Agreement by written notice to Seller or may elect, upon written notice to Seller within ten (10) days after the expiration of said thirty (30) day period, to take title as it then is with the right to deduct from the Purchase Price all Additional Exceptions consisting of liens of ascertainable amount. In the absence of such written notice, Purchaser shall be deemed to have accepted the status of title and shall be obligated to close within five (5) days after the expiration of said ten (10) day period.

7. <u>Possession and Occupancy</u>. Purchaser shall be entitled to occupancy and possession of the Purchased Unit from and after the Closing but not prior thereto, but such possession of the Purchased Unit and any right of Purchaser to use Common Elements and the Shared Facilities Unit, shall be subject to (i) Seller's right to enter into and occupy the Purchased Unit to complete construction of the Purchased Unit, if completion is delayed due to Purchaser Delay or to complete or correct Punch List Items or to perform any work permitted or required by this Purchase Agreement or the Condominium CC&Rs, and (ii) Purchaser's compliance with any schedule or rules and regulations established by Seller, particularly as it relates to coordinating and regulating construction, use of Building elevators, loading docks and receiving rooms and move-in by other unit purchasers and owners or Occupants of the Building.

8. <u>Completion of Construction and Sales Promotion</u>. For the purpose of completing the construction and sales of the Units in the Condominium, Seller and its employees, agents and contractors are hereby given the right and authority to place and maintain on, in or about the Condominium (excluding the Purchased Unit after Closing) model units, offices, signs and lighting related to said construction or sales promotion purposes, for such period of time, at such locations and in such forms as shall be determined by Seller in its sole and absolute discretion. Seller, its employees, agents, contractors and prospective unit purchasers, are also hereby given, for construction and sales promotion purposes, the right of entry upon and ingress and egress to and from the Condominium (excluding the Purchased Unit after Closing) and the right to restrict and regulate access to Common Elements and the Shared Facilities Unit (subject to Purchaser's reasonable access to and from the Purchased Unit) for the purposes of completing construction of any element of the Project. Subject to the provisions of the Condominium Documents concerning transient occupancy and leasing, if any, Seller may operate and make available for use as transient occupancy hotel rooms, or enter into leases for, unsold units in the Condominium

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upon such terms and conditions as Seller may elect, and Seller shall be responsible for and shall pay the monthly assessments on all unsold units owned by Seller until such units are sold and title to such units is conveyed.

9. Assignment. This Purchase Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, devisees, personal representatives, successors and assigns, except that only permitted assigns of Purchaser shall have any rights of Purchaser hereunder. Seller may assign this Purchase Agreement without consent of Purchaser, subject, however, to Purchaser's rights under this Purchase Agreement. Purchaser may not directly or indirectly assign, set over, or transfer this Purchase Agreement, or any of Purchaser's rights or interest under this Purchase Agreement, without the prior written consent of Seller, which may be granted or withheld in the sole and absolute discretion of Seller, and any such assignment without the prior written consent of Seller shall be void and deemed a default hereunder. Purchaser hereby represents and warrants as of the date hereof and as of the Closing Date that Purchaser is acquiring the Unit Ownership for personal use and not for resale on or prior to the Closing Date and that in acquiring the Unit Ownership the Purchaser is not acting as agent or nominee for any undisclosed party.

10. Broker. Purchaser represents and warrants that Purchaser has not dealt with any broker other than Seller's broker of record and Purchaser's Broker (if any as specified on the first page of this Agreement) in connection with this sale, and agrees to defend, indemnify and hold Seller and its agents harmless from any claim or demand asserted against Seller or its agents by any other broker or finder (other than Seller's broker of record and Purchaser's Broker, if any, listed on page one of this Agreement), or other person alleging to have been retained in connection with this transaction. Purchaser's indemnity and agreement to hold Seller and its agents harmless includes, without limitation, Purchaser's obligation to pay or reimburse Seller and its agents for all commissions, damages, and other sums for which Seller or its agents may be held liable and all attorneys' fees and court costs actually incurred by Seller or its agents (including those for appeals), regardless of whether a lawsuit(s) is actually brought or whether Seller or its agents ultimately win or lose. If any broker is named in this Agreement, Seller shall be responsible for payment of a fee or commission to such broker, but only if (1) Purchaser first made contact with Seller through such broker, (2) Such broker is listed on page one of this Agreement prior to the time this Agreement is executed by Purchaser, and (3) such broker signs a written agreement with Seller providing for the payment of a commission or other fee to such broker.

11. Notices. All notices, demands and requests herein required or permitted shall be in writing and shall be deemed sufficient if made by (a) personal delivery, (b) nationally recognized overnight courier service (such as FedEx), (c) facsimile (with proof of successful transmission) or (d) certified United States mail, postage prepaid, addressed:

(a) to Seller at:

Grand Sierra Development Office
2500 East Second Street
Reno, Nevada 89595

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(fax) (775) 788-6995
Attn: Roberts Pace

and with a copy to Seller's legal counsel:

Sean L. Brohawn, Esq
Fahrendorf, Viloria, Oliphant & Oster L.L.P.
327 California Avenue
P. O. Box 3677
Reno, NV 89505-3677
(fax) (775) 348-0540

(b) to Purchaser at:

Purchaser's home address set forth above,

with a copy to Purchaser's legal counsel, if any, at the address shown in this Purchase Agreement for such counsel.

Any notice delivered as aforesaid shall be deemed received when delivered as it relates to personal delivery, nationally recognized overnight courier service or facsimile with proof of transmission (provided any such delivery or transmission must be received on or before 5:00 p.m. Pacific time on such date of delivery in order for such notice to be effective as of the date of delivery) and any notice mailed as aforesaid shall be deemed received three (3) business days after deposit in the United States mail. Notice of change of address for receipt of notices, demands or requests shall be sent in the manner set forth in this Paragraph 11.

12. Performance.

(a) Time is of the essence with regard to Purchaser's obligations and covenants hereunder. In the event of a default or breach of this Purchase Agreement by Purchaser, Seller shall notify Purchaser of such breach or default and of the opportunity, which shall be given the Purchaser if such breach or default is curable, to remedy such breach or default within twenty (20) days after the date such notice was sent. If Purchaser fails to remedy such breach or default within twenty (20) days after the date of Seller's notice, of if such breach or default is not curable, then, Seller may terminate this Purchase Agreement, and retain as liquidated damages from Purchaser an amount equal to the sum of (i) the amounts set forth in Paragraph 1(b) hereof.

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required to be paid as an Earnest Money deposit, and (ii) all amounts paid or to be paid by Purchaser to Seller for any other services or work performed or to be performed by Seller. In collecting such liquidated damages, Seller shall be entitled to retain all monies paid by Purchaser to Seller hereunder, to keep, retain, or take any security or other instrument either evidencing Purchaser's obligation to pay any sums hereunder, or given by Purchaser to Seller to secure payment of such sums; and to pursue any other appropriate lawful process. Seller and Purchaser acknowledge that it would be difficult or impossible, at the time of execution of this Agreement, to ascertain or quantify the amount of Seller's actual damages in the event of a breach of this Agreement by Purchaser. Seller and Purchaser therefore agree that the liquidated damages described in this paragraph reflect a reasonable estimate of the damages Seller may actually incur in the event of a breach of this Agreement by Purchaser.

(b) Pursuant to 15 USC § 1702(a)(2), Seller is exempt from registering under the Interstate Land Sales Full Disclosure Act and from Providing a Property Report under the Interstate Land Sales Full Disclosure Act as it is selling improved land on which there is a residential, commercial, condominium, or industrial building. Additionally, pursuant to 15 USC § 1702(a)(2), Seller is exempt from registering under the Interstate Land Sales Full Disclosure Act and from Providing a Property Report under the Interstate Land Sales Full Disclosure Act as Seller is obligated to complete construction within two years of the execution of this Purchase Agreement, as defined in the Interstate Land Sales Full Disclosure Act and the regulations promulgated thereunder, subject to delays caused by events which would support a defense based upon impossibility of performance for reasons beyond Seller's control, including, but not limited to, failure to fulfill the conditions precedent to this Agreement defined as the Contingency Date herein. Acts of God, acts of governmental authorities and courts of law, floods, strikes, unavailability of materials, and labor conditions beyond Seller's control. Under the Interstate Land Sales Full Disclosure Act, if because of such delays, the Seller is unable to substantially complete construction of the Purchased Unit within two years from the execution of this Purchase Agreement, then such time period shall be extended for a term equal to the total period(s) attributed to the delays. Should Seller otherwise fail to complete construction within two years of the execution of this Purchase Agreement, Purchaser shall be entitled to all available remedies allowed under the Interstate Land Sales Full Disclosure Act and the regulations promulgated thereunder if it is found by a court of competent jurisdiction that the exemption pursuant to 15 USC § 1702(a)(2) is not applicable. However, the remedies for all other violations by Seller or Purchaser, for any other reasons, are limited according to specific provisions of this Purchase Agreement.

13. <u>Right to Revoke or Cancel</u>. Pursuant to NRS 116.4108, unless Purchaser has personally inspected the Purchased Unit, Purchaser may cancel, by written notice, this Agreement before midnight of the fifth calendar day following the date of Purchaser's execution of this Agreement. Thereafter, Purchaser may not cancel this Agreement, except as otherwise provided herein, and any such attempt by Purchaser to cancel this Agreement shall become a breach within the meaning of Paragraph 12(a) hereof, which shall be curable only by further written assurance by Purchaser to Seller of Purchaser's intent to close on the Property pursuant to this Agreement. In the event that Purchaser does not cure such breach in accordance with this

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Paragraph and Paragraph 12(a), Seller shall be entitled to retain, as liquidated damages, all amounts set forth in Paragraph 1(b) hereof required to be paid as an Earnest Money deposit, and Purchaser authorizes Escrowee to distribute said funds to Seller as liquidated damages, and agrees to execute all documents necessary for said distribution to Seller to occur. Seller and Purchaser acknowledge that it would be difficult or impossible, at the time of execution of this Agreement, to ascertain or quantify the amount of Seller's actual damages in the event of a breach of this Agreement by Purchaser. Seller and Purchaser therefore agree that the liquidated damages described in this Paragraph reflect a reasonable estimate of the damages Seller may actually incur in the event of a breach of this Agreement by Purchaser.

14. **Material Destruction.** If, prior to Closing, the Purchased Unit or a material portion of the Condominium or a part of the Building required for reasonable access to or use of the Purchased Unit shall be destroyed or materially damaged by fire or other casualty or natural disaster, this Purchase Agreement shall, at the option of Seller exercised by notice to Purchaser within thirty (30) days after such destruction or damage, be terminated. If a Closing Date has been designated at the time such damage or destruction occurs and Seller notifies Purchaser that necessary repair or restoration cannot or will not be completed prior to the Closing Date or within ninety (90) days thereafter, Purchaser may terminate this Purchase Agreement by notice to Seller within five (5) days of Seller's notification to Purchaser. Upon such termination by Seller or Purchaser, any Earnest Money deposited hereunder to which Purchaser is entitled pursuant to Paragraph 2 hereof, and all other payments theretofore made by Purchaser pursuant to this Agreement, shall be refunded to Purchaser, without further liability of either party hereto. For purposes of this Paragraph 14, "material" damage is damage to the Condominium requiring more than $500,000.00 or ninety (90) days to repair, or to the Purchased Unit requiring more than $75,000.00 or sixty (60) days to repair. If prior to Closing, the Purchased Unit or any part thereof, or a part of the Building required for reasonable access to or use of the Purchased Unit, shall be destroyed or damaged by fire or other casualty or natural disaster, and this Purchase Agreement is not terminated by reason of such destruction or damage, Seller shall repair or restore the Purchased Unit and if the repair or restoration cannot be or is not completed prior to the Closing Date, then the Closing Date shall be extended to a date designated by Seller which is not less than fourteen (14) days after Seller's notice to Purchaser that the repair or restoration of the Purchased Unit is Substantially Completed in accordance with the Plans and Specifications for the Purchased Unit.

15. **RESPA.** Seller and Purchaser shall comply with all of Purchaser's lender's requirements for disclosure under the Real Estate Settlement Procedures Act of 1974, as such Act may be amended from time to time.

16. **Additional Disclosures and Acknowledgements.**

(a) Purchaser understands that Hilton® is a registered trademark of Hilton Hospitality, Inc., an affiliate of Hilton Hotels Corporation ("Hilton"). Developer and Hilton have not, and do not intend to, negotiate a management agreement to manage the Hotel or Condominium. Developer hereby reserves the right, in its sole discretion, to manage the Hotel or Condominium itself or to utilize a nationally branded hotel management company or a local

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management company that may or may not be an affiliate of the Developer. Seller makes no representations as to the identity of the manager, and Purchaser hereby waives any and all claims of injury or default under this Agreement relating to the identity of any manager or future manager of the Hotel or Condominium.

(b) The source of funds to construct the Condominium Units is yet to be secured. If Seller fails (i) to consummate a loan for the Condominium construction, or any subsequent financing or (ii) to develop any further element of the Project as a result thereof; Purchaser hereby waives any claim of injury or default arising from such failure.

(c) The Hotel includes the room units which are the Condominium units, including the Purchased Unit, together with approximately 1,171 additional rooms, not currently part of the Condominium, which are, or will be, owned by Seller (together with any Units owned by Seller).

(d) Purchaser acknowledges, represents, warrants and agrees that, in connection with the offering for sale of the Purchased Unit by Seller, that neither Seller, nor any employee, agent, contractor or other person in any way related to Seller ever at any time a) suggested, stated or implied that the Purchased Unit, if placed by Purchaser in any Hotel rental program would earn a profit from such rental program, b) suggested, stated, implied or provided Purchaser with any financial records, forecasts or projections for the Hotel or the Purchased Unit which information could in any way cause Purchaser to conclude that it would derive a profit by participating in any rental program offered by the Hotel, or c) in any other way induced or influenced Purchaser to participate in any rental program offered by the Hotel or induced Purchaser not to make the Purchased Unit available for rental by other means. Purchaser hereby waives and agrees to hold Seller harmless from any and all claims, demands, liabilities, causes of action, damages or the like, in any manner arising directly or indirectly out of the acknowledgements, representations and warranties in this Paragraph 16(d), including but not limited to any such claims, demands, liabilities, causes of action, damages or the like pursuant to federal or state securities laws and regulations.

(e) As certain areas typically designated as common elements in a condominium are designated as Shared Facilities to be owned and maintained by the Shared Facilities Unit Owner, Purchaser understands and agrees that Purchaser must pay its allocated share of the Shared Facilities Expenses for maintenance and operation of the Shared Facilities Unit, as well as related expenses, from and after the Closing Date, as described in the Condominium Documents. Though a large portion of the expenses paid by Purchaser will be attributable to the maintenance and operation of the Shared Facilities Unit, Purchaser understands and agrees that Purchaser must also pay an assessment to the association (the "Condominium Association"), for maintenance of Common Elements, and any other common expenses incident to the operation of the Condominium Association from and after the Closing Date.

(f) There are certain utility and structural components located within the Building but outside of the Condominium (including but not limited to components providing heat, electricity, and air conditioning to the Building), which necessarily benefit in part the Unit Owners, and in part private operations and facilities outside of the Condominium, as more fully described in the

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Condominium CC&Rs. The Declarant has identified certain charges, called Hotel Expenses, representing a portion of its cost of providing such services and components, and of maintaining, refurbishing, replacing and insuring such components, all as more fully described in the Condominium CC&Rs. Purchaser understands and agrees that Purchaser must pay its allocated share of the Hotel Expenses, as well as related expenses identified in the Condominium CC&Rs, from and after the Closing Date, as described in the Condominium Documents.

(g) The provisions of this Paragraph 16 shall survive the Closing.

17. **Arbitration.** The parties agree to submit to arbitration any dispute related to this agreement, as set forth in detail in the "Dispute Resolution Addendum Agreement," attached hereto as Exhibit I and incorporated herein.

18. **Budgets**: Purchaser understands that the estimated operating budgets as to the costs associated with the operation and maintenance of the Condominium Association and Shared Facilities Unit (collectively, the "Budgets"), together with the estimates of Hotel Expenses, as described in the Governing Documents, provide only an estimate of what it will cost to operate and maintain the Condominium Association and Shared Facilities Unit, and to pay the actual Hotel Expenses. Seller or Association, as appropriate under the Condominium Documents, may make changes in the Budgets or other expenses at any time to cover increases or decreases in actual expenses or in estimates. Additionally, reserves are expected to be collected monthly with respect to the Common Elements, Shared Facilities Unit, and components of the Hotel for which Hotel Expenses will be assessed.

19. **Zoning Disclosure of Hotel-Condominium Definition.** Purchaser's use of the Condominium is subject to the City of Reno's Municipal Code Chapter 18.24, Article II, Section 18.24.203, which currently provides that "A hotel-condominium is an establishment meeting the criteria for a 'Hotel' as set forth in this Title, but subdivided into individual rooms or suits for separate ownership. Hotel-condominium is a commercial condominium development for which the units are primarily used to derive commercial income from, or provide service to the public, and may not be used as a dwelling by an owner for 28 days or more within any 12 month period. Hotel-condominiums are subject to transient lodging standards and requirements. When hotel-condominiums are not occupied by the owner, owners shall make them available for transient rental lodging use through a hotel rental management program or otherwise."

20. **Seller's Control of Condominium Association.** Purchaser acknowledges that the Seller will appoint officers and directors of the Condominium Association, and of necessity will be acting on behalf of the Condominium Association in dealings and transactions with Seller. Purchaser expressly waives all objections to such dealings and transactions and hereby ratifies, approves and confirms the same. Purchaser further understands and acknowledges that the Condominium Association's role in the governance of the Condominium will be minimal, as many of those items typically considered common elements in other condominium projects are designated as Shared Facilities and owned entirely by the Shared Facilities Unit Owner, which initially shall be the Declarant.

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21. **Terms**. Wherever appropriate, as used herein, the singular denotes the plural and the masculine denotes the feminine, the neuter, or both. If Purchaser consists of more than one person or entity, then each such person or entity executing this Purchase Agreement as Purchaser shall be jointly and severally liable for the obligations of Purchaser hereunder.

22. **Entire Agreement**. This Purchase Agreement, the Governing Documents, and the Exhibits thereto, constitute the entire agreement between Purchaser and Seller. No representations, warranties, understandings, or promises, whether oral, implied or otherwise, can be made or have been made by either Seller or Purchaser to the other unless expressly stated herein or unless mutually agreed to in writing by the parties hereto. This Purchase Agreement may not be amended except in a writing signed by both parties. All agreements, representations and warranties made herein shall survive the closing of this transaction.

23. **Severability**. The invalidity of any agreement, restriction, condition, reservation or any other provision of this Purchase Agreement shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Purchase Agreement.

24. **No Reservation**. The submission by Seller of this Purchase Agreement to a prospective purchaser for examination does not constitute an offer by Seller to sell, or a reservation of or option for any Unit in the Condominium. This instrument shall not become a contract until executed and delivered by Purchaser and Seller.

25. **Seller**. If this Purchase Agreement is executed by Seller's agent, such agent represents that it is authorized to execute and deliver this Purchase Agreement on behalf of Seller.

26. **Right of Repurchase**.

By signing this Purchase Agreement, and by accepting the conveyance of a Unit within the Hotel-Condominiums at Grand Sierra Resort, Purchaser agrees, on behalf of himself and his heirs, successors, and assigns, to the Seller' Right of Repurchase set forth in Paragraph 12.2 of the Condominium CC&Rs. Purchaser has read Paragraph 12.2, and understands that Seller's Right of Repurchase shall be enforceable as a covenant running with the land and/or an equitable servitude, as appropriate. Seller's Right of Repurchase shall be subordinate to the rights of the holder of any mortgage or trust deed hereafter placed upon the Unit Ownership.

27. **Exhibits**. Exhibits A, B, C, D, E, F, H, I, J, K, L and M, and any Riders attached hereto are incorporated herein and made a part hereof. In the event of any conflict between the provisions of this Agreement and the provisions of any Exhibit, the provisions of the Exhibit shall control.

28. **General**.

(a) **Definition of Terms**. The terms used herein, to the extent they are defined in the Condominium CC&Rs, shall be defined as set forth therein. Wherever appropriate, as used

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herein, the singular denotes the plural and the masculine denotes the feminine, the neuter, or both.

(b) More than One Purchaser. If Purchaser consists of more than one person or entity, each such person or entity shall be jointly and severally liable for the obligations of Purchaser under this Agreement. Any notice required or permitted hereunder given by Seller to any one of the parties constituting Purchaser or given by any one of the parties constituting Purchaser to Seller, shall, for all purposes hereunder, be deemed sufficient service of notice and shall be binding, jointly and severally, upon all such parties constituting Purchaser.

PURCHASED UNIT: 1827

PURCHASER:

(Signature of Purchaser)

M. Vaquilly
(Signature of Purchaser)

WITNESS

Date of Purchaser's offer:

9/23, 2007

ADDRESS OF PURCHASER:
9573 STEEP CLIMB COURT
RENO, NV 89521

SELLER:

GRAND SIERRA OPERATING CORP.,
a Nevada corporation

By:
Name: Kristy Dunn
Its: Vice President - Condominium Sales

WITNESS

Date of Seller's acceptance and date of this Purchase Agreement:

9/25, 2007

THE SUMMIT
AT GRAND SIERRA RESORT

HOTEL CONDOMINUM UNIT
EVALUATION OF FURNITURE, FIXTURES & EQUIPMENT

UNIT OWNER: _____ READ AND APPROVED

UNIT TYPE: _____ GRAND SUITE A

UNIT NUMBER: _____ M. Vagyhal

ITEM	UNIT PRICE	GRAND SUITE A QTY	GRAND SUITE A TOTAL
Headboard (KING)	$735.00	1	$735.00
Mattress (KING)	$315.00	1	$315.00
Box Spring (KING)	$130.00	1	$130.00
Minotti lounge Chair	$400.00	1	$400.00
Desk Chair	$225.00	1	$225.00
Upholstered Bench	$800.00	1	$800.00
13" TV (bathrms)	$400.00	1	$400.00
42" TV (bedrms - wall mount)	$1,590.00	1	$1,590.00
Safe	$120.00	1	$120.00
Area Rug 9' x 6'	$600.00	1	$600.00
Luggage Rack	$216.00	1	$216.00
Nightstand Lamp (swingarm)	$115.00	2	$230.00
Desk Lamp	$65.00	1	$65.00
Carved Floor Mirror (L)	$850.00	1	$850.00
Shaving Mirror	$150.00	1	$150.00
Pull Out Sectional	$1,400.00	1	$1,400.00
Nightstand	$200.00	2	$400.00
Coffee Table	$575.00	1	$575.00
Desk (92")	$350.00	1	$350.00
Gift wrap Side Table	$250.00	1	$250.00
Window treatment	$600.00	1	$600.00
Interior Curtain	$600.00	1	$600.00
SUBTOTAL - FURNITURE, FIXTURES & FURNISHINGS			$10,703.00

ITEM	UNIT PRICE	GRAND SUITE A QTY	GRAND SUITE A TOTAL
[redacted]			
SHEETS (Matrix options - KING)	$55.00	2	$110.00
DUVET COVER (KING)	$35.00	2	$70.00
FEATHER BED (KING)	$81.00	1	$81.00
FEATHER BED PROTECTOR (K)	$15.00	1	$15.00
DUVET (KING)	$35.00	1	$35.00
BED PILLOW (KING)	$8.00	4	$32.00
BED BOLSTER (KING)	$27.00	1	$27.00
BED PILLOW (QUEEN)	$8.00	2	$16.00
BED BLANKET (FALL)	$32.00	1	$32.00
THROW BLANKET (BED)	$27.00	1	$27.00
SHEETS (SOFA)	$52.00	2	$104.00
PILLOW PROTECTOR (KING)	$3.00	4	$12.00
PILLOW PROTECTOR (QUEEN)	$2.75	2	$5.50
DUVET (SOFA BED)	$29.00	1	$29.00
DUVET COVER (SOFA BED)	$32.00	2	$64.00
THROW PILLOW (14"X14")	$10.00	2	$20.00
THROW PILLOW (18"X18")	$16.00	2	$32.00
THROW BLANKET (SOFA)	$27.00	1	$27.00
WOOD TRAY (BATHROOM)	$12.00	1	$12.00
TISSUE BOX (BATHROOM)	$8.00	1	$8.00
WASTE BASKET (BATHROOM)	$16.00	1	$16.00
SOAP DISH (BATHROOM)	$6.00	1	$6.00
ROBE	$23.00	2	$46.00
ROBE HOOKS	$2.00	1	$2.00
TOILET PAPER HOLDER	$8.00	1	$8.00
BATH TOWEL SET	$25.00	2	$50.00
BATH MAT	$22.00	2	$44.00
HAIRDRYER	$20.00	1	$20.00
SLIPPERS	$10.00	2	$20.00
ARTWORK	$150.00	1	$150.00
BAR ICE BUCKET	$28.00	1	$28.00
CONSOLE VASE	$45.00	1	$45.00
DESK VASE	$22.00	1	$22.00
IRON/IRONING BOARD	$35.00	1	$35.00
WASTE BASKET (DESK)	$16.00	1	$16.00
GLASS BOWL	$18.00	1	$18.00
GLASS CARAFE	$8.00	1	$8.00
GLASSWARE (SET OF 2)	$12.00	1	$12.00
SUBTOTAL - LINEN, TERRY & ACCESSORIES			$1,281.50
TOTAL - FURNITURE, FIXTURES & EQUIPMENT			$11,954.50

READ AND APPROVED

M. Kaya

ADDENDUM # _____

This Addendum to Purchase & Sale Agreement, dated 9/20/07 on the property located at 2500 E. Second St. Reno, NV 89595 unit #1107 between Grand Sierra Resort, seller and George + Melissa Vaguhely is being attached this date

PROMOTION CERTIFICATE

In conjunction with the purchase of Unit #1107 the purchaser has been offered a waiver of Home Owner's Association fees for a period of 2 years. All parties understand that this offer is good only for the original purchase of the unit and is nontransferable to any other parties.

Seller to credit Buyer the sum of $1,250.00 towards closing cost.

DATED: 9/23/07 TIME: 5:00 PM

BUYER: [signature]

BUYER: M. Vaguhely

BUYER: _____

AGENT: [signature]

DATED: 9/25/07 TIME: _____

SELLER: [signature]

SELLER: _____

SELLER: _____

AGENT: _____

This agreement is not valid unless signed by all parties.

Page 1 of 1

Unit 1070

REALTOR®

ADDENDUM

This addendum to Purchase and Sale Agreement
on the property located at 2500 East Second Street, Units, 1827, Reno, NV
between Grand Sierra Operating Corp. and Vaguihelvi
is being attached this date October 2, 2007

Seller to pay a total cost of $1,950.00, towards buyers closing costs herein. Any reference to Seller paying $1,250.00 is hereby deemed null and void.

DATED: _____ TIME: _____ DATED: _____ TIME: _____

BUYER: George Vaguihelvi SELLER: _____

BUYER: Melissa Vaguihelvi SELLER: _____

BUYER: _____ SELLER: _____

AGENT: _____ AGENT: _____

This agreement is not valid unless signed by all parties.

CV12-02222
ALBERT THOMAS ETAL. VS. MEI-18 Pages
District Court DC-099000600636-028
Washoe County 10/16/2014 01:41 PM
FXR 2490
MTORRES

EXHIBIT "5"

EXHIBIT "5"

EXHIBIT "5"

GRAND SIERRA RESORT
UNIT RENTAL AGREEMENT

This UNIT RENTAL AGREEMENT (**"Agreement"**) is made and entered into this 27 day of JANUARY, 2007 (the **"Effective Date"**) by and between GRAND SIERRA OPERATING CORP., a Nevada corporation (the **"Company"**), and TIMOTHY D. KAPLAN (collectively referred to in this Agreement as **"Owner"**), whose address is 117 GLENBRIDGE CT., PLEASANT HILL, CA 94523

Home Phone #: (925) 686-2830
Office Phone: _____ Fax #: _____
E-Mail Address: kaplan_tim@yahoo.com Owner's Designate: _____

A. Owner wishes to participate in the Company's voluntary rental program to offer Owner's Hotel Unit #1874 (the **"Unit"**) in the Grand Sierra Hotel & Resort (the **"Hotel"**) for rental under the terms and conditions set forth in this Agreement.

B. The Company plans to advertise and promote the rental of all rooms and suites in the Hotel (sometimes referred to collectively herein as **"Hotel Units"**), including those owned by individual owners of Hotel Units and those owned by the Company.

C. The Company may engage an affiliated or unaffiliated third party to manage the Hotel (the **"Manager"**) and to include the Unit in the inventory of Hotel Rooms available for rental to guests of the Hotel (**"Guests"**). All references to the Company in this Agreement refer to either the Company or Manager, acting as agent of the Company.

NOW, THEREFORE, in consideration of the terms, conditions and the mutual covenants herein set forth, the parties agree as follows:

1. DEFINITIONS. Capitalized terms will have the meanings set forth below or are defined elsewhere in this Agreement.

(a) **"Association"** means the GRAND SIERRA RESORT UNIT OWNERS' ASSOCIATION.

(b) **"Association Management Agreement"** means the Association Management Agreement that has been or will be entered into between the Company, as initial owner of Units, and the Association Manager, pursuant to which Association Manager will manage the Association.

(c) **"Association Manager"** means the entity engaged by the company to manage the Association.

3766367v6

(d) **"Blackout Dates"** means the dates established annually by the Company in accordance with Section 10(c) hereof which will not be available for Owner use of the Unit in order that the Company may book group business on those dates.

(e) **"CC&Rs"** means the Covenants, Conditions, Restrictions and Reservations of Easements for the Hotel-Condominiums at Grand Sierra Resort, as may be amended from time to time.

(f) **"Daily Use Fees"** means the Daily Use Fees for unit maintenance services provided by the Company under the Unit Maintenance Agreement (other than the Annual Interior Deep Cleaning charge).

(g) **"FF&E Reserve"** means the reserve for periodic replacement of furniture, fixtures and equipment, as provided for in the Unit Maintenance Agreement.

(h) **"Furnishings Package"** means the furnishing, furniture, accessories, appliances, curtains, carpeting, wall coverings, kitchen; bath and bedding items and such other personal property initially purchased with the Unit from the Company, including, without limitation, linens, bedding and bath accessories.

(i) **"Guest"** means any person or persons who rents the Unit from the Company, including complimentary Guests, but excluding Owner, Owner's immediate family and other non-paying guests of Owner.

(j) **"Hotel Management Agreement"** means the agreement, if any, between the Company and any Manager engaged by the Company to act as manager of the Hotel. If the Company manages the Hotel directly, there will be no Hotel Management Agreement.

(k) **"Hotel Expenses"** means the expenses charged to Owner for certain Hotel costs, as described in the CC&Rs.

(l) **"Hotel Services"** means the services provided by the Company in connection with the operation, maintenance, repair and renovation of the Unit under the Unit Maintenance Agreement.

(m) **"Marketing Services"** means the brand and marketing services provided to the Hotel by the Company, such as marketing, reservations, guest frequency programs and related accounting services.

(n) **"Net Room Revenue"** means all revenue derived from the rental of the Unit (but not including food and beverage, in-room entertainment, parking, telephone, internet rental, spa revenue, retail space revenue, parking revenue or other incidental revenue sources of the Hotel or any state, local or other taxes paid by any guest in the Unit in respect of his or her occupancy), less the actual cost of commissions and/or other charges paid to third party travel arrangers (including travel agents, wholesalers, membership associations, online booking arrangers, global distribution or other central reservations services providers, and the like) as well as credit card adjustments, uncollected accounts receivable and walked guest expenses.

(o) **"Non-Routine Maintenance and Emergency Repairs Charges"** means the charges made by the Company for non-routine maintenance and emergency repairs to the Unit, in the amounts provided for in the Unit Maintenance Agreement.

(p) **"Owner"** means the owner of the Unit identified in the introductory paragraph of this Agreement and his or her immediate family, and any other guests of Owner whose reservation is made by Owner pursuant to Section 10.

(q) **"Rotation System"** means the unit management system used by the Company in order to ensure that in a manner determined in the Company's sole discretion, all of the Rental Units are fairly and equitably offered for rental. The Company may divide the Units into different groups based on factors such as size, location and rental rate.

(r) **"Shared Facilities Expenses"** means the expenses charged to Owner for the Shared Facilities Unit, as described in the CC&Rs.

(s) **"Unit"** means the Unit identified in Recitals.

(t) **"Unit Maintenance Agreement"** means that certain agreement between the Company and Owner executed and delivered at the time of the purchase by Owner of the Unit with respect to certain Hotel Services and the payment of expenses incurred in the provision of such services, all as described therein.

(u) **"Units"** means all of the hotel condominium units at the Hotel for which the Company serves as the exclusive rental agent.

2. EXCLUSIVE RENTAL. During the term of this Agreement, Owner agrees that the Company shall have the sole and exclusive right to rent the Unit to Guests, subject to the terms and conditions of this Agreement. Owner shall not lease or arrange for any short-term occupancy of the Unit other than by referral of prospective Guests to

the Company. In addition, Owner agrees not to accept any remuneration from any party other than the Company or Manager for rental of the Unit and agrees to refer to the Company or Manager all rental inquires during the term of the Agreement.

3. TERM. The initial term of this Agreement shall be for five (5) years, commencing as of the Effective Date and ending on December 31st of the fifth calendar year thereafter, unless terminated earlier as provided in this Agreement. Upon expiration of the initial term, this Agreement shall be automatically renewed for additional terms of five (5) years each unless Owner or the Company, at least ninety (90) days prior to the expiration date of this Agreement or of any renewal period as the case may be, shall give written notice to the other party of its desire not to renew this Agreement. Notwithstanding the foregoing, the Company shall have the right to terminate this Agreement, in its sole and absolute discretion, with or without cause, upon sixty (60) days prior written notice to Owner. After the third anniversary of this Agreement, Owner may terminate this Agreement upon not less than 180 days prior written notice to the Company and the one time payment to the Company of a termination fee as liquidated damages equal to the greater of ten percent (10%) of the total rental revenues generated from the Company's rental of the Unit for the three years prior to the date of termination or $2,000. If Owner, thereafter, wishes to reinstate this Agreement, Owner may request that the Company accept the Unit in the rental program, and the Company may, in its sole discretion, accept the Unit upon reinstatement of this Agreement, or the then current form of the Unit Rental Agreement offered by the Company to Unit Owners, and the payment to the Company of a reinstatement fee of $1,000. Upon any termination of this Agreement, the Company shall prepare a final reconciliation of accounts (including all sums owed under any provision of this Agreement) and a final settlement shall be accomplished between Owner and the Company within thirty (30) days of the Company's delivery to Owner of such final reconciliation.

4. RENTAL PROCEDURES. The Company shall use its good faith efforts to rent the Unit in accordance with the following provisions:

(a) Short Term Rentals. The Company agrees that it will offer the Unit for rent on any days not reserved by Owner on the Owner Usage Calendar. All rentals will be on a short-term basis, and the Unit shall not be rented to any one Rental Guest for a period of 28 or more days. Accordingly, all rentals shall be subject to transient occupancy taxes.

(b) Rental Rates. The Company has the exclusive right to establish and adjust, from time to time, the rental rates for the Unit without notice to Owner, and to rent the Unit for the rates that it considers appropriate, in its discretion, based upon occupancy levels, seasonal demand, changes in operating costs, rates of competitive properties, and other prevailing market conditions.

(c) Rotation System. During the term of this Agreement, Owner acknowledges that the Company intends to rent the Unit to Guests on a

transient basis. The Company will endeavor to rent the Unit in accordance with the Rotation System. However, the Company will rent out of order if a Guest specifically requests a particular Unit or a particular Unit type or location to the exclusion of others. In such cases, Owner agrees that such occupancy shall be in lieu of the next ensuing rental on the Rotation System; however, the skipped Unit shall be in line for any reservation that is appropriate to the next Guest request.

(d) Collection of Accounts. The Company shall collect rent from all Guests and shall provide all accounting services necessary for the collection of such rental revenue. The Company shall bear all in-house costs associated with the collection of outstanding amounts due from Guests. The Company shall provide Marketing Services that the Company determines to be appropriate for the Hotel. The Company shall also provide Hotel Services in accordance with the terms of the Unit Maintenance Agreement.

5. MAINTENANCE AND CLEANING OF UNIT.

(a) Unit Maintenance Standards. Throughout the term of this Agreement, Owner shall cause the Unit to be maintained, repaired and cleaned to a standard consistent with the other accommodations offered by the Company in the Hotel pursuant to the Unit Maintenance Agreement. The Company may refuse to rent the Unit if, in the Company's sole discretion, the Unit is not being maintained in a condition consistent with the accommodations offered by the Company in the Hotel. Owner shall be responsible for all costs associated with the maintenance, repair and cleaning of the Unit, in accordance with the terms of the Unit Maintenance Agreement.

(b) Linen and Housekeeping. The Company shall provide linen service and housekeeping service for all Guests of the Unit commensurate with levels of service in comparable condominium-hotel lodging establishments.

(c) Damage to Unit. Owner understands and agrees that as a result of rentals, damage to the Unit and its contents may occur, inadvertently or otherwise. The Company shall take reasonable steps to insure that Guests leave the Unit in the same condition as received, normal wear and tear excepted. In the event of damage, breakage or theft by Guests, the Company shall take reasonable steps to see that the Guests responsible restore the breakage or damage as necessary, in a timely manner. If the Company is unable to obtain restitution from the Guest, the Company may file a claim with the Hotel's property insurer on behalf of Owner or repair the damage and charge the cost of the repair to Shared Facilities Expenses. Owner will be responsible for the insurance deductible amount on the Association's or the Company's property insurance covering the damage to the Unit, unless

the Company or its employees or agents are directly responsible for the damage, in which case the Company will be responsible for the insurance deductible amount.

6. UNIT COSTS, EXPENSES AND ASSESSMENTS. Owner agrees to pay all monthly mortgage payments (if any), real estate taxes, insurance payments, monthly condominium fees, expenses charged pursuant to the Unit Maintenance Agreement and CC&Rs, and any condominium assessments promptly when due. Owner shall not allow title to the Unit to be encumbered by a lien for non-payment of fees or assessments due to the Association or the Company. In the event that any expenses, fees and/or assessments due pursuant to this Section 6 are not paid promptly when due, then the Company may, in its sole and absolute discretion and without notice or demand upon Owner, but shall not be obligated to, either: (i) withhold Owner's Rent (as hereinafter defined) until such funds are sufficient to bring the unpaid accounts current, and if and when sufficient funds are available, offset and apply Owner's Rent (as hereinafter defined) in the possession of the Company to the payment of any one or more of such unpaid accounts in such order as the Company in its sole and absolute discretion may elect; or (ii) terminate this Agreement upon five (5) days prior written notice to Owner. The Company's decision to apply all or any portion of Owner's Rent (as hereinafter defined) to the payment of any expenses, fees and/or assessments pursuant to this Section 6 shall be made in the Company's sole and absolute discretion. In no event whatsoever shall the Company be obligated to apply any Owner's Rent (as hereinafter defined) to the payment of any expenses, fees and/or assessments or to advance any of its own funds for such purposes.

7. FURNISHING, EQUIPPING, REFURBISHING AND UPGRADES.

(a) Furnishings Package. Owner is purchasing the Furnishings Package in connection with Owner's purchase of the Unit. Owner agrees that the Unit must at all times be consistent with the other accommodations offered by the Company in the Hotel in terms of quality and appearance. Owner agrees that Owner will not alter, modify add to remove or otherwise change the Furnishings Package except as directed by the Company. In addition, as determined from time to time by the Company, pursuant to the Unit Maintenance Agreement and the CC&Rs, Owner may be required at Owner's cost, to refurbish the Unit, including replacing, upgrading and/or augmenting furniture, accessories, appliances, curtains, carpeting, wall coverings and other items included in the Furnishings Package.

(b) Failure to Maintain Unit. In the event that Owner does not fund the purchase of the Furnishings Package, refurbishing, upgrading or modifying the Unit as required, or does not respond to the Company's request for funding within thirty (30) days after such request is made, the Company may, at its option, terminate this Agreement at any time thereafter without further notice. In the event of termination, the Company is only liable for Rent (as hereafter defined) due Owner up to the date of termination.

8. UNIT RENTAL. The Company and Owner agree to the following:

(a) Rotation System. The Company will establish the Rotation System for the purpose of renting all units in the Hotel on a rotating and equal basis. Owner acknowledges, however, that there can be no guarantee that either operation of the rotation system or hotel guest preference will not result in the Company's hotel rooms, or the units of other owners, being rented more often than Owner's Unit. Owner hereby waives any claim Owner may have for injury or damage under this Agreement arising from the rental of hotel rooms or units of other owners under the Rotation System.

(b) Discount Rates. The Company shall have the right, in its sole and absolute discretion, to grant Guests a discount of up to 100% of the daily gross rent in the event any repairs of the Unit are required during the period of occupancy or for other guest satisfaction issues. The Company shall also have the right, in its sole discretion, to transfer the Guest renting the Unit to another Unit in the event the rebate is unacceptable to the Guest; provided that Owner shall be paid a pro rata portion of any rent received by the Company for the period in which Guest occupied the Unit.

(c) Forfeited Deposits. All reservation deposits that are forfeited and captured, and all other related cancellation charges pursuant to the Company's cancellation policy shall be allocated first to any Daily Use Fees that apply to the Unit and then shared between Owner and the Company in the percentages provided in Section 9(b) hereof.

(d) Confirmed Reservations Valid Upon Termination. Termination of this Agreement for any reason shall not cancel any confirmed reservations for the Unit, and the reservations, if not actually transferred by the Company to another Unit, shall remain binding upon, Owner, Owner's heirs, executors, legal representatives and assigns after termination of this Agreement. In the event of a termination, the Company is entitled to any commissions, fees earned and/or expenses due as a result of the reservation made or for the Marketing Services provided during the term of this Agreement.

(e) Reservations. All reservations, including Owner referrals, must be made through the Company so that they may be coordinated with other confirmed reservations. Owner shall schedule personal use of the Unit with the Company in accordance with Section 10(a) and will register with the Company upon Owner's arrival. No notice of reservations secured by the Company for Guests will be provided to Owner, except by specific request. Owner will not be able to occupy, use or enter the Unit during periods of time when the Unit has been rented, and will not be able to schedule occupancy of the Unit during periods of time when the Unit has

been reserved unless the reservation can be moved to a similar Unit prior to the time of occupancy. IN ALL EVENTS, ACCESS TO THE UNIT SHALL BE COORDINATED BY THE COMPANY, INCLUDING ACCESS DURING OWNER'S USE OF THE UNIT.

(f) Photographs of Unit. Owner shall allow the Company to photograph the interior and/or exterior of the Unit for marketing purposes. Such photographs shall be the sole property of the Company and may be used for marketing purposes.

(g) Changes in Rules. The rules set forth in this Section may, at the discretion of the Company, be modified so long as reasonable notice of such changes is provided to Owner.

9. RENT. The Company shall pay Owner out of the Net Room Revenue of the Unit as follows:

(a) Monthly Profit and Loss. The Company will maintain a separate profit and loss statement for the Unit on a monthly and annually basis. The monthly and annual statements shall include calculation of Net Room Revenue, the Daily Use Fees, the amount of Rent, and any deductions from the Rent to pay amounts owed by Owner under this Agreement or under the Unit Maintenance Agreement and CC&Rs.

(b) Calculation of Rent. Within fifteen (15) days following the end of each calendar month during the term, the Company shall calculate rent to be paid to Owner for the prior month by:

i) Calculating Net Room Revenue;

ii) Deducting therefrom the Daily Use Fees for each night that a Guest uses the Unit;

iii) To the extent that there shall be a balance of Net Room Revenue available after the foregoing deductions, it shall be allocated fifty percent (50%) to the Company and fifty percent (50%) to Owner as rent ("**Rent**").

(c) Payment of Rent to Owner. The Owner's Rent, less the amounts payable by the Owner under the CC&Rs for Association assessments and assessments for Shared Facilities Expenses and Hotel Expenses, and under the Unit Maintenance Agreement for the FF&E Reserve and the Annual Interior Deep Cleaning charge and all transient rental taxes, and any Non-Routine Maintenance and Emergency Repairs Charges, shall be paid to Owner, except as otherwise provided in this Agreement, by check on or before the twentieth (20th) day of the month following the month for which rent is being paid. To the extent that the amount of Owner's Rent

for any month is insufficient to offset the amounts owed by Owner, the Company or the Association, as appropriate, shall send an invoice for the amount owed by Owner, and Owner shall pay all amounts owed within twenty (20) days of the date of the invoice.

(d) Limitation of Company Duties. Except as specifically provided herein, Owner acknowledges and agrees that the Company owes no duties of any kind to Owner, including, without limitation, duties of a fiduciary nature, and the Company's non-fiduciary duties shall be limited to the payment of Rent to the extent and as and when due, and the maintenance of accurate books of account with respect to Owner's Unit.

10. OWNER'S USE OF THE UNIT. Owner and the Company agree that:

(a) Owner Usage Calendar. Subject to the Company's right to impose up to twelve (12) blackout dates per year in accordance with paragraph (c) below, Owner may reserve the Unit for Owner's personal use at any time and from time to time during the term of this Agreement provided that: Owner makes an advanced reservation by completing and submitting to Manager an Owner usage calendar (the "**Owner Usage Calendar**") no later than January 31 of each year showing all reservation dates for the subsequent twelve (12) month period; *provided, however*, in the first year, Owner shall submit to Manager the Owner Usage Calendar on or before the closing of Owner's purchase of the Unit. If Owner fails to deliver the Owner Usage Calendar to Manager as required above, Manager may assume that the Unit is available for short-term occupancy for all dates during the subsequent twelve (12) month period. The Owner Usage Calendar shall include all dates when the Unit will be occupied by the Owner, Owner's family, and Owner's non-rental guests, being those persons to whom the Owner intends to make the Unit available without charge.

(b) City of Reno Requirements. Owner shall comply with the applicable ordinances adopted by the City of Reno with respect to the use of the Unit by Owner, Owner's family and Owner's non-rental guests. Owner acknowledges that the City of Reno limits the use of the Unit by Owner as follows:

> "Hotel-condominium is a commercial condominium development for which the units are primarily used to derive commercial income from, or provide service to the public, and may not be used as a dwelling by an owner for 28 days or more within any 12 month period. Hotel-condominiums are subject to transient lodging standards and requirements. When hotel-condominiums are not occupied by the owner, owners shall make them available for transient rental lodging use through a hotel rental management program or otherwise."

(c) Owner Use on Non-Calendared Dates. Notwithstanding the reservation requirements in Section 10(a), if Owner desires to personally use the Unit on a date other than as set forth on the Owner Usage Calendar, Owner shall notify Manager of the desire to personally use the Unit. If Manager has not received a tentative or confirmed reservation for the Unit on the dates requested by Owner, Manager shall make every reasonable effort to accommodate such a request. If Manager has received a tentative or confirmed reservation for use of the Unit, Manager may deny such request and Owner shall have no right to personally use the Unit. Manager is under no obligation to inform Owner of any changes in availability based on cancellations, no-shows, change in dates, reduced blocks for group reservations, or any other similar circumstances.

(d) Blackout Dates. The Company shall have the right to establish, by annual written notice to Owner, up to twelve (12) dates per year that shall not be available for Owner usage of the Unit (**"Blackout Dates"**). Owner acknowledges that these Blackout Dates are necessary in order for the Company to book certain large convention and group business, and that these dates will vary from year to year. By December 1 of each year, the Company will provide notice to Owner of the Blackout Dates for the 12 month period beginning February 1 of each year. The Company agrees that Blackout Dates shall not include any of the following days: Christmas, New Year's, Memorial Day, July 4th, Labor Day, or any of the days designated by the City of Reno for the annual events known as "Hot August Nights," "National Air Races," or "Street Vibrations."

(e) Registration, Check-in and Check-out Policies. Owner shall register at the front desk of the Hotel in order to receive a key to Owner's Unit. Owner and his or her personal guests shall: (i) comply with any applicable arrival/departure requirements established by Manager for use of the Unit during holidays, special events, and peak occupancy periods; and (ii) comply with any established check-in and check-out procedures and times. Owner shall not enter the Unit, nor use any common areas appurtenant to the Unit, nor permit any person, whether family member, repairman, or Owner's non-rental guest to do so, other than during previously reserved dates of occupancy by Owner, without prior notification to, approval of, and coordination with Manager.

(f) Hotel Services. For any day that Owner or Guests use the Unit, the Company will provide its standard daily housekeeping and cleaning service and supply the standard hotel amenities (such as soap, shampoo, coffee, etc), pursuant to the terms of the Unit Maintenance Agreement.

(g) Credit Card Authorization. In order to assure Owner's timely payment of funds, Owner agrees to maintain a valid credit card authorization on file

with Manager's Finance Department at all times as a source of funds. This card will be used to pay all expenses owed that are past due by 30 days from the date of the statement. The Company will mail Owner a copy of the receipt within thirty (30) days of each charge. Owner hereby authorizes the Company and Manager to access the credit established in this paragraph in order to meet Owner's financial obligations under this Agreement.

(h) Alternative Accommodations. The Company may, in its sole discretion, provide Owner with accommodation in another unit with similar features in the event that it determines that the Unit is not available for any reason for Owner's use.

11. COMPLIMENTARY USE OF UNIT. In an effort to continue to promote rental of the Unit and to familiarize representatives of corporate customers, travel agencies and promoters, airlines and other organizations with the Hotel, the Company may, for up to five (5) nights per year, provide complimentary use of the Unit, without charge or expense, to anyone who in its sole discretion, the Company believes will serve the long term best interests and goal of maximizing the value of the hotel and the Unit; provided, however, that the Company will use its best efforts to ensure that complimentary use does not displace paying Guests.

12. RULES, REGULATIONS AND STANDARDS. Owner shall at all times abide by and comply with all rules and regulations established from time to time by the Company and/or the Manager. Owner shall also ensure, at Owner's sole cost and expense, that the Unit shall at all times comply with all standards established from time to time by the Company and with all inspection reports and product improvement plans issued from time to time by the Company. Owner covenants and agrees not to interfere with, at any time, the employees, agents and/or contractors of the Company and/or Manager. Owner further agrees that, in order to maintain the uniform appearance of the Unit and maintain the quality standards of the Hotel, he or she will not display any signs that are visible to the public from the inside or outside of the Unit.

13. LIMITED POWER OF ATTORNEY. Owner does hereby irrevocably name, constitute and appoint the Company, its legal representatives, successors and assigns as Owner's attorney-in-fact for the term of this Agreement for the limited purposes of (i) providing Guests with full access to all areas associated with the Unit, (ii) causing Unit maintenance activities required of the Company to be undertaken promptly, (iii) issuing and signing confirmed reservations for the Unit and (iv) taking any action, that may be lawfully permitted and required to evict any Guest.

14. (a) ASSIGNMENT BY THE COMPANY. The Company may assign this Agreement without Owner's consent to any affiliate of the Company or to any successor operator or Owner of the Hotel.

(b) ASSIGNMENT BY OWNER. Owner may not assign this Agreement, in whole or in part, except with the prior written consent of the Company. In the event of any sale, assignment or other hypothecation of 100% of Owner's interest in the Unit, this Agreement shall automatically terminate. The assignee of the Unit may, upon acceptance by the Company, enter into a Unit Rental Agreement with the Company in the form then offered by the Company to all Unit Owners. Notwithstanding that this Agreement shall terminate, the assignee of the Unit shall be subject to the obligation to make the Unit available for all tentative and confirmed reservations held by the Company as of the date of the sale, and the rental terms of Section 9 hereof shall apply with respect to any Rental Revenues earned in connection with the use of the Unit pursuant to such reservations. Owner shall be required to obtain the written agreement of any buyer that all confirmed or tentative reservations for the Unit existing as of the date of the sale will be honored. Owner shall coordinate times to show the Unit for purposes of a sale of the Unit with the Company. The Company shall attempt to accommodate such showings commensurate with Rental Guest use.

15. DEFAULT BY OWNER. If Owner shall default in the performance of Owner's obligations under this Agreement or fail to abide by the rules and regulations established from time to time by the Company and such default shall continue sixty (60) days after Owner's receipt of written notice from the Company detailing the default in question, the Company may, in addition to all other remedies available to the Company at law, terminate this Agreement and/or temporarily cease its efforts to rent the Unit pursuant to this Agreement until such time as Owner has cured the default or satisfied the deficiency; provided, however, if, as a result of such default, the Unit is not in a condition suitable for rental, the Company may immediately cease renting the Unit until such time as Owner's default is cured at Owner's expense.

16. DEFAULT BY THE COMPANY. If the Company shall default in the performance of its obligations under this Agreement and shall fail to cure such default within sixty (60) days after the Company's receipt of written notice from Owner detailing the default in question, Owner may, as its sole and exclusive remedy, terminate this Agreement by delivery to the Company of a written termination notice at any time prior to the date that the Company has cured the default in question.

17. MANAGEMENT AND OPERATION OF THE HOTEL. Owner acknowledges that the Company has entered into, or may enter into, a Hotel Management Agreement and Association Management Agreement. Owner hereby consents to and approves such agreements. Owner further acknowledges that the Company has expended substantial funds to purchase the equipment for the use of all owners and users of units in the Hotel. In consideration of, and as a material inducement for the Company's investment in such equipment and other matters relating to Hotel, Owner agrees, during the term of this Agreement, that Owner will not take any action to terminate, or cause the termination of the Hotel Management Agreement or the Association Management Agreement including, without limitation, taking any action pursuant to the Uniform Common-Interest Ownership Act of the State of Nevada, as amended from time to time (hereinafter called the "Act"), and as to all matters and meetings relating to the Hotel in

which Owner has the right to consent to and/or to vote, Owner will, during the term of this Agreement, consent to and vote in favor of: (i) the Company's and/or Manager's management of the Hotel and the ratification and approval of the Association Management Agreement; (ii) the Company's and/or Manager's operation of the Hotel in accordance with the requirements of the Hotel Management Agreements; (iii) the Association's execution and delivery to the Company and/or the Manager of any guaranty agreement required pursuant to or in connection with the Hotel Management Agreement; and (iv) the Association's reimbursement to the Company of all penalties and charges incurred by the Company in connection with the Hotel Management Agreement or the Association Management Agreement.

18. NO GUARANTEED RENTAL. OWNER ACKNOWLEDGES THAT THERE ARE NO RENTAL INCOME GUARANTEES OF ANY NATURE, NO POOLING AGREEMENTS WHATSOEVER, AND NO REPRESENTATIONS OTHER THAN WHAT IS CONTAINED IN THIS AGREEMENT. NEITHER THE COMPANY NOR MANAGER GUARANTEES THAT OWNER WILL RECEIVE ANY MINIMUM PAYMENTS UNDER THIS AGREEMENT OR THAT OWNER WILL RECEIVE RENTAL INCOME EQUIVALENT TO THAT GENERATED BY ANY OTHER UNIT IN THE HOTEL.

19. OWNER'S ACKNOWLEDGEMENTS.

A) OWNER UNDERSTANDS AND ACKNOWLEDGES THAT EXECUTION OF THIS AGREEMENT AND PARTICIPATION IN THE UNIT RENTAL PROGRAM AT THE HOTEL IS VOLUNTARY, AT THE OPTION OF THE OWNER, AND IS NOT A REQUIREMENT OF OWNERSHIP OF THE UNIT. OWNER FURTHER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT NEITHER THE COMPANY NOR MANAGER, OR ANY OF THEIR RESPECTIVE OFFICERS, REPRESENTATIVES, EMPLOYEES, AGENTS, SUBSIDIARIES, PARENT THE COMPANY AND AFFILIATES HAS (I) MADE ANY STATEMENTS OR REPRESENTATIONS WITH RESPECT TO THE ECONOMIC OR TAX BENEFITS OF OWNERSHIP OF THE UNIT; (II) EMPHASIZED THE ECONOMIC BENEFITS TO BE DERIVED FROM THE MANAGERIAL EFFORTS OF THE COMPANY OR MANAGER OR FROM PARTICIPATION IN THE UNIT MANAGEMENT PROGRAM; (III) MADE ANY SUGGESTION, IMPLICATION, STATEMENT OR REPRESENTATION, THAT ANY POOLING ARRANGEMENT WILL EXIST WITH PARTICIPANTS IN THIS PROGRAM OR THAT OWNER WILL SHARE IN ANY WAY IN THE RENTAL PROCEEDS OF OTHER UNIT OWNERS IN THE HOTEL; OR (IV) MADE ANY SUGGESTION, IMPLICATION, STATEMENT OR REPRESENTATION, THAT OWNER IS NOT PERMITTED TO RENT THE UNIT DIRECTLY OR TO USE OTHER RESERVATIONS AGENTS TO RENT THE UNIT.

B) PURSUANT TO THE TERMS OF ANY HOTEL MANAGEMENT AGREEMENT THAT HAS BEEN OR MAY BE ENTERED INTO BY THE COMPANY WITH A MANAGER, EITHER THE COMPANY OR MANAGER MAY

TERMINATE SAME IN ACCORDANCE WITH THE PROVISIONS THEREOF AND THEREFORE OWNER HEREBY ACKNOWLEDGES THAT THERE CAN BE NO GUARANTEE THAT MANAGER WILL OPERATE THE HOTEL THROUGHOUT THE TERM OF THIS AGREEMENT. THE EVENT OF A TERMINATION OF MANAGER AS THE OPERATOR SHALL NOT CONSTITUTE A DEFAULT UNDER THIS AGREEMENT AND THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REPLACE MANAGER WITH ANOTHER OPERATOR OF THE COMPANY'S CHOOSING.

20. OWNERSHIP OF MARKS. Owner acknowledges that the names **"GRAND SIERRA RESORT"** and the other Grand Sierra trademarks and service marks (collectively, **"Marks"**) have acquired valuable secondary meanings and goodwill in the minds of the hospitality trade and the public and that services and products bearing the name **"Grand Sierra"** and/or any of the other Marks have acquired a reputation of the highest quality of hotel service. Without prejudice to this Agreement, Owner acknowledges that Owner has no claim to any right, title and interest in and to the Marks or any and all forms or embodiments thereof nor to the goodwill attached to the Marks in connection with the business, operations and goods in relation to which the same have been and may be used by Owner. The Company shall have the sole and exclusive right to use of the Marks for marketing and operation of the Hotel, and Owner shall have no right to use such Marks at any time during or after the term of this Agreement for any purpose except with the prior written consent of the Company. Owner will not at any time do or suffer to be done any act or thing which may, in any way, impair the rights of Manager in and to the Marks or which may affect the validity of the Marks or which may depreciate the value of the **"GRAND SIERRA"** names or any of the other Marks or the established prestige and goodwill connected with any of the same.

21. MISCELLANEOUS PROVISIONS. This Agreement shall be subject to and contingent upon the following:

(a) Limitation of Liability. Neither the Company nor Manager, nor any of their respective officers, representatives, employees, agents, subsidiaries, parent and affiliates shall be liable for any loss or damage to any person or property, including, but not limited to, Owner, the Guests, the Unit and its equipment, furnishings and appliances, of any nature resulting from any accident or occurrence in or upon the Unit, or the building in which the Unit is a part, including but not limited to, any and all claims, demands, damages, costs and expenses (including, without limitation, attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) resulting from: (i) the acts or omissions of Guests; (ii) wind, rain or other elements; or (iii) theft, vandalism, fire, earthquake, storm or other casualty; strikes, lockouts, or other labor interruptions; war, rebellion, riots or other civil unrest; or any other similar event beyond the control of the Company or Manager.

(b) Entire Agreement; Amendments. The parties hereto agree and acknowledge that this Agreement, together with the Unit Maintenance Agreement, constitutes the entire Agreement between the parties with respect to the rental of the Unit, and there are no oral or written amendments, modifications, other agreements or representations. The Company may, no more frequently than once each year, upon at least sixty (60) days prior written notice to Owner, modify the services to be provided by the Company and/or adjust the charges payable for services provided for herein to reflect additions or changes in services provided by the Company generally to all Hotel guests, and to reflect actual changes in the cost of providing services by the Company generally to all Hotel guests; provided that the Company shall not increase the charges to Owner by more than seven percent (7%) per year without Owner's written consent. Except for this annual adjustment to services and charges, this Agreement may not be amended, supplemented, terminated or modified except with the prior written agreement of Owner and the Company.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada, without giving application to principles of conflicts of laws which shall control all matters relating to the execution, validity and enforcement of this Agreement.

(d) Alternative Dispute Resolution. The parties agree that any disputes arising out of or relating to this Agreement shall be resolved in accordance with the Dispute Resolution Addendum Agreement attached to the Unit Maintenance Agreement as SCHEDULE B, and that all references to the Unit Maintenance Agreement in the Dispute Resolution Addendum Agreement shall be deemed to refer to this Agreement for purposes of the resolution of disputes arising out of or with respect to this Agreement.

(e) Authority of Single Owner. Recognizing the fact that there may be several Owners of a single Unit, it is hereby agreed that Owner's designate, as listed on the front page of this Agreement, shall have the authority to issue any and all instructions to the Company, and the Company shall act in reliance thereon.

(f) Severability. If any clause or provision of this Agreement shall be held invalid or void for any reason, such invalid or void clause or provision shall not affect the whole of this Agreement, and the balance of the provisions of this Agreement shall remain in full force and effect.

(g) Notices. Any notice or demand required under this Agreement or by law shall be in writing and shall be deemed effective upon receipt if sent by personal delivery, upon one (1) business day if sent by express overnight delivery with a nationally recognized courier service (such as Federal Express) or three (3) business days after having been sent by US mail,

certified mail, return receipt requested and addressed to the parties at the addresses set forth above in the recitals of this Agreement. Either party may change such addresses with written notice to the other party.

(h) Authorization. Owner represents and warrants to the Company that Owner has the full authority to enter into this Agreement, and that there is no other party with an interest in the Unit whose joinder in this Agreement is necessary.

(i) Time of the Essence. For all purposes of this Agreement it shall be understood that time is of the essence.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

GRAND SIERRA OPERATING CORP.

By: _____
Signature

Print Name: DOUGLAS PENNINGTON

Title: DIR-CUST.-SERV.

Print Name: _____

OWNER:

_____
Signature

Print name: TIMOTHY D. KAPLAN

_____
Signature of Co-Owner (if any)

Print name: _____

Dated signed: _____

Signed and delivered in the presence of:

Witness:

_____
[type: Name of Witness]

Witness:

_____
[type: Name of Witness]

Date signed: 2/5/07

Smoking / Non-smoking Unit Designation:

While managing and taking reservations for your unit, the Company would like to designate it as nonsmoking unless you request otherwise. Although the Company cannot guarantee that someone will not smoke in a non-smoking unit, it is the Company's experience that most people honor this request. Please initial below ONLY IF YOU WANT YOUR UNIT TO BE A SMOKING UNIT. OTHERWISE, IT WILL BE DESIGNATED A NON-SMOKING UNIT.

I would like to designate my Unit # _____ as a Smoking Unit

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DC-09900060636-029
CV12-02222
ALBERT THOMAS ETAL VS. MEI- 2 Pages
District Court 10/16/2014 01:41 PM
Washoe County 2490
FXR MTORRFC

EXHIBIT "6"

EXHIBIT "6"

EXHIBIT "6"

GRAND SIERRA RESORT
AND CASINO | RENO NEVADA

April 20, 2011

Shepherd Mountain Investment Group
6034 W. Courtyard Drive, Suite 288
Austin, TX 78730

Re: Condo Unit(s) # 1720, 1755, 1773, 1778, 1780, 1781, 1791, 1828, 1714/1715, 1749/1750, 1757

Dear Sir or Madam,

On March 31, 2011, MEI-GSR Holdings LLC, an affiliate of The Meruelo Group, completed the purchase of The Grand Sierra Resort ("GSR"). As the new owners of GSR we would like to share with you our plans for the property. Our goal is to turn GSR into the premier resort destination in Reno by upgrading the hotel, casino, food, beverage and entertainment offerings. We also are considering other improvements including restoration of the outdoor amphitheater, addition of a parking structure, and construction of an indoor water park.

The first step towards achieving our goal is to return GSR to profitability. In order to achieve profitability, certain revenue enhancement and cost savings issues must be addressed promptly. With our guidance the current management has already addressed many of these issues.

We are now looking at additional measures regarding our relationship with you as an owner of a unit, in particular the existing rental arrangement, the costs incurred to reserve, clean and administer your unit, and the need to upgrade our infrastructure. Under the existing Unit Rental Agreement, we often rent your unit before achieving full occupancy of GSR owned units. Under present economic conditions, that arrangement is not sustainable. Therefore, the current Unit Rental Agreement will be terminated effective June 19, 2011 and replaced with a new agreement which provides that GSR owned rooms and units will be rented to third parties prior to the rental of your unit.

In addition, GSR has absorbed minimum wage increases that have increased our labor costs by 60%, without any increase in your Daily Use Fee. The increased labor costs have resulted in a GSR loss on each rental of your unit. To help mitigate that loss, effective June 19, 2011, the Daily Use Fee will increase by 7%.

Lastly, in accordance with the prior reserve study performed in November of 2009, and so that capital improvements are properly addressed, we are going to implement the Capital Reserve contribution provided for in your CC&Rs beginning this month. The monthly Capital Reserve for your unit will be included on your April Statement.

Enclosed for your review is a current statement of your account. We will be forwarding you the new Unit Rental Agreement by April 30, 2011. If you wish to participate in the new program, please return the agreement by May 31, 2011.

We realize you may choose not to participate in this new arrangement; however, we trust you will consider doing so as we believe your participation benefits the long-term interests of all those vested in the success of the GSR. We expect the new arrangement to provide resources needed to upgrade the project, resulting in an increase in occupancy and increasing the value of your investment.

We look forward to participating with you in the return of the GSR as the premier resort destination in Reno. If you have any questions, please contact me directly via (775) 789-2105 or kent.vaughan@grandsierraresort.com

Sincerely,

Kent Vaughan
Senior Vice President – Hotel Operations

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GRAND SIERRA RESORT
AND CASINO | RENO NEVADA

May 20, 2011

Dear Valued Condo Owner:

As a unit owner in the Grand Sierra Resort (GSR) Unit-Owner's Association, you have the right to decide whether to place your unit in the GSR's rental program, or to rent your unit to others on your own. We wanted to make you aware of some of the benefits of staying with us and some of the disadvantages that may arise if you should choose to rent your unit on your own:

Benefits of participating in the GSR Rental Program:

- In response to requests from some owners, the term of the proposed Rental Agreement has been shortened to one year, the fee for an Owner's early termination of the Agreement has been reduced, and GSR's group of preferred units for rental purposes has been limited to the Summit rooms, on the 17th Floor and above.
- Each and every year GSR spends millions of dollars on Marketing the resort at no cost to you.
- Due to Marketing dollars spent there is brand recognition and dedication from our patrons.
- Our job is to sell each and every room, (not just our rooms) and we will not rest until we are at 100% occupancy.
- As an owner you still have the ability to request your room for sales to friends and family – with the ability to bypass our units.

Disadvantages of an outside rental company:

- Whether you decide to make your unit part of the GSR Rental Program or not there will still be fees associated to the ownership of your room from the GSR side, and marketing and management fees from whatever rental company you choose to utilize.
- It is nearly guaranteed that any rental company you choose will spend significantly less on marketing and not have the ability to reach the vast audience that we are able to reach.
- I believe you will find it very difficult to get the major on-line travel agencies (such as Expedia, Hotels.com, etc) to list your units, as GSR has contracts in place with all such sites, and it would be confusing to the consumers of those sites to have separately listed rooms.

Of course we would like nothing more than for you to place your unit in the rental program. Enclosed is a proposed Rental Agreement that has been revised as indicated above. Should you elect to enter into GSR's rental program based upon these revised terms, please sign and return this agreement by June 7th to Jennifer Campbell, Condo Owner Service Coordinator, Grand Sierra Resort & Casino, 2500 East Second Street, Reno, Nevada 89595, (phone) 775.789.5354 or fax 775.788.6996.

GSR also offers this revised Rental Agreement to those unit owners who already have signed the prior version of the Rental Agreement.

Should you choose not to participate in the rental program, understand that under paragraph 15 of the Unit Maintenance Agreement, signed by you or the original owner of your unit, can not use the Grand Sierra Resort Trademarks. This means that you (or any rental agency your unit is with) are not permitted to use any photos, logos, copy or marketing materials to promote the rental of your unit.

Finally, in response to requests from some owners regarding the GSR's desire to purchase units from individual owners, GSR does not wish to implement an active unit purchase program, but will consider such offers on a case-by-case basis. Please coordinate any such offers through my office.

If you have any questions, do not hesitate to contact us.

Sincerely,

Kent Vaughan
Senior Vice President – Hotel Operations

GRAND SIERRA RESORT
UNIT RENTAL AGREEMENT

This UNIT RENTAL AGREEMENT (**"Agreement"**) is made and entered into this ____ day of _____, 2011 (the **"Effective Date"**) by and between MEI-GSR Holdings LLC d/b/a Grand Sierra Resort & Casino (the **"Company"**), and _____ (collectively referred to in this Agreement as **"Owner"**), whose address is _____.

Home Phone: _____ Fax #: _____
Office Phone: _____ Owner's Designate: _____
E-Mail Address: _____

A. Owner wishes to participate in the Company's voluntary rental program to offer Owner's Hotel Unit #_____ (the **"Unit"**) in the Grand Sierra Resort & Casino (the **"Hotel"**) for rental under the terms and conditions set forth in this Agreement.

B. The Company plans to advertise and promote the rental of all rooms and suites in the Hotel (sometimes referred to collectively herein as **"Hotel Units"**), including those owned by individual owners of Hotel Units and those owned by the Company.

C. The Company may engage an affiliated or unaffiliated third party to manage the Hotel (the **"Manager"**) and to include the Unit in the inventory of Hotel Rooms available for rental to guests of the Hotel (**"Guests"**). All references to the Company in this Agreement refer to either the Company or Manager, acting as agent of the Company.

NOW, THEREFORE, in consideration of the terms, conditions and the mutual covenants herein set forth, the parties agree as follows:

1. DEFINITIONS. Capitalized terms will have the meanings set forth below or are defined elsewhere in this Agreement.

(a) **"Association"** means the GRAND SIERRA RESORT UNIT-OWNERS' ASSOCIATION.

(b) **"Association Management Agreement"** means the Association Management Agreement that has been or may be entered into between the Company, as initial owner of Units, and an Association Manager, pursuant to which Association Manager will manage the Association.

(c) **"Association Manager"** means the entity engaged by the company to manage the Association.

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(d) **"Blackout Dates"** means the dates established annually by the Company in accordance with Section 10(d) hereof which will not be available for Owner use of the Unit in order that the Company may book group business on those dates.

(e) **"CC&Rs"** means the Covenants, Conditions, Restrictions and Reservations of Easements for the Hotel-Condominiums at Grand Sierra Resort, as may be amended from time to time.

(f) **"Daily Use Fees"** means the Daily Use Fees for unit maintenance services provided by the Company under the Unit Maintenance Agreement (other than the Annual Interior Deep Cleaning charge).

(g) **"FF&E Reserve"** means the reserve for periodic replacement of furniture, fixtures and equipment, as provided for in the Unit Maintenance Agreement.

(h) **"Furnishings Package"** means the furnishing, furniture, accessories, appliances, curtains, carpeting, wall coverings, kitchen, bath and bedding items and such other personal property initially purchased with the Unit from the Company, including, without limitation, linens, bedding and bath accessories.

(i) **"Guest"** means any person or persons who rents the Unit from the Company, including complimentary Guests, but excluding Owner, Owner's immediate family and other non-paying guests of Owner.

(j) **"Hotel Management Agreement"** means the agreement, if any, between the Company and any Manager engaged by the Company to act as manager of the Hotel. If the Company manages the Hotel directly, there will be no Hotel Management Agreement, and any references to "Manager" in this Agreement automatically shall refer instead to the Company.

(k) **"Hotel Expenses"** means the expenses charged to Owner for certain Hotel costs, as described in the CC&Rs.

(l) **"Hotel Services"** means the services provided by the Company in connection with the operation, maintenance, repair and renovation of the Unit under the Unit Maintenance Agreement.

(m) **"Marketing Services"** means the brand and marketing services provided by the Company, such as marketing, reservations, guest frequency programs and related accounting services.

(n) **"Net Room Revenue"** means all revenue derived from the rental of the Unit (but not including food and beverage, in-room entertainment, parking, telephone, internet rental, spa revenue, retail space revenue, parking revenue or other incidental revenue sources of the Hotel or any state, local or other taxes paid by any guest in the Unit in respect of his or her occupancy), less the actual cost of commissions and/or other charges paid to third party travel arrangers (including travel agents, wholesalers, membership associations, online booking arrangers, global distribution or other central reservations services providers, and the like) as well as credit card adjustments, uncollected accounts receivable and walked guest expenses.

(o) **"Non-Routine Maintenance and Emergency Repairs Charges"** means the charges made by the Company for non-routine maintenance and emergency repairs to the Unit, in the amounts provided for in the Unit Maintenance Agreement.

(p) **"Owner"** means the owner of the Unit identified in the introductory paragraph of this Agreement and, where applicable, his or her immediate family, and any other guests of Owner whose reservation is made by Owner pursuant to Section 10.

(q) **"Rotation System"** means the unit management system used by the Company in order to ensure that in a manner determined in the Company's sole discretion, all of the individually owned Rental Units, other than units owned by the Company, are fairly and equitably offered for rental after Company owned units and hotel rooms on Hotel floors 17 through 27 have been rented. The Company may divide the Units into different groups based on factors such as size, location and rental rate.

(r) **"Shared Facilities Expenses"** means the expenses charged to Owner for the Shared Facilities Unit, as described in the CC&Rs.

(s) **"Unit"** means the Unit identified in Recitals.

(t) **"Unit Maintenance Agreement"** means that certain agreement between the Company and Owner executed and delivered at the time of the purchase by Owner (or Owner's predecessor in title) of the Unit with respect to certain Hotel Services and the payment of expenses incurred in the provision of such services, all as described therein.

(u) **"Units"** means all of the hotel condominium units at the Hotel for which the Company serves as the exclusive rental agent.

2. EXCLUSIVE RENTAL. During the term of this Agreement, Owner agrees that the Company shall have the sole and exclusive right to rent the Unit to Guests, subject to the terms and conditions of this Agreement. Owner shall not lease or arrange for any short-term occupancy of the Unit other than by referral of prospective Guests to the Company. In addition, Owner agrees not to accept any remuneration from any party other than the Company or Manager for rental of the Unit and agrees to refer to the Company or Manager all rental inquires during the term of the Agreement.

3. TERM. The initial term of this Agreement shall commence as of the Effective Date and end on December 31st of the same calendar year, unless terminated earlier as provided in this Agreement. Upon expiration of the initial term, this Agreement shall be automatically renewed for additional terms of one (1) year each unless Owner or the Company, at least sixty (60) days prior to the expiration date of this Agreement or of any renewal period as the case may be, shall give written notice to the other party of its desire not to renew this Agreement. Notwithstanding the foregoing, the Company shall have the right to terminate this Agreement, in its sole and absolute discretion, with or without cause, upon sixty (60) days prior written notice to Owner. Owner may terminate this Agreement upon not less than 60 days prior written notice to the Company, and upon the immediate one-time payment to the Company of a termination fee as liquidated damages equal to $2,000 if such termination notice is delivered to the Company more than six (6) months prior to the expiration of the next ensuing initial term or a renewal term, and $1,000 if such termination notice is delivered to the Company on or less than six (6) months prior to the expiration of the next ensuing initial term or a renewal term The parties recognize that the actual damages sustained by the Company in the event of an early termination of this Agreement by Owner would be difficult to compute. The parties agree, however, that the liquidated damages amounts set forth above are a good-faith estimate of the minimum amount of actual damages that would be sustained by the Company in the event of an early termination of this agreement by Owner. Upon any termination of this Agreement, the Company shall prepare a final reconciliation of accounts (including all sums owed under any provision of this Agreement) and a final settlement shall be accomplished between Owner and the Company within thirty (30) days of the Company's delivery to Owner of such final reconciliation.

4. RENTAL PROCEDURES. The Company shall use its good faith efforts to rent the Unit in accordance with the following provisions:

(a) Short Term Rentals. The Company agrees that it will offer the Unit for rent under the Rotation System on any days not reserved by Owner on the Owner Usage Calendar. All rentals will be on a short-term basis, and the Unit shall not be rented to any one Rental Guest for a period of 28 or more consecutive days. Accordingly, all rentals shall be subject to transient occupancy taxes.

(b) Rental Rates. The Company has the exclusive right to establish and adjust, from time to time, the rental rates for the Unit without notice to Owner, and to rent the Unit for the rates that it considers appropriate, in its

discretion, based upon occupancy levels, seasonal demand, changes in operating costs, rates of competitive properties, and other prevailing market conditions.

(c) Rotation System. During the term of this Agreement, Owner acknowledges that the Company intends to rent the Unit to Guests on a transient basis. The Company will endeavor to rent the Unit in accordance with the Rotation System. However, the Company will rent out of order if a Guest specifically requests a particular Unit or a particular Unit type or location to the exclusion of others. In such cases, Owner agrees that such occupancy shall be in lieu of the next ensuing rental under the Rotation System.

(d) Collection of Accounts. The Company shall collect rent from all Guests and shall provide all accounting services necessary for the collection of such rental revenue. The Company shall bear all in-house costs associated with the collection of outstanding amounts due from Guests. The Company shall provide Marketing Services that the Company determines to be appropriate for the Hotel. The Company shall also provide Hotel Services in accordance with the terms of the Unit Maintenance Agreement.

5. MAINTENANCE AND CLEANING OF UNIT.

(a) Unit Maintenance Costs. Owner shall be responsible for all costs associated with the maintenance, repair and cleaning of the Unit, in accordance with the terms of the Unit Maintenance Agreement.

(b) Linen and Housekeeping. The Company shall provide linen service and housekeeping service for all Guests of the Unit commensurate with levels of service in comparable condominium-hotel lodging establishments.

(c) Damage to Unit. Owner understands and agrees that as a result of rentals, damage to the Unit and its contents may occur, inadvertently or otherwise. The Company shall take reasonable steps to ensure that Guests leave the Unit in the same condition as received, normal wear and tear excepted. In the event of damage, breakage or theft by Guests, the Company shall take reasonable steps to see that the Guests responsible restore the breakage or damage as necessary, in a timely manner. If the Company is unable to obtain restitution from the Guest, the Company may file a claim with the Hotel's property insurer on behalf of Owner or repair the damage and charge the cost of the repair to Shared Facilities Expenses. The insurance deductible amount on the Association's or the Company's property insurance covering the damage to the Unit shall be charged as a Shared Facilities Expense, unless the Company or its employees or agents are

directly responsible for the damage, in which case the Company will be responsible for the insurance deductible amount.

6. UNIT COSTS, EXPENSES AND ASSESSMENTS. Owner agrees to pay all monthly mortgage payments (if any), real estate taxes, insurance payments, monthly condominium fees, expenses charged pursuant to the Unit Maintenance Agreement and CC&Rs, and any condominium assessments promptly when due. Owner shall not allow title to the Unit to be encumbered by a lien for non-payment of fees or assessments due to the Association or the Company. In the event that any expenses, fees and/or assessments due pursuant to this Section 6 are not paid promptly when due, then the Company may, in its sole and absolute discretion and without notice or demand upon Owner, but shall not be obligated to, either: (i) withhold Owner's Rent (as hereinafter defined) until such funds are sufficient to bring the unpaid accounts current, and if and when sufficient funds are available, offset and apply Owner's Rent (as hereinafter defined) in the possession of the Company to the payment of any one or more of such unpaid accounts in such order as the Company in its sole and absolute discretion may elect; or (ii) terminate this Agreement upon five (5) days prior written notice to Owner. The Company's decision to apply all or any portion of Owner's Rent (as hereinafter defined) to the payment of any expenses, fees and/or assessments pursuant to this Section 6 shall be made in the Company's sole and absolute discretion. In no event whatsoever shall the Company be obligated to apply any Owner's Rent (as hereinafter defined) to the payment of any expenses, fees and/or assessments or to advance any of its own funds for such purposes.

7. FURNISHING, EQUIPPING, REFURBISHING AND UPGRADES.

(a) Furnishings Package. Owner agrees that the Unit must at all times be consistent with the other accommodations offered by the Company in the Hotel in terms of quality and appearance. Owner agrees that Owner will not alter, modify add to remove or otherwise change the Furnishings Package except as directed by the Company. In addition, as determined from time to time by the Company, pursuant to the Unit Maintenance Agreement and the CC&Rs, Owner may be required at Owner's cost, to refurbish the Unit, including replacing, upgrading and/or augmenting furniture, accessories, appliances, curtains, carpeting, wall coverings and other items included in the Furnishings Package.

(b) Failure to Maintain Unit. In the event that Owner does not fund the purchase of the Furnishings Package, refurbishing, upgrading or modifying the Unit as required, or does not respond to the Company's request for funding within thirty (30) days after such request is made, the Company may, at its option, immediately pursue any remedy provided in Section 6 of this Agreement.

8. UNIT RENTAL. The Company and Owner agree to the following:

(a) Rotation System. The Company will establish the Rotation System for the purpose of renting all individually owned units in the Hotel, other than units owned by the Company, on a rotating and equal basis. Company owned units and hotel rooms on Hotel floors 17 through 27 will not be included in the Rotation System and will be rented prior to other owned Units. Owner acknowledges, however, that there can be no guarantee that either operation of the rotation system or hotel guest preference will not result in the units of other owners being rented more often than Owner's Unit. Owner hereby waives any claim Owner may have for injury or damage under this Agreement arising from the rental of hotel rooms or units of other owners under the Rotation System.

(b) Discount Rates. The Company shall have the right, in its sole and absolute discretion, to grant Guests a discount of up to 100% of the daily gross rent in the event any repairs of the Unit are required during the period of occupancy or for other guest satisfaction issues. The Company shall also have the right, in its sole discretion, to transfer the Guest renting the Unit to another Unit in the event the rebate is unacceptable to the Guest; provided that Owner shall be paid a pro rata portion of any rent received by the Company for the period in which Guest occupied the Unit.

(c) Forfeited Deposits. All reservation deposits that are forfeited and captured, and all other related cancellation charges pursuant to the Company's cancellation policy shall be allocated first to any Daily Use Fees that apply to the Unit and then shared between Owner and the Company in the percentages provided in Section 9(b) hereof.

(d) Confirmed Reservations Valid Upon Termination. Termination of this Agreement for any reason shall not cancel any confirmed reservations for the Unit, and the reservations, if not actually transferred by the Company to another Unit, shall remain binding upon Owner, Owner's heirs, executors, legal representatives and assigns after termination of this Agreement. In the event of a termination, the Company is entitled to any commissions, fees earned and/or expenses due as a result of the reservation made or for the Marketing Services provided during the term of this Agreement.

(e) Reservations. All reservations, including Owner referrals, must be made through the Company so that they may be coordinated with other confirmed reservations. Owner shall schedule personal use of the Unit with the Company in accordance with Section 10 and will register with the Company upon Owner's arrival. No notice of reservations secured by the Company for Guests will be provided to Owner, except by specific request. Owner will not be able to occupy, use or enter the Unit during

periods of time when the Unit has been rented, and will not be able to schedule occupancy of the Unit during periods of time when the Unit has been reserved unless the reservation can be moved to a similar Unit prior to the time of occupancy. IN ALL EVENTS, ACCESS TO THE UNIT SHALL BE COORDINATED BY THE COMPANY, INCLUDING ACCESS DURING OWNER'S USE OF THE UNIT.

(f) Photographs of Unit. Owner shall allow the Company to photograph the interior and/or exterior of the Unit for marketing purposes. Such photographs shall be the sole property of the Company and may be used for marketing purposes.

(g) Changes in Rules. The rules set forth in this Section may, at the discretion of the Company, be modified so long as reasonable notice of such changes is provided to Owner.

9. RENT. The Company shall pay Owner out of the Net Room Revenue of the Unit as follows:

(a) Monthly Profit and Loss. The Company will maintain a separate profit and loss statement for the Unit on a monthly and annually basis. The monthly and annual statements shall include calculation of Net Room Revenue, the Daily Use Fees, the amount of Rent, and any deductions from the Rent to pay amounts owed by Owner under this Agreement or under the Unit Maintenance Agreement and CC&Rs.

(b) Calculation of Rent. Within fifteen (15) days following the end of each calendar month during the term, the Company shall calculate rent to be paid to Owner for the prior month by:

i) Calculating Net Room Revenue;

ii) Deducting therefrom the Daily Use Fees for each night that a Guest uses the Unit;

iii) To the extent that there shall be a balance of Net Room Revenue available after the foregoing deductions, it shall be allocated fifty percent (50%) to the Company and fifty percent (50%) to Owner as rent ("Rent").

(c) Payment of Rent to Owner. The Owner's Rent, less the amounts payable by the Owner under the CC&Rs for Association assessments and assessments for Shared Facilities Expenses and Hotel Expenses, and under the Unit Maintenance Agreement for the FF&E Reserve and the Annual Interior Deep Cleaning charge and all transient rental taxes, and any Non-Routine Maintenance and Emergency Repairs Charges, shall be paid to Owner, except as otherwise provided in this Agreement, by check sent on

or before the twentieth (20th) day of the month following the month for which rent is being paid. To the extent that the amount of Owner's Rent for any month is insufficient to offset the amounts owed by Owner, the Company or the Association, as appropriate, shall send an invoice for the amount owed by Owner, and Owner shall pay all amounts owed within thirty (30) days of the date of the invoice.

(d) Limitation of Company Duties. Except as specifically provided herein, Owner acknowledges and agrees that the Company owes no duties of any kind to Owner, including, without limitation, duties of a fiduciary nature, and the Company's non-fiduciary duties shall be limited to the payment of Rent to the extent and as and when due, and the maintenance of accurate books of account with respect to Owner's Unit.

10. OWNER'S USE OF THE UNIT. Owner and the Company agree that:

(a) Owner Usage Calendar. Subject to the Company's right to impose up to twelve (12) blackout dates per year in accordance with paragraph (d) below, Owner may reserve the Unit for Owner's personal use at any time within the current term, provided that: Owner makes an advanced reservation by completing and submitting to Manager an Owner usage calendar (the "**Owner Usage Calendar**") no later than thirty (30) days after the Effective Date, and January 31 of each term after the initial term, showing all reservation dates for the remaining term or for the subsequent twelve (12) month period, as applicable. If Owner fails to deliver the Owner Usage Calendar to Manager as required above, Manager may assume that the Unit is available for short-term occupancy for all dates during the applicable term. The Owner Usage Calendar shall include all dates when the Unit will be occupied by the Owner, Owner's family, and Owner's non-rental guests, being those persons to whom the Owner intends to make the Unit available without charge.

(b) City of Reno Requirements. Owner shall comply with the applicable ordinances adopted by the City of Reno with respect to the use of the Unit by Owner, Owner's family and Owner's non-rental guests.

(c) Owner Use on Non-Calendared Dates. Notwithstanding the reservation requirements in Section 10(a), if Owner desires to personally use the Unit on a date other than as set forth on the Owner Usage Calendar, Owner shall notify Manager of the desire to personally use the Unit. If Manager has not received a tentative or confirmed reservation for the Unit on the dates requested by Owner, Manager shall make every reasonable effort to accommodate such a request. If Manager has received a tentative or confirmed reservation for use of the Unit, Manager may deny such request and Owner shall have no right to personally use the Unit. Manager is under no obligation to inform Owner of any changes in availability based

on cancellations, no-shows, change in dates, reduced blocks for group reservations, or any other similar circumstances.

(d) Blackout Dates. The Company shall have the right to establish, by annual written notice to Owner, up to twelve (12) dates per year that shall not be available for Owner usage of the Unit (**"Blackout Dates"**). Owner acknowledges that these Blackout Dates are necessary in order for the Company to book certain large convention and group business, and that these dates will vary from year to year. Within 30 days after full execution of this Agreement, and thereafter by December 1 of each year, the Company will provide notice to Owner of the Blackout Dates for the 12 month period beginning February 1 of each year or for the remainder of such partial year, as applicable. The Company agrees that Blackout Dates shall not include any of the following days: Christmas, New Year's, Memorial Day, July 4th, Labor Day, or any of the days designated by the City of Reno for the annual events known as "Hot August Nights," "National Air Races," or "Street Vibrations."

(e) Registration, Check-in and Check-out Policies. Owner shall register at the front desk of the Hotel in order to receive a key to Owner's Unit. Owner and his or her personal guests shall: (i) comply with any applicable arrival/departure requirements established by Manager for use of the Unit during holidays, special events, and peak occupancy periods; and (ii) comply with any established check-in and check-out procedures and times. Owner shall not enter the Unit, nor use any common areas appurtenant to the Unit, nor permit any person, whether family member, repairman, or Owner's non-rental guest to do so, other than during previously reserved dates of occupancy by Owner, without prior notification to, approval of, and coordination with Manager.

(f) Hotel Services. For any day that Owner or Guests use the Unit, the Company will provide its standard daily housekeeping and cleaning service and supply the standard hotel amenities (such as soap, shampoo, coffee, etc), pursuant to the terms of the Unit Maintenance Agreement.

(g) Credit Card Authorization. In order to assure Owner's timely payment of funds, Owner agrees to maintain a valid credit card authorization on file with Manager's Finance Department at all times as a source of funds. This card will be used to pay all expenses owed by virtue of Owner's ownership or use of the Unit that are past due by 30 days from the date of the statement. The Company will mail Owner a copy of the receipt within thirty (30) days of each charge. Owner hereby authorizes the Company and Manager to access the credit established in this paragraph in order to meet any of Owner's financial obligations to the Company or to the Association.

(h) Alternative Accommodations. The Company may, in its sole discretion, provide Owner with accommodation in another unit with similar features in the event that it determines that the Unit is not available for any reason for Owner's use.

11. COMPLIMENTARY USE OF UNIT. In an effort to continue to promote rental of the Unit and to familiarize representatives of corporate customers, travel agencies and promoters, airlines and other organizations with the Hotel, the Company may, for up to five (5) nights per year, provide complimentary use of the Unit, without charge or expense, to anyone who in its sole discretion, the Company believes will serve the long term best interests and goal of maximizing the value of the hotel and the Unit; provided, however, that the Company will use its best efforts to ensure that complimentary use does not displace paying Guests.

12. RULES, REGULATIONS AND STANDARDS. Owner shall at all times abide by and comply with all rules and regulations established from time to time by the Company and/or the Manager. Owner shall also ensure, at Owner's sole cost and expense, that the Unit shall at all times comply with all standards established from time to time by the Company and with all inspection reports and product improvement plans issued from time to time by the Company. Owner covenants and agrees not to interfere with, at any time, the employees, agents and/or contractors of the Company and/or Manager. Owner further agrees that, in order to maintain the uniform appearance of the Unit and maintain the quality standards of the Hotel, he or she will not display any signs that are visible to the public from the inside or outside of the Unit, except as otherwise required by law.

13. LIMITED POWER OF ATTORNEY. Owner does hereby irrevocably name, constitute and appoint the Company, its legal representatives, successors and assigns as Owner's attorney-in-fact for the term of this Agreement for the limited purposes of (i) providing Guests with full access to all areas associated with the Unit, (ii) causing Unit maintenance activities required of the Company to be undertaken promptly, (iii) issuing and signing confirmed reservations for the Unit and (iv) taking any action, that may be lawfully permitted to evict any Guest.

14. (a) ASSIGNMENT BY THE COMPANY. The Company may assign this Agreement without Owner's consent to any affiliate of the Company or to any successor operator or owner of the Hotel.

(b) ASSIGNMENT BY OWNER. Owner may not assign this Agreement, in whole or in part, except with the prior written consent of the Company. In the event of any voluntary sale, assignment or other hypothecation of 100% of Owner's interest in the Unit, this Agreement shall automatically terminate. In the event of any involuntary foreclosure, sale, assignment or other hypothecation of 100% of Owner's interest in the Unit, this Agreement shall automatically continue in full force and effect. Any voluntary assignee of the Unit may, upon acceptance by the Company, enter into a

Unit Rental Agreement with the Company in the form then offered by the Company to all Unit Owners. Notwithstanding that this Agreement shall terminate, any voluntary assignee of the Unit shall be subject to the obligation to make the Unit available for all tentative and confirmed reservations held by the Company as of the date of the assignment, and the rental terms of Section 9 hereof shall apply with respect to any Rental Revenues earned in connection with the use of the Unit pursuant to such reservations. Owner shall be required to obtain the written agreement of any voluntary assignee that all confirmed or tentative reservations for the Unit existing as of the date of the sale will be honored. Owner shall coordinate times to show the Unit for purposes of a sale of the Unit with the Company. The Company shall attempt to accommodate such showings commensurate with Rental Guest use.

15. DEFAULT BY OWNER. Except as otherwise provided in this Agreement, if Owner shall default in the performance of Owner's obligations under this Agreement or fail to abide by the rules and regulations established from time to time by the Company and such default shall continue thirty (30) days after Owner's receipt of written notice from the Company detailing the default in question, the Company may, in addition to all other remedies available to the Company at law, or under this Agreement or any other agreement applicable to Owner's ownership or use of the Unit, terminate this Agreement and/or temporarily cease its efforts to rent the Unit pursuant to this Agreement until such time as Owner has cured the default or satisfied the deficiency; provided, however, if, as a result of such default, the Unit is not in a condition suitable for rental, the Company may immediately cease renting the Unit until such time as Owner's default is cured at Owner's expense.

16. DEFAULT BY THE COMPANY. If the Company shall default in the performance of its obligations under this Agreement and shall fail to cure such default within sixty (60) days after the Company's receipt of written notice from Owner detailing the default in question, Owner may thereafter, as its sole and exclusive remedy, terminate this Agreement by delivery to the Company of a written termination notice at any time prior to the date that the Company has cured the default in question.

17. MANAGEMENT AND OPERATION OF THE HOTEL. Owner acknowledges that the Company has entered into, or may enter into, a Hotel Management Agreement and Association Management Agreement. Owner hereby consents to and approves such agreements. Owner further acknowledges that the Company has expended substantial funds to purchase the equipment for the use of all owners and users of units in the Hotel. In consideration of, and as a material inducement for the Company's investment in such equipment and other matters relating to Hotel, Owner agrees, during the term of this Agreement, that Owner will not take any action to terminate, or cause the termination of the Hotel Management Agreement or the Association Management Agreement including, without limitation, taking any action pursuant to the Uniform Common-Interest Ownership Act of the State of Nevada, as amended from time to time (hereinafter called the "**Act**"), and as to all matters and meetings relating to the Hotel in which Owner has the right to consent to and/or to vote, Owner will, during the term of this Agreement, consent to and vote in favor of: (i) the Company's and/or Manager's

management of the Hotel and the ratification and approval of the Association Management Agreement; (ii) the Company's and/or Manager's operation of the Hotel in accordance with the requirements of the Hotel Management Agreements; (iii) the Association's execution and delivery to the Company and/or the Manager of any guaranty agreement required pursuant to or in connection with the Hotel Management Agreement; and (iv) the Association's reimbursement to the Company of all penalties and charges incurred by the Company in connection with the Hotel Management Agreement or the Association Management Agreement.

18. NO GUARANTEED RENTAL. OWNER ACKNOWLEDGES THAT THERE ARE NO RENTAL INCOME GUARANTEES OF ANY NATURE, NO POOLING AGREEMENTS WHATSOEVER, AND NO REPRESENTATIONS OTHER THAN WHAT IS CONTAINED IN THIS AGREEMENT. NEITHER THE COMPANY NOR MANAGER GUARANTEES THAT OWNER WILL RECEIVE ANY MINIMUM PAYMENTS UNDER THIS AGREEMENT OR THAT OWNER WILL RECEIVE RENTAL INCOME EQUIVALENT TO THAT GENERATED BY ANY OTHER UNIT IN THE HOTEL.

19. OWNER'S ACKNOWLEDGEMENTS.

A) OWNER UNDERSTANDS AND ACKNOWLEDGES THAT EXECUTION OF THIS AGREEMENT AND PARTICIPATION IN THE UNIT RENTAL PROGRAM AT THE HOTEL IS VOLUNTARY, AT THE OPTION OF THE OWNER, AND IS NOT A REQUIREMENT OF OWNERSHIP OF THE UNIT. OWNER FURTHER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT NEITHER THE COMPANY NOR MANAGER, OR ANY OF THEIR RESPECTIVE OFFICERS, REPRESENTATIVES, EMPLOYEES, AGENTS, SUBSIDIARIES, PARENT THE COMPANY AND AFFILIATES HAS (I) MADE ANY STATEMENTS OR REPRESENTATIONS WITH RESPECT TO THE ECONOMIC OR TAX BENEFITS OF OWNERSHIP OF THE UNIT; (II) EMPHASIZED THE ECONOMIC BENEFITS TO BE DERIVED FROM THE MANAGERIAL EFFORTS OF THE COMPANY OR MANAGER OR FROM PARTICIPATION IN THE UNIT MANAGEMENT PROGRAM; (III) MADE ANY SUGGESTION, IMPLICATION, STATEMENT OR REPRESENTATION, THAT ANY POOLING ARRANGEMENT WILL EXIST WITH PARTICIPANTS IN THIS PROGRAM OR THAT OWNER WILL SHARE IN ANY WAY IN THE RENTAL PROCEEDS OF OTHER UNIT OWNERS IN THE HOTEL; OR (IV) MADE ANY SUGGESTION, IMPLICATION, STATEMENT OR REPRESENTATION, THAT OWNER IS NOT PERMITTED TO RENT THE UNIT DIRECTLY OR TO USE OTHER RESERVATIONS AGENTS TO RENT THE UNIT.

B) PURSUANT TO THE TERMS OF ANY HOTEL MANAGEMENT AGREEMENT THAT HAS BEEN OR MAY BE ENTERED INTO BY THE COMPANY WITH A MANAGER, EITHER THE COMPANY OR MANAGER MAY TERMINATE SAME IN ACCORDANCE WITH THE PROVISIONS THEREOF AND THEREFORE OWNER HEREBY ACKNOWLEDGES THAT THERE CAN BE NO

GUARANTEE THAT MANAGER WILL OPERATE THE HOTEL THROUGHOUT THE TERM OF THIS AGREEMENT. THE EVENT OF A TERMINATION OF MANAGER AS THE OPERATOR SHALL NOT CONSTITUTE A DEFAULT UNDER THIS AGREEMENT AND THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REPLACE MANAGER WITH ANOTHER OPERATOR OF THE COMPANY'S CHOOSING.

20. OWNERSHIP OF MARKS. Owner acknowledges that the names **"GRAND SIERRA RESORT"** and the other Grand Sierra trademarks and service marks (collectively, **"Marks"**) have acquired valuable secondary meanings and goodwill in the minds of the hospitality trade and the public and that services and products bearing the name **"Grand Sierra"** and/or any of the other Marks have acquired a reputation of the highest quality of hotel service. Without prejudice to this Agreement, Owner acknowledges that Owner has no claim to any right, title and interest in and to the Marks or any and all forms or embodiments thereof nor to the goodwill attached to the Marks in connection with the business, operations and goods in relation to which the same have been and may be used by Owner. The Company shall have the sole and exclusive right to use of the Marks for marketing and operation of the Hotel, and Owner shall have no right to use such Marks at any time during or after the term of this Agreement for any purpose except with the prior written consent of the Company. Owner will not at any time do or suffer to be done any act or thing which may, in any way, impair the rights of Manager in and to the Marks or which may affect the validity of the Marks or which may depreciate the value of the **"GRAND SIERRA"** names or any of the other Marks or the established prestige and goodwill connected with any of the same.

21. MISCELLANEOUS PROVISIONS. This Agreement shall be subject to and contingent upon the following:

(a) Limitation of Liability. Neither the Company nor Manager, nor any of their respective officers, representatives, employees, agents, subsidiaries, parent and affiliates shall be liable for any loss or damage to any person or property, including, but not limited to, Owner, the Guests, the Unit and its equipment, furnishings and appliances, of any nature resulting from any accident or occurrence in or upon the Unit, or the building in which the Unit is a part, including but not limited to, any and all claims, demands, damages, costs and expenses (including, without limitation, attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) resulting from: (i) the acts or omissions of Guests; (ii) wind, rain or other elements; or (iii) theft, vandalism, fire, earthquake, storm or other casualty; strikes, lockouts, or other labor interruptions; war, rebellion, riots or other civil unrest; or any other similar event beyond the control of the Company or Manager.

(b) Entire Agreement; Amendments. The parties hereto agree and acknowledge that this Agreement, together with the Unit Maintenance Agreement, constitutes the entire Agreement between the parties with

respect to the rental of the Unit, and there are no oral or written amendments, modifications, other agreements or representations. Except as otherwise provided in this Agreement, The Company may, no more frequently than once each term, upon at least thirty (30) days prior written notice to Owner, modify the services to be provided by the Company and/or adjust the charges payable for services provided for herein to reflect additions or changes in services provided by the Company generally to all Hotel guests, and to reflect actual changes in the cost of providing services by the Company generally to all Hotel guests, as determined in the Company's sole discretion; provided that the Company shall not increase such standard charges to Owner by more than seven percent (7%) per year without Owner's written consent.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada, without giving application to principles of conflicts of laws.

(d) Alternative Dispute Resolution. The parties agree that any disputes arising out of or relating to this Agreement shall be resolved in accordance with the Dispute Resolution Addendum Agreement attached to the Unit Maintenance Agreement as SCHEDULE B, and that all references to the Unit Maintenance Agreement in the Dispute Resolution Addendum Agreement shall be deemed to refer to this Agreement for purposes of the resolution of disputes arising out of or with respect to this Agreement.

(e) Authority of Single Owner. Recognizing the fact that there may be several Owners of a single Unit, it is hereby agreed that Owner's designate, as listed on the front page of this Agreement, shall have the authority to issue any and all instructions to the Company, and to receive any notices and the Company shall act in reliance thereon.

(f) Severability. If any clause or provision of this Agreement shall be held invalid or void for any reason, such invalid or void clause or provision shall not affect the whole of this Agreement and the balance of the provisions of this Agreement shall remain in full force and effect.

(g) Notices. Any notice or demand required under this Agreement or by law shall be in writing and shall be deemed effective upon receipt if sent by personal delivery, upon one (1) business day if sent by express overnight delivery with a nationally recognized courier service (such as Federal Express) or three (3) business days after having been sent by US mail, certified mail, return receipt requested and addressed to the parties at the addresses set forth above in the recitals of this Agreement. Either party may change such addresses with written notice to the other party.

(h) Authorization. Owner represents and warrants to the Company that Owner has the full authority to enter into this Agreement, and that there is no other party with an interest in the Unit whose joinder in this Agreement is necessary.

(i) Time of the Essence. For all purposes of this Agreement it shall be understood that time is of the essence.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

MEI-GSR HOLDINGS LLC d/b/a GRAND SIERRA RESORT & CASINO	OWNER:
By: _____ Signature	_____ Signature
Print Name: _____	Print name: _____
Title: _____	_____ Signature of Co-Owner (if any)
	Print name: _____
Date signed: _____	Date signed: _____

Smoking / Non-smoking Unit Designation:

While managing and taking reservations for your unit, the Company would like to designate it as nonsmoking unless you request otherwise. Although the Company cannot guarantee that someone will not smoke in a non-smoking unit, it is the Company's experience that most people honor this request. Please initial below ONLY IF YOU WANT YOUR UNIT TO BE A SMOKING UNIT. OTHERWISE, IT WILL BE DESIGNATED A NON-SMOKING UNIT.

I would like to designate my Unit # _____ as a Smoking Unit

051911

CV12-02222 DC-0990006636-031
ALBERT THOMAS ETAL VS. MEI- 4 Pages
District Court 10/16/2014 01:41 PM
Washoe County 2450
FXR MTORRES

EXHIBIT "8"

EXHIBIT "8"

EXHIBIT "8"

44,958 Hits: 6
Location: D:\GSR\EDF13461_4 - RAGUSA\Susie Ragusa[9_23_13].pst -> Root Folder\Top of Outlook data file\Sent Items\Condos [217ec4].msg
Size: 50,178 Last modified: 7/8/2013

[Page 1 Paragraph 1]
From:
Susie Ragusa </O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=RAGUSAS>
To:
Caroline Rich </O=FIRST ORGANIZATION/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=RichC959>
Subject:
Condos
Date:
2013/07/08 18:15:04
Priority:
Normal
Type:
Note
Caroline,
Was just curious how **condos** were going? There was a list of a lot of interested **condo** owners that were waiting on us to return a call and get them going? I have a lot of calls and forward to you but they call me back and say they haven't gotten a return call.
I know I looked at your latest update and from our 50 pending (people that had been interested in short sales or discussing prices etc…) that box is now zero? Did you talk to them and everyone just bailed?

Not that it matters I guess but it was going so well so was just curious if **condos** was still on goal to get them back and get the HOA out? Just curious?
I guess sometimes I miss the action of the bargaining? LOL!!
Susie Ragusa | Director Human Resources/Shared Service
2500 East Second Street | Reno, NV 89595
T: 775.789.2077 | C: 775.742.3393
E-mail Susie.Ragusa@GrandSierraResort.com
GrandSierraResort.com | Blog | Twitter | Facebook | YouTube
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Received: from RENO-EXCH2.ad.ppeservices.com ([fe80::75ae:e046:4e89:380a]) by RENO-CAS2.ad.ppeservices.com ([::1]) with mapi id 14.01.0355.002; Mon, 8 Jul 2013 15:15:04 -0700
Content-Type: application/ms-tnef; name="winmail.dat"
Content-Transfer-Encoding: binary
From: Susie Ragusa <Susie.Ragusa@GrandSierraResort.com>
To: Caroline Rich <Caroline.Rich@GrandSierraResort.com>
Subject: **Condos**
Thread-Topic: **Condos**
Thread-Index: Ac58KAPeiJGX0PdwRiGEEWEsGJulFg==
Date: Mon, 8 Jul 2013 15:15:03 -0700
Message-ID: <5B1860A2E2E05440885B3C69902D5223D97A8D69@reno-exch2.ad.ppeservices.com>
Accept-Language: en-US

involved? Would you be able to elaborate?
Thanks!
Huong

From: Susie Ragusa <Susie.Ragusa@GrandSierraResort.com>
To: "Huong_Lin@geigerintl.com" <Huong_Lin@geigerintl.com>
Cc: "hmcaolin@yahoo.com" <hmcaolin@yahoo.com>, "killernite@yahoo.com" <killernite@yahoo.com>
Date: 05/24/2012 07:25 PM
Subject: RE: Unit 1880
I can give you $13,000.00.

Susie Ragusa
Director Shared Services
P: 775-789-2077
C: 775-335-9454

From:Huong_Lin@geigerintl.com [mailto:Huong_Lin@geigerintl.com]
Sent: Thursday, May 24, 2012 2:28 PM
To: Susie Ragusa
Cc:hmcaolin@yahoo.com; killernite@yahoo.com
Subject: RE: Unit 1880

Dear Susie, although I realized that some of the "foreclosed" units are being sold at that price by the bank just to get them off their hands; I don't think its a fair offer. What we paid was actually a steel compared to what the original owners had to fork out, so I was hoping we could get close to what we purchased the unit for. Is 12K really your best offer, that's less than half of the unit price. Considering how much more money the hotel would make out of getting the unit back, I believe it is worth much more than that.

Thanks,
Huong
From: Susie Ragusa <Susie.Ragusa@GrandSierraResort.com>
To: "Huong_Lin@geigerintl.com" <Huong_Lin@geigerintl.com>
Cc: "hmcaolin@yahoo.com" <hmcaolin@yahoo.com>, "killernite@yahoo.com" <killernite@yahoo.com>
Date: 05/22/2012 01:26 PM
Subject: RE: Unit 1880

I looked at the records for your unit. It appears you purchased this unit for $30,000.00. I looked through your past statements and it appears you are paying on average about $500.00 a month or $6,000.00 a year. I realize a great deal of unit owners are struggling to keep the units going and making those payments each month can be really frustrating. L
I can purchase this unit back from you for $12,000.00 (we can discuss this starting price if you are truly interested) today and we can close by early next week? I can have it drawn up and sent to you to sign and we can send you a check. The condo nightmare behind you.

I know a lot of original purchasers of these units were promised so many things and the water park and all the great ideas that never came to pass but instead came bankruptcy for the original developer. That made it a sticky situation for so many. You are very fortunate in that you don't owe $250K or more so good for you. The reality is the current owner has a different vision and is currently working on getting these units back so the hotel can be whole again.

While we understand that many condo owners purchased these units for different reasons some just can't believe they got in to such a mess.

If you would like to discuss the price or negotiate further, I would be willing to do that too.

If you are not interested in selling at this time we can also just chat about the CC&R's the fees, the unit maintenance

agreement or the current state and plans so the reality is I just wanted to reach out to each owner and discuss where you might be with this now. We would ideally love to purchase these units back and move forward but we also realize it will probably be a co-relationship as a few of the owners are in it for different reasons. One in particular was married here and wants to keep his unit (probably as long as he stays married J let's keep our fingers crossed for him). None the less the opportunity to sell back your unit is here and I wanted to reach out and make sure I addressed everyone.

If you have any questions about anything or want to discuss anything condo related I would be happy to hear from you and can be reached at either number listed below.

Thanks you for your response.

Susie Ragusa
Director Shared Services
P: 775-789-2077
C: 775-335-9454

From:Huong_Lin@geigerintl.com [mailto:Huong_Lin@geigerintl.com]
Sent: Tuesday, May 22, 2012 6:20 AM
To: Susie Ragusa
Cc:hmcaolin@yahoo.com; killernite@yahoo.com
Subject: Re: Unit 1880

Hi Susie, yes we are definitely considering selling back our unit at the right price. What is the offer right now for selling back the unit?
Thanks!
Huong Lin
From: Susie Ragusa <Susie.Ragusa@GrandSierraResort.com>
To: "huong_lin@geigerintl.com" <huong_lin@geigerintl.com>, "hmcaolin@yahoo.com" <hmcaolin@yahoo.com>, "killernite@yahoo.com" <killernite@yahoo.com>
Date: 05/21/2012 08:19 PM
Subject: Unit 1880

Good Afternoon.
I wanted to touch base with you and find out if you are interested in selling your unit back.
We have an offer currently to repurchase units for various prices.
I understand that some condo unit owners are not pleased with the current program and wanted to make sure I touch base with all unit owners to make sure we can resolve these issue for you if possible.
I would be happy to chat with you, if you have time, just send an email or give me a call at 775-789-2077 and we can discuss options if you are interested.
If you are not interested, at this time to sell your unit, perhaps we can discuss other areas such as answering any questions you may have in billing or the CC&R's, the rental program, future plans and how we plan to work together as we progress through the many changes the hotel has in the works.
If you have a moment give me a call I would like to touch base with all unit owners this year.
Again, hope things are going well and look forward to meeting or talking with you soon.
Have a happy and SAFE upcoming Memorial Day weekend
Susie Ragusa
Director Shared Services
Grand Sierra Resort and Casino
2500 E. 2nd St.
Reno, NV 89595
p: 775-789-2077
c: 775-335-9454
f: 775-789-1165
http://www.grandsierraresort.com
Get Lucky at GSR

DC-0990000636-032
CV12-02222
ALBERT THOMAS ETAL VS. MEI 44 Pages
District Court 10/16/2014 01:41 PM
Washoe County 2490
EXQ MTORRFC

EXHIBIT "9"

EXHIBIT "9"

EXHIBIT "9"

Craig L. Greene, CPA/CFF, CFE, MAFF
McGovern & Greene LLP
2831 St. Rose Parkway, Suite 285
Henderson, NV 89052
Telephone: 702-818-1168
Facsimile: 702-818-1001

SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA

IN AND FOR THE COUNTY OF WASHOE

ALBERT THOMAS, individually, et.al, **Plaintiffs** **v.** **MEI-GSR Holdings, LLC, a Nevada Limited Liability Company, Et.al** **Defendants**	**Case No. CV12-02222** **Dept. No. 10** **Hon. Elliott Sattler** **AMENDED EXPERT REPORT OF CRAIG L. GREENE, CPA/CFF, CFE, MAFF**

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INTRODUCTION AND SCOPE OF ENGAGEMENT

I have been retained as an expert in accounting and damage computations by Robertson, Johnson, Miller & Williamson on behalf of Plaintiffs, Albert Thomas, et.al, ("Plaintiff Unit Owners"), in the above-entitled case, to among other things evaluate whether the Defendants, MEI-GSR Holdings, LLC, et.al. ("GSR") through their administration and management of the individual unit owners' condominium units have caused economic damages to the Plaintiff Unit Owners.

PROFESSIONAL BACKGROUND AND EXPERTISE IN ACCOUNTING

I am a founding partner responsible for the assurance, forensic accounting, and fraud examination practice of McGovern & Greene LLP ("M&G"), a firm of Certified Public Accountants. M&G has offices in Henderson, NV; Chicago, IL; and Naperville, IL. I am a Certified Public Accountant ("CPA") and am also Certified in Financial Forensics ("CFF") by the American Institute of Certified Public Accountants ("AICPA"); Certified in Fraud Examination ("CFE") by the Association of Certified Fraud Examiners; and am certified as a Master Analyst in Financial Forensics – Business and Intellectual Property Damages Specialty ("MAFF") by the National Association of Certified Valuators and Analysts.

Currently I am licensed to practice as a CPA in the states of Nevada, Illinois, New Mexico and Iowa. I hold a Bachelor of Arts degree in Accounting from Aurora University and a Master of Criminal Justice ("MCJ") degree from Boston University. Prior to the formation of M&G, I was a partner in another Chicago CPA firm; owner of my own CPA firm; audit manager for a suburban Chicago firm; and staff auditor at Coopers & Lybrand (n/k/a PriceWaterhouseCoopers), where I specialized primarily in audits of large publicly-traded companies. I have worked in public and forensic accounting for over 35 years.

Since 1977 I have performed, supervised or reviewed well over a thousand accounting and tax engagements, many of which involved common interest realty associations, condominium developers and property management companies. In these capacities I have

become intimately familiar with accounting and tax practices of condominium associations, its owners and developers.

Attached as Exhibits 1 and 2, respectively are my curriculum-vitae which also includes publications authored by me during the last ten years and a listing of cases where I have testified as an expert at trial or by deposition during the past four years. The procedures performed in connection with this engagement were performed by me or by staff members of M&G under my direction and control. A listing of documents considered and/or relied upon in forming my opinions is presented at Exhibit 3.

In forming my opinions in this matter, I have reviewed certain information; there are other information, documents and/or electronic files requested during discovery that have not been produced by Defendants. Information is presented as of the date of this report, however, the collection of data, facts, and information relevant to the issues and opinions discussed in this report is ongoing. I reserve the right to revise and supplement my opinions in the event additional information becomes available.

M&G is being compensated at its usual and customary billing rates for all work performed based on actual hours incurred and any out-of-pocket expenses. These rates range from $125.00 to $250.00 per hour for staff working under my supervision and at my direction to $300.00 per hour for my time.

SUMMARY OF OPINIONS

Based on the work I have performed to date and more fully described in this report, I have formed the following opinions:

1. GSR has been consistently underpaying revenues to the Plaintiff Unit Owners as specified in underlying unit rental agreements. Based on the information provided to me to date by the Defendants I have calculated the damages owed to the Plaintiff Owners as being in the amount of $1,880,236.19.

2. GSR has been renting individual units of owners that did not have rental agreements with GSR. I have calculated the damages due to the Plaintiff Owners as $114,723.74 through April 2013 and a calculated amount of $50,217.22 for the period May 2013-September 2013 for total damages of $164,940.96.

3. GSR has been consistently providing to hotel guests condominium units without charge (complimentary) or at discounted charges; without appropriate monetary compensation to owners. This appears to be contradictory to the underlying unit rental agreements. Based on the information provided to me to date by the Defendants I have calculated the damages from GSR's inappropriate actions to be $905,716.00.

4. GSR has instituted a preferential "rotation system" for rental of GSR owned hotel rooms and condominium units, to the detriment of individual condominium unit owners. Based on my calculations, I have determined the amount of damages to be $965,820.43.

5. GSR has improperly calculated and assessed expenses, fees and reserves to the individual unit owners. At this time due to a lack of reliable information and/or documents provided by the Defendants, I cannot opine at to the amount of damages due the plaintiffs with a reasonable degree of accounting certainty.

6. In my professional opinion, there has been inappropriate accountability by GSR for the FF&E reserve, shared facilities reserve and hotel reserve assessments. Based on the information provided to me to date by the Defendants I have computed the damages to the Plaintiff Owners to be $211,278.64.

BACKGROUND

In 2006, Grand Sierra Operating Corp ["GSOC"], D/B/A Grand Sierra Resort & Casino ("GSR") implemented a project to convert some of its hotel rooms into condominium units and to sell them to third parties. Ultimately, the seventeenth to twenty-fourth floors were utilized, which included 670 condominium units.

Upon commencing the Grand Sierra Resort condominium project, also called the Summit Condominiums, a condominium or homeowners association ("HOA") was formed, which governing documents include the "Seventh Amendment to Condominiums Declaration of Covenants, Conditions, Restrictions and Reservations of Easement for Hotel-Condominiums at Grand Sierra Resort," [IUO-GSR 02440-002550], "Bylaws of Grand Sierra Resort Unit-Owners' Association," [IUO-GSR 002638-002657], and Articles of Incorporation.

Marketing and sales of the units commenced in 2006 and continued into 2007. In 2007, or shortly thereafter, sales floundered due to the overall downturn in the economy and sales efforts thereafter were curtailed and ultimately discontinued. Of the 670 total units, approximately 331 units were sold to third parties. The unit selling prices ranged from approximately $200,000 to $500,000 or more.

The units were not purchased as second homes or extended vacation properties, but rather for investment purposes and for occasional, infrequent usage by the Owner. Specifically, and in accordance with a City of Reno Ordinance 5804, the GSR condominium units may not be used

as dwellings by the owners for 28 days or more within any 12-month period.[1] In other words, a unit owner can only use his unit for 27 days or less in any given year.

Upon purchasing a condominium unit, each individual unit owner was required to enter into a "Unit Maintenance Agreement," which provided for certain maintenance and upkeep of the condominium unit in accordance with GSR standards and for certain other services provided by the hotel. Under such agreement, the owner is charged a Daily Use Fee for each night of usage of the unit, and a second fee, to be billed monthly, for the purpose of an annual interior deep cleaning of the unit by GSR. In addition, the owner was to pay a monthly FF&E Reserve fee which cumulative reserve amount was to be used for the purpose of renovating and replacing furnishings, fixtures and equipment in the condominium unit.

In addition, and as a primary factor to purchasing such condominium unit, each owner was provided the opportunity to participate in GSR's rental of their unit comparable to how GSR rents its own rooms and the condominium units it owns. To participate, each individual unit owner entered into a Unit Rental Agreement with GSOC (or successors), which agreement provided that GSR shall rent such condominium unit to its guests in a fair and equal basis with all other condominium units and the hotel rooms owned by GSR. The owner shared in the rental revenue after deduction of the Daily Use Fee (previously discussed). Such form of original rental agreement was utilized until being replaced in June 2011 by a new owner of GSR as further discussed below and elsewhere in this report. The original Unit Rental Agreement was agreeable to the individual unit owners, and virtually all of them entered into such agreement and participated in the GSR rental program.[2]

Reportedly on October 23, 2008, the original owner, GSOC, defaulted on certain debt obligations and, under a Deed of Foreclosure, Credit Markets Real Estate Group, a subsidiary of

[1] Email from Jill Olsen with the City of Reno to Tim Smith with GSR and as President of the HOA Board on September 12, 2011, which was included as Addendum B to the Grand Sierra Resort Unit Owners' Association, Approved Board Meeting Minutes, November 7, 2011, provided by Associa Sierra North in an electronic file labeled "MINUTES BOD GSR 11-7-11.pdf."

[2] In March 2011, prior to the sale of GSR to MEI-GSR Holdings, LLC and Gage Village Commercial Development, LLC, three hundred and twenty-seven of the three hundred and thirty-one individual condominium owners had entered into the original Unit Rental Agreement and participated in the GSR rental program.

JP Morgan, took over the management and operations of GSR. During the time that Credit Markets Real Estate Group managed and operated GSR, the operation and format of the GSR condominium rental program was the same as under the previous owner, GSOC.

On March 31, 2011, MEI-GSR Holdings, LLC and Gage Village Commercial Development, LLC ("MEI/Gage") purchased the GSR property and business operations from Credit Markets Real Estate Group. MEI/Gage undertook immediate actions to change the GSR condominium rental program for the benefit of GSR and to the detriment of the individual condominium unit owners. GSR/Gage also immediately implemented or increased fees and assessments on the individual condominium owners. Further, and within several months after their purchase of GSR, a new policy was implemented by GSR to aggressively acquire and purchase individual condominium units at very low prices. Under such policy and as of December 31, 2012, 103 condominium units had been purchased at an approximate average price of $12,000, which is less than 5% of the original purchase prices of such condominium units.

ANALYSIS AND FINDINGS

UNDERPAYMENT OF REVENUES TO UNIT OWNERS AS SPECIFIED IN UNDERLYING UNIT RENTAL AGREEMENTS

My examination found that the individual Plaintiff Unit Owners who entered into Unit Rental Agreements [IUO-GSR 000018-000034 and IUO-GSR 002683-002698] and participated in the Unit Rental Program administered by GSR were underpaid as a result of unit rental revenue being omitted or as a result of the revenue being understated on their monthly owner statements.

In examining the sworn testimony in this case I found that hotel room and condominium unit revenue are both initially recorded in the GSR general hotel accounting system, which is a system known as LMS.[3] This system does not specifically differentiate, separate or isolate revenue attributable to the individual Unit Owners. In order to identify, record, and accumulate

[3] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 52:3-4.

the guest stay and revenue information for individually owned condominiums, such information had to be specifically transferred from the LMS system to a separate standalone condominium reporting and accounting system.[4] From approximately the inception of the condominiums Rental Program (2006) through the summer of 2012, the separate standalone system used was known as "Visual-1" or "V-1."[5] In the summer of 2012, a new system, known as the "Condominium Management System" was implemented which replaced the V-1 system.[6]

There were significant problems that occurred during the transfer of information and revenue from the LMS system to the standalone condominium reporting systems, particularly with the V-1 system. Miriam Freeman ("Freeman"), the Senior Accounts Receivable Clerk for GSR who handles condominium revenue reporting and invoicing duties testified that the V-1 system "wasn't a friendly system." "It didn't always pull over the revenue" and sometimes "it (the revenue) wasn't correct." Also, "it sometimes didn't add the fees properly." "There would be days when it didn't pull over the entire day of revenue." "It was just an overall mess of a system."[7]

As a result, a significant amount of time-consuming, manual intervention by the GSR staff was necessary.[8] Errors were inevitable because of the volume and nature of the information and the computer systems where such information and data resided. This resulted in the under reporting of revenues to the individual condominium owners, which was evident during my independent test that compared the room/condominium revenue recorded in the LMS hotel system to what was reported in the monthly Owner Account Statements and is discussed below.

It appears that underreporting of revenues to the Unit Owners due to deficiencies in the recording and reporting systems and other errors as described above, may also have been intentionally made by GSR. In a series of email correspondence with a unit owner, there is a

[4] Deposition of Jennifer Campbell in this Matter (Rough Draft), August 22, 2013, p. 70:9-13; Deposition of Miriam Freeman in this Matter (Rough Draft), August 23, 2013, p. 62:20-25.
[5] Deposition of Miriam Freeman in this Matter (Rough Draft), August 23, 2013, p. 62:3-5; Deposition of Jennifer Campbell in this Matter (Rough Draft), August 22, 2013, p. 70:12.
[6] Deposition of Jennifer Campbell in this Matter (Rough Draft), August 22, 2013, p. 130:12-24.
[7] Deposition of Miriam Freeman in this Matter (Rough Draft), August 23, 2013, p. 61:22-23, p. 63:5-18.
[8] Deposition of Miriam Freeman in this Matter (Rough Draft), August 23, 2013, p. 61:12-23; p. 61:20-23; p. 63:16-18.

reference to GSR not properly paying unit owners for April 2012 rental payments. Susie Ragusa ("Ragusa"), GSR Director of Shared Services brings this to the attention of Terry Vavra ("Vavra"), GSR Vice President of Finance, asking him what should be done and indicating that "not paying is going to cause a little bit of aggression again." In response on June 2, 2012, Vavra states "Nice. Run this by Ben also. I think we are going down the path of paying it all."[9] It is unknown if any of such payment was made.

Also included in the email correspondence is an offer being made to the same unit owner for the purchase of his/her unit.[10] As discussed below, it appears likely that activities to not properly pay the unit owners may have also been intended to motivate individual condominium owners into selling their units to GSR.

GSR has aggressively undertaken a policy to acquire or purchase third-party, individually owned Condominium Units,[11] including units that have been foreclosed upon by other third-parties.[12] Vavra has been directed by the majority owner of GSR (Alex Meruelo) to acquire as many units as possible in the purchase price range of $12,000 to $14,000.[13]

A stated objective of GSR to purchase as many individually owned units as possible was so that GSR owned at least 80 percent of the condominium units, and it could then terminate the Homeowners or Condominium Owners Association ("HOA").[14] Under NRS 116.2118, a common-interest community may be terminated upon the agreement of at least 80 percent of the votes in the association. If terminated, this would result in increased control by GSR over all

[9] Deposition Exhibit 17 – A series of emails, dated in May and June 2012, which include Susie Ragusa (GSR Director of Shared Services), Wei Luo, owner of condominium unit 1939, Terry Vavra (GSR Vice President of Finance) and Jennifer Campbell (GSR Condo Unit Coordinator).
[10] Deposition Exhibit 17 – A series of emails, dated in May and June 2012, which include Susie Ragusa (GSR Director of Shared Services), Wei Luo, owner of condominium unit 1939, Terry Vavra (GSR Vice President of Finance) and Jennifer Campbell (GSR Condo Unit Coordinator).
[11] Such policy or strategy to acquire the individually owned units was commenced in 2011, shortly after the acquisition of GSR by MEI-GSR Holders, LLC, and various key executives were cognizant of and/or participated in the unit acquisitions including Vavra, Vaughan and Smith. Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 74:8-13. Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p.161:4-9. Deposition of Tim Smith in this Matter (Rough Draft), August 29, 2013, p.30:6-23.
[12] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 74:19-23, p. 85:6-15.
[13] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 74:19-23, p. 75:1-5.
[14] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 77:16-25, p. 78:1-3. Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 161:4-9.

condominium units, including those owned by individuals. Cost reductions would result but would be minimal. For the year 2012, such total cost and expense savings for a full year would be approximately $30,000,[15] or only $45 per condominium unit. The savings attributable to units owned by GSR (and Gage) on December 31, 2012 would be approximately $20,000.

It appears that another realistic reason to purchase the individual condominium units, especially at reduced or depressed prices, was to own and control as many units as possible and to avoid the need to share revenues or to have to deal with the individual owners. Another motivation to the individual owners to sell their units to GSR was likely the revised Unit Rental Agreement [IUO-GSR 002683-002698], which resulted in decreased revenues to the individual owners. All such actions by GSR would also have resulted in motivating the owners to sell their units and at prices dictated by GSR.

Damage Computation

To compute damages, I relied upon the data provided by GSR's accounting department that contained room reservation rental information in addition to the account owner statements provided by GSR to the condo unit owners. In examining the data received from the hotel system for GSR accounting, I identified a multitude of errors and outliers in the information provided. The errors included duplicative information, overlapping stay dates, and other significant outliers such as rooms being rented for extended periods of times, etc. My examination took into consideration these errors and I used my best efforts to remove them as appropriate.

Due to the voluminous amount of data contained in the reservation system, which included a significant amount of erroneous information, I retained a programmer to assist me with the data management and analysis efforts. The programmer utilized various resources and software to organize the data and prepare reports under my supervision and control. Using the

[15] As reported in the Grand Sierra Unit Owners Association Financial Statements as of and for the year ended December 31, 2012, prepared and submitted to the HOA Board on January 25, 2013 by Associa-Sierra North, the independent, third-party management company for the Unit Owners Association; which was included in an electronic file provided by Associa Sierra North and labeled "GSR-12-31-12 Financials.pdf."

hotel system data[16] obtained from GSR accounting staff, I have made my best efforts to identify the erroneous data and appropriately account for the numerous errors as discussed above.

After identifying duplicative items and other outliers, I compared the hotel system data to the monthly account statements provided to the individual unit owners. I compared the two sources of data on one report. If the room number, check-in date, and check-out date matched, both sources of data were presented on the same line on the report. If the data did not match, each source of data would be presented on the report on a separate line. All amounts from both sources of data, whether they matched or not, were calculated for each unit and totaled by month and by year. The erroneous data, including the duplicative items and other outliers, were subtracted from the total gross revenue (received by GSR) figures. The total amount distributed to the unit owners was subtracted from the GSR gross revenue figure, resulting in the amount owed to or from the individual unit owners.

Based on the foregoing I have computed damages to the Plaintiff Owners as follows:

GSR Gross Revenue - 2011	$ 1,449,777.99
Amount paid to Unit Owners – 2011	838,480.62
Unreported Revenue – 2011	$ 611,297.37
GSR Gross Revenue – 2012	$ 1,955,953.33
Amount paid to Unit Owners – 2012	900,353.54
Unreported Revenue – 2012	$ 1,055,599.79
GSR Gross Revenue – 2013	$ 853,403.81
Amount paid to Unit Owners – 2013	527,999.04
Unreported Revenue – 2013	$ 325,404.77

[16] Excel spreadsheets received on June 18, 2013 entitled "#25 and #29 Condo1.xlsx" and "#25 and #29 Condo2.xlsx"

Unreported Revenue – 2011	$ 611,297.37
Unreported Revenue – 2012	1,055,599.79
Unreported Revenue – 2013	325,404.77
Total	$ 1,992,301.93
Less: Unreported Revenue from Units without Rental agreements	(112,065.74)
Total Unreported Revenues	$ 1,880,236.19

As discussed in the succeeding section, GSR rented condominium units of the owners including the plaintiffs without a rental agreement in place and neither disclosed the rentals to the owners or shared any revenue earned by their rental. Our analyses as discussed above included principally all of those rentals for the plaintiffs and are included in the Unreported Revenue. Accordingly, we have subtracted those rentals from the above Unreported Revenue as those amounts are included as damages discussed below.

Conclusion

In my professional opinion, GSR has been consistently underpaying revenues to Unit Owners as specified in underlying unit rental agreements. Based on the information provided to me to date by the Defendants I have calculated the damages owed to the Plaintiff Owners as being in the amount of $1,880,236.19.

GSR RENTAL OF CONDOMINIUM UNITS OF OWNERS WITHOUT RENTAL AGREEMENTS

My examination has found that GSR has intentionally and purposefully rented condominium units owned by Unit Owners and the plaintiffs who are not participants in the Condominium Rental Program and for which there were no Rental Agreements.[17] Authorizations from these unit owners to rent such units were not obtained by GSR,[18] GSR was

[17] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 26:20-24.
[18] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 27:3-8.

not authorized to rent such units,[19] and GSR should not have rented such units. However it was company policy to rent such condominium units based upon business demands, especially when there is full hotel occupancy.[20] In addition to Kent Vaughan, ("Vaughan") GSR Senior Vice President – Hotel Operations, Vavra, and other high level executives were aware of and did not disapprove of such rental activities including Tony Santo, while he was President and thereafter,[21] General Manager Steve Rosen.[22]

GSR has also intentionally retained all revenues associated with such units and have intentionally not shared, reimbursed or paid such individual third-party unit owners. Further, non-payment has occurred and persists even though GSR recognizes that such individuals should be paid by GSR.[23]

As discussed later in this Report the original Unit Rental Agreement [IUO-GSR 000018-000034] was terminated on June 19, 2011 [IUO-GSR 002699), and a revised Unit Rental Agreement [IUO-GSR 002683-002698] was adopted. All of the original Unit Rental Agreements were terminated and the new revised agreements were distributed for execution by all of the individual third-party owners [IUO-GSR 002682]. Such revised agreement included a significant change in how and when the individually owned condominium units would be rented. This change in the rental methodology significantly favored GSR and was to the detriment of the individual third-party owners. Further and according to Jennifer Campbell ("Campbell"), the Condominium Owner Coordinator at GSR from January 2011 to April 2013, individual unit owners did want to continue to participate in the Rental Program but refused to do so because of the new, preferential treatment of GSR owned units and the regular hotel rooms.[24]

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[19] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 27:3-13.
[20] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 26:23-24. Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 56:21-25, p. 57:1-2, p. 57:16-23.
[21] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 28:18-25, p. 29:1.
[22] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 35:18-25.
[23] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 17:16-25, p. 62:15-25, p. 63:1-12, P.63:23-25, P. 64:1-3. Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 57:3-12, p. 58:2-23.
[24] Deposition of Jennifer Campbell in this Matter (Rough Draft), August 26, 2013, p. 137:22-25, p. 67:7-11.

As such, many unit owners opted not to sign such agreement. On April 5, 2012, under the revised Unit Rental Agreement [IUO-GSR 002683-002698], there were 263 individual unit owners and only 134, or 51%,[25] participating in the GSR rental program. In March 2011, under the original Unit Rental Agreement [IUO-GSR 000018-000034], there were 329 individual unit owners and 325, or 99%,[26] participated in the GSR rental program.

Damage Computation

I compared the information and data provided by GSR during the course of this litigation,[27] showing rental revenues received on those individually owned condominium units for which there were no rental agreements and which units were not part of the GSR rental program to the analysis of underpayment of revenue discussed in the previous section. My comparison showed damages owed to Plaintiff Owners in the amount of $114,723.74 as computed below:

	Gross Revenue
All Units Per Deposition Exhibit 42	$ 154,885.11
Less amount owed to non-plaintiffs	40,161.37
Amount owed to Plaintiff Owners	$ 114,723.74

The reported revenues above include the periods of July and August 2011 and June 2012 through April 2013, that being the date through which such schedule was run.[28] GSR has indicated that such rental activities are ongoing from May 2013 forward.[29] As such, and based upon the actual revenues reported, additional revenues have been calculated for the period May

[25] Deposition Exhibit 11 - Email dated April 5, 2012 from Tim Smith (GSR Director of Finance and Condo Operations) to Terry Vavra (GSR Vice President of Finance) and CC'd to Susie Ragusa.
[26] Deposition Exhibit 14 – Email dated October 25, 2012 from Susie Rugusa (GSR Director of Condo Operations) to Terry Vavra (GSR Vice President of Finance) and CC'd to Benjamin Vega and Jennifer Campbell (GSR Condo Unit Coordinator).
[27] Deposition Exhibit 42 – An untitled columnar schedule reported to include, unit number, arrival and departure dates, the rental revenue received by GSR from the rental of individually owned condominium units that have not entered into revised Unit Rental Agreements, which includes entries in July and August 2011 and June 2012 to April 2013; and the underlying untitled Excel spread sheet, with the file name of "20130826 SO NON-TP June 2011 - April 2013.xlsx," prepared by Jun Candela of GSR on September 6, 2013.
[28] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 40:9-19.
[29] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 40:20-23.

2013 to September 2013. This calculation is an average of the Gross Revenue reported for the period June 2012 to April 2013.

Gross revenue reported by GSR - 6/2012 to 4/2013	$110,477.89
Per Month Average ($110,477.89/11)	10,043.44
Total estimated additional revenues - 5/2013 to 9/2013 ($10,043.44 X 5)	**$ 50, 217.22**

As previously stated, such revenues have been fully retained by GSR and the individual unit owners have intentionally not been reimbursed or otherwise paid, despite the affirmative recognition and acknowledgement by GSR that revenues should be paid to such persons.

Since there were no revised Unit Rental Agreements [IUO-GSR 002683-002698] in place for such units, it would appear that the entire estimated Gross Revenue of $50,217.22 should be paid.

Conclusion

In my professional opinion, GSR has been renting individual units of owners that did not have rental agreements with GSR. I have calculated the damages due to the Plaintiff Owners as $114,723.74 through April 2013 and a calculated amount of $50,217.22 for the period May 2013 - September 2013 for total damages of $164,940.96.

CONDOMINIUM UNITS BEING PROVIDED TO GUESTS WITHOUT CHARGE (COMPLIMENTARY) OR AT DISCOUNTED CHARGES; WITHOUT APPROPRIATE MONETARY COMPENSATION TO OWNERS

My examination found that individually owned condominium units have been provided to GSR guests on a complimentary or discounted basis, generally without providing appropriate and fair rental compensation to the individual Plaintiff Unit Owners as further discussed below. Further, such plaintiffs were not contacted by GSR and did not authorize such provision of their

units on a complimentary basis or the renting of their units at discounted amounts.[30] GSR benefits by keeping gaming revenues generated from these guests and there are no benefits to the plaintiff condominium owners. In fact, the plaintiffs actually suffer detriments in that there is additional wear and tear on their condominium units and the furnishings, fixtures and equipment.

In accordance with GSR's policies, procedures and practices, preferred guests are provided hotel rooms and condominium units without being charged; these rooms and condominium units are provided on a complimentary or gratuitous basis.[31] In addition, certain other preferred guests, who may not otherwise be considered to qualify for complimentary provided rooms, are furnished with significant room rate discounts. According to Vaughan, typical discounts to frequent gamblers, who don't otherwise qualify for gratuitous rooms, will receive discounts off of the room and condominium prevailing rental rates of 30% to 40%.[32]

In general, and consistent with the hotel/casino industry, hotel/casino guests who exhibit favorable gaming activities will be provided rooms or condominium units at no charge or at discounted amounts. This may be done at the time a guest is present and gaming or may be in the form of offers that GSR provides in mailings to its gaming customers. GSR utilizes a player tracking system in which participating customers' gaming activities are tracked and rated. Further, such gaming activities will earn the customer complimentary and discounted goods and services, such as hotel accommodations.[33]

GSR has not limited the provision of complimentary and discounted hotel accommodations to the hotel rooms and condominium units owned solely by it. Rather, individually owned condominium units have been provided to guests on a complimentary basis or at significant discounts (50%[34] or more) and the individual owners have generally not been compensated, especially relative to complimentary nights provided for five nights or less per

[30] Deposition of Miriam Freeman in this Matter (Rough Draft), August 23, 2013, p. 32:9-11; Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 140:9-12.
[31] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 140:14-17, p. 143:15-19. Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 62:6-18.
[32] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 167:19-25, p. 168:1-20.
[33] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 62:12-25, p. 63:1-8.
[34] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 166:10-12.

year and for discounted room rates. Individual condominium owners were not advised of their rooms being provided to guests on a complimentary basis and such complimentary provided rooms did not appear on the monthly Owner Account Statements. The Owners only found out about their rooms being provided on a complimentary basis when they made specific inquiries.[35]

Under both the original and revised Unit Rental Agreements [IUO-GSR 000028 and 002693], complimentary rooms may be provided but not for general and preferred guests as has been done. It appears that GSR personnel, including Vaughan and Freeman who handle condominium revenue reporting and invoicing duties, are under the *mistaken* belief that each individually owned condominium unit may be provided on a complimentary basis for up to five nights per year and that it can be used for ANY of its hotel guests.[36] This view and belief is erroneous and incorrect, and in violation of the Unit Rental Agreements.

Paragraph 11 of both the original and revised Unit Rental Agreements [IUO-GSR 000028 and 002693] provide that each condominium unit may be provided on a complimentary basis up to five times per year: HOWEVER, such complimentary usage is restricted to certain travel industry representatives and is for the purpose of familiarizing such persons with the property. Following is the exact language in paragraph 11:

> COMPLIMENTARY USE OF UNIT. In an effort to continue to promote rental of the unit and to familiarize representatives of corporate customers, travel agencies and promoters, airlines and other organizations with the Hotel, the Company may, for up to five (5) nights per year, provide complimentary use of the Unit, without charge or expense, to anyone who in its sole discretion, the Company believes will serve the long term best interests and goal of maximizing the value of the hotel and the Unit; provided, however, that the Company will use its best efforts to ensure that complimentary use does not displace paying Guests.

Clearly, such complimentary provided condominium units under both Unit Rental Agreements [IUO-GSR 000018-000034 AND 002683-002698] DO NOT include the normal and

[35] Deposition of Miriam Freeman in this Matter (Rough Draft), August 23, 2013, p. 32:9-11.

[36] Deposition of Miriam Freeman in this Matter (Rough Draft); August 23, 2013; p. 32:1-5. Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 140:15-17.

typical GSR guests who may otherwise qualify for complimentary services based upon their favorable gaming activities or for other reasons.

As discussed above, significantly all of the complimentary provided condominium units have been to typical hotel guests and NOT to those persons otherwise restricted to in the Unit Rental Agreements.[37] As such additional compensation is due to such individual condominium owners.

Further, complimentary rooms have been intentionally provided more than five times per year,[38] which is clearly a blatant violation of both the original and revised Unit Rental Agreements [IUO-GSR 000018-000034 and 002683-002498]. Purportedly, those unit owners who have entered into Unit Rental Agreements with GSR have been made "whole" for such complimentary room nights in excess of five nights per year.[39] Freeman believed that it was her responsibility to check to make sure that condominium units were not provided on a complimentary basis more than five nights per year. She did this manually and verbally advised the front desk.[40] However, such process was a cumbersome process,[41] likely unreliable and subject to errors. As such, it is entirely possible that all rental program unit owners may not have been reimbursed for complimentary rentals greater than five per year.

Owners **without** Unit Rental Agreements are not compensated for any complimentary provision of their rooms, whether it is more or less than five nights per year.[42]

Damage Computation

In estimating damages as a result of GSR's actions related to providing rooms to guests without charges, I again used the hotel system data[43] obtained from GSR accounting staff. Like

[37] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 140:15-17.
[38] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 136:24-25, p. 137:1.
[39] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 137:6-12.
[40] Deposition of Miriam Freeman in this Matter (Rough Draft), August 23, 2013, p. 32:20-25, p. 33:1-21.
[41] Deposition of Miriam Freeman in this Matter (Rough Draft), August 23, 2013, p. 34:1-25, p. 35:1-12.
[42] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 137:22-25, p. 138:1.
[43] Excel spreadsheets received on June 18, 2013 entitled "#25 and #29 Condo1.xlsx" and "#25 and #29 Condo2.xlsx"

before I found numerous errors and anomalies in the data for nights that were provided to guests with charge. I also found the system identified nights used by the owners. I made my best efforts to remove duplicative information and anomalies in the data, as well as, excluding nights used by owners. The following table shows the number of nights that were "comped" for rooms owned by the Unit Owners:

April 2011 - December 2011		2,189
Year 2012		3,606
January - May 2013		226
Estimated June - September[44] 2013		181
Total		6,202
Lowest Nightly Room Rate	$	80
Total Damages Amount	$	496,160

The lowest nightly room rate shown above is based on testimony of Vaughan.[45]

In addition, I calculated the damages that resulted from renting the rooms at discounted prices. To arrive at that figure, I took all rooms that were rented at a rate between $0.01 and $79.99. I then multiplied that rate by the number of nights stayed. I calculated an expected revenue amount by multiplying the number of nights by $80 per night. Then, I calculated the difference between the two amounts to arrive at the discount figure per reservation. I totaled all reservations to arrive at the following figures.

Expected Revenue – 2011	$	317,200.00
Total Revenue – 2011		209,676.85
Discount – 2011	$	107,523.15

[44] Prorated based on Jan-May 2013 of $226 ÷ 5 x 4.

[45] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 166:14-16.

Expected Revenue – 2012	$ 538,080.00
Total Revenue – 2012	348,897.31
Discount – 2012	$ 189,182.69
Expected Revenue – 2013	$ 321,600.00
Total Revenue – 2013	208,749.84
Discount – 2013	$ 112,850.16
Discount – 2011	$ 107,523.15
Discount – 2012	189,182.69
Discount – 2013	112,850.16
Discount – All Years	$ 409,556.00

Conclusion

In my professional opinion, GSR has been consistently providing to hotel guests plaintiffs' condominium units without charge (complimentary) or at discounted rates; without appropriate monetary compensation to the plaintiffs. This appears to be contradictory to the underlying unit rental agreements. Based on the information provided to me to date by the Defendants I have calculated the damages for the complimentary rooms in the amount of $496,160.00. This amount is based on the nights provided to the guests without compensation. I have calculated the damages for the rooms rented at discounted amounts in the amount of $409,556.00. The total amount of damages for complimentary rooms and rooms rented at discounted rates is $905,716.00.

GSR PREFERENTIAL RENTAL OF GSR OWNED HOTEL ROOMS AND CONDOMINIUM UNITS, TO THE DETRIMENT OF INDIVIDUAL THIRD-PARTY CONDOMINIUM UNIT OWNERS, (THE "ROTATION SYSTEM")

The condominiums owned by the individual unit owners were for both vacation and investment purposes. The individual unit owners expected earnings from such units upon their purchases of condominium units by entering into a Unit Rental Agreement. The "original Unit Rental Agreement" [IUO-GSR 000018-000034], was used from the inception of the condominium rental program in 2006 until replaced in mid-2011 or so [IUO-GSR 000018-000034 and 002699].

Under the original Unit Rental Agreement [IUO-GSR 000018-000034], a rental rotation system was specified, which provided for the fair and equal rental of both the condominium units and hotel rooms. As stated in paragraph 8(a) of the agreement [IUO-GSR 000024], the purpose of the Rotation System was to rent "all units in the Hotel on a rotating and equal basis." Further, the rotation system refers to and includes and provides equal consideration relative to all regular rooms (floors 1 to 16), all condominium units (floors 17 to 24) and all Concierge rooms (floors 25 to 27), regardless of ownership.

Until the original Unit Rental Agreement [IUO-GSR 000018-000034] was replaced with a new, revised Unit Rental Agreement (the "Revised Unit Rental Agreement") [IUO-GSR 002683-002698] in mid-2011 [IUO-GSR 002699], almost 99% of the individual condominium unit owners had executed the original Unit Rental Agreements and were participating in the GSR rental program.[46] In my opinion this percentage shows the overall approval and reliance upon the form of the original agreement to assist in achieving the individual unit owner's investment and profitability objectives.

However, and following the purchase of the Grand Sierra Resort & Casino by "MEI-GSR Holdings, LLC in March 2011, the Company determined that it was no longer going to rent the

[46] In accordance with a review of the Owner Account Statements for June 2011, which include 330 individually owned units, 326 of these units received credit and shared in rental revenue from such units and 4 units did not. Such Owner Account Statements were included in an electronic file provided by GSR and labeled "2001-06 MTD Statements.pdf."

individually owned condominium units on a fair and equal rotating basis with the Company's and related entities hotel rooms and condominium units [IOU-GSR 002699 and 002682]. On or about April 20, 2011, Vaughan sent a letter to the individual condominium owners advising them that GSR was "looking at additional measures regarding" their relationship with the individual condominium owners. Among such "measures" or issues was the "existing rental arrangement" [IOU-GSR 002699].

In his letter, Vaughan advised the individual condominium owners that "under present economic conditions," the equitable rotation system and rental methodology, as included in the original Unit Rental Agreement [IOR-GSR 000018-000034], is not sustainable. As such, "the current Unit Rental Agreement will be terminated effective June 19, 2011[47] and replaced with a new agreement which provides that GSR owned rooms and units will be rented to third parties [guests] ***prior to*** (emphasis added) your unit."

On May 16, 2011, the Grand Sierra Resort Unit Owners' Association Board of Directors meeting was held with Vaughan presiding as President.[48] This meeting was one of the most well attended Board meetings[49] by individual unit owners, with 17 individual owners signing in and other members present but not signing in, reportedly up to 30[50] or so individual unit owners in total. This meeting was shortly after the April 20, 2011, letter [IOU-GSR 002699] and the individual owners were very concerned about the revised rental policies. At the onset of the meeting, Vaughan "announced that questions related to the hotel rental agreement is a hotel/owner business item not HOA business. Once the meeting is adjourned all hotel questions will be discussed." It appears that no written record was made relative to such questions and discussions that took place after the adjournment of this HOA Board meeting and that apparently included at least Vaughan.

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[47] This is the sixty day, written notice terminating all of the original Unit Rental Agreement, which termination notification is specified in paragraph 4 of the original Unit Maintenance Agreement [IOU-GSR 000021].
[48] Grand Sierra Resort Unit Owners' Association, Approved Board Meeting Minutes, May 16, 2011, included in an electronic file labeled "MINUTES BOD GSR 5-16-11 APP & signed.pdf," provided by Associated Management, Inc., the contracted managers for the Unit (Home) Owners Association, on June 20, 2013.
[49] Deposition of Jennifer Campbell in this Matter (Rough Draft), August 22, 2013 p. 181:7.
[50] Deposition of Jennifer Campbell in this Matter (Rough Draft), August 22, 2013 p. 181:4.

The revised Unit Rental Agreement [IUO-GSR 002683-002698] was indicated as an enclosure with a letter to unit owners from Vaughan on May 20, 2011 [IUO-GSR 002682]. The revised Unit Rental Agreement provided for a one year term and included the revised room/condominium unit rental Rotation System. This new Rotation System significantly benefited GSR and the rooms and condominium units that it owned, and was significantly prejudicial against and detrimental for the individually (non-GSR) owned condominium units.

The overall purpose of the May 20, 2011, letter [IUO-GSR 002682] appears to be to persuade the individual condominium unit owners to enter into the revised Unit Rental Agreement [IUO-GSR 002683-002698]. However, the letter clearly mischaracterized the rental rotation system in the revised Unit Rental Agreement versus the equitable system in the original agreement. It states that a benefit of the revised Unit Rental Agreement is that "GSR's group of preferred units for rental purposes has been limited to the Summit rooms, on the 17th Floor and above." First, this does not appear to be a benefit, especially relative to the original Unit Rental Agreement [IUO-GSR 000018-000034]. Secondly, the revised Unit Rental Agreement refers to floors 17 to 27, which includes the Summit condominium units on floors 17 to 24 AND GSR owned Concierge rooms on floors 25 to 27.[51]

Under the revised Unit Rental Agreement [IUO-GSR 002683-002698], the room and condominium unit rental rotation system is significantly different than under the original Unit Rental Agreement [IUO-GSR 000018-000034]; and this difference is very detrimental to the individual condominium unit owners. The described purpose of the Rotation System under the revised Unit Rental Agreement is to rent all GSR owned rooms and condominium units ***before*** the individually owned units are rented [IUO-GSR 002689]. As such, all of the GSR owned rooms and units, being regular rooms (floors 1 to 16), condominium units (floors 17 to 24) and Concierge rooms (floors 25 to 27) are to be rented ***before*** the individually owned condominium units on floors 17 to 24. To the extent there is a rental rotation, it will be among the individually owned condominium units ***only***. Specifically, the "Rotation System" is "for the purpose of

[51] Such designation of Room/Unit descriptions and types, along with room/unit numbers as included on a schedule titled "Guest Room Matrix," as provide in an excel schedule (Copy of Guest Room Types – Excel) by Caroline Rich, Controller for GSR on June 18, 2013.

renting all individually owned units in the Hotel, other than units owned by the Company, on a rotating and equal basis."

Clearly, under the new rotation system in the revised Unit Rental Agreement [IUO-GSR 002683-002698], the individual unit owners would be receiving reduced revenues from their units, and this did happen. Vaughan stated that the new rotation system did result in more revenue for GSR,[52] which resulted in reduced revenues to individual unit owners. This new agreement, which was certainly contrary to the original purposes and intent of the condominium program and system, was basically being forced upon them. It was also encouragement to individual unit owners to sell their units to GSR.

There weren't many other options to this revised Unit Rental Agreement [IUO-GSR 002683-002698]. However and because of its onerous terms, many individual unit owners refused to execute it or to participate in the revised GSR rental program.[53] The number of participating individual units in the rental program declined significantly. In March 2011, there were 329 individual unit owners and 325, or 99%,[54] participated in the GSR rental program under the original Unit Rental Agreement [IUO-GSR 000018-000034]. On April 5, 2012, under the revised Unit Rental Agreement, there were 263 individual unit owners and only 134, or 51%,[55] participated in the GSR rental program. Such non-participating owners selected less desirable alternatives, which included not renting their units, renting them on their own or entering into an arrangement with another entity or third-party, unrelated to GSR

One such third-party rental program to market and rent the individual condominium units and which appears to have been the primary alternative rental program, was known as IndyHAP and was commenced following GSR's termination of the original Unit Rental Agreements on

[52] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 114:14-16.
[53] Deposition of Jennifer Campbell in this Matter (Rough Draft), August 26, 2013, p. 137:22-25, p. 67:7-11.
[54] Deposition Exhibit 14 – Email dated October 25, 2012 from Susie Rugusa (GSR Director of Condo Operations) to Terry Vavra (GSR Vice President of Finance) and CC'd to Benjamin Vega and Jennifer Campbell (GSR Condo Unit Coordinator).
[55] Deposition Exhibit 11 – Email dated April 5, 2012 from Tim Smith (GSR Director of Finance and Condo Operations) to Terry Vavra (GSR Vice President of Finance) and CC'd to Susie Ragusa.

June 19, 2011.[56] My examination found that the program was not very successful for various reasons including from purported adversarial actions by GSR. The third-party rental program was terminated on December 31, 2012.[57]

In addition and of significant issue, and an apparent violation by GSR of the revised Unit Rental Agreement [IUO-GSR 002683-002698], is the preferential rental of the approximate 341[58] condominium units owned by Gage Village Commercial Development, LLC ("Gage"). The condominium units owned by Gage have been given the same preferential rental treatment as those units owned by GSR.[59] Under the revised Unit Rental Agreement, it appears that this should not have occurred because, under such agreement, preferential rental treatment is for "Company" owned units only; and, the definition of "Company" in the revised Unit Rental Agreement is "MEI-GSR Holdings, LLC d/b/a Grand Sierra Resort & Casino." Gage is an entity that is related to and commonly owned, but it is clearly a different, distinct entity, and not part of the "Company." As of December 31, 2012, MEI-GSR Holdings LLC d/b/a Grand Sierra Resort & Casino has reportedly purchased and owns 103 condominium units, which ownership is incremental to the 341 units owned by Gage.[60]

In the original Unit Rental Agreement, the condominium rental Rotation System was defined in paragraph 1(q) as follows [IOU-GSR 000020]:

> "Rotation System" means the unit management system used by the Company in order to ensure that in a manner determined in the Company's sole discretion, all of the Rental Units are fairly and equitably offered for rental. The Company may divide the Units into different groups based on factors such as size, location and rental rate.

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[56] Deposition Exhibit 60 – Correspondence dated May 5, 2011, to the GSR [Individual] Condo Unit Owners from Kristopher Kent, Broker/Owner of Renown Real Estate Services, providing an alternative marketing and rental program for GSR condominium units.

[57] Deposition Exhibit 18 – Email dated December 14, 2012 from Jennifer Campbell (GSR Condo Unit Coordinator) to Jennifer Campbell and CC'd to Susie Ragusa (GSR Director of Condo Operations). Deposition of Jennifer Campbell in this Matter (Rough Draft), August 26, 2013, p. 117:10-25, p. 118:1-6.

[58] Deposition Exhibit 56 - Footnote J on page 21 of the Consolidated Financial Statements and Report of Independent Certified Public Accountants (Grant Thornton) as of and for the year ended December 31, 2012.

[59] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 112:6-16.

[60] Deposition Exhibit 56 - Footnote J on page 21 of the Consolidated Financial Statements and Report of Independent Certified Public Accountants (Grant Thornton) as of and for the year ended December 31, 2012.

The original Unit Rental Agreement further discusses the Rotation System in paragraph 4(c) as follows [IOU-GSR 000021]:

> Rotation System. During the term of this Agreement, Owner acknowledges that the Company intends to rent the Unit to Guests on a transient basis. The Company will endeavor to rent the Unit in accordance with the Rotation System. However, the Company will rent out of order if a Guest specifically requests a particular Unit or a particular Unit type or location to the exclusion of others. In such cases, Owner agrees that such occupancy shall be in lieu of the next ensuing rental on the Rotation System; however, the skipped Unit shall be in line for any reservation that is appropriate to the next Guest request.

The original Unit Rental Agreement further discusses the rental of condominium units under paragraph 8(a) as follows [IOU-GSR 000024]:

> 8. UNIT RENTAL. The Company and Owner agree to the following:
> (a) Rotation System. The Company will establish the Rotation System for the purpose of renting all units in the Hotel on a rotating and equal basis. Owner acknowledges, however, that there can be no guarantee that either operation of the rotation system or hotel guest preference will not result in the Company's hotel rooms, or the units of other owners, being rented more often than Owner's Unit. Owner hereby waives any claim Owner may have for injury or damage under this Agreement arising from the rental of hotel rooms or units of other owners under the Rotation System.

In the revised Unit Rental Agreement, the condominium rental Rotation System was restrictively defined in paragraph 1(q) as follows [IOU-GSR 002685]:

> "Rotation System" means the unit management system used by the Company in order to ensure that in a manner determined in the Company's sole discretion, all of the individually owned Rental Units, other than units owned by the Company, are fairly and

equitably offered for rental after Company owned units and hotel rooms on Hotel floors 17 through 27 have been rented. The Company may divide the Units into different groups based on factors such as size, location and rental rate.

The revised Unit Rental Agreement further discusses the Rotation System in paragraph 4(c) as follows [IOU-GSR 002687]:

> Rotation System. During the term of this Agreement, Owner acknowledges that the Company intends to rent the Unit to Guests on a transient basis. The Company will endeavor to rent the Unit in accordance with the Rotation System. However, the Company will rent out of order if a Guest specifically requests a particular Unit or a particular Unit type or location to the exclusion of others. In such cases, Owner agrees that such occupancy shall be in lieu of the next ensuing rental under the Rotation System.

The revised Unit Rental Agreement further discusses the rental of condominium units under paragraph 8(a) as follows [IOU-GSR 002689]: (note that it refers to floors 17 to 27. Floors 17 to 24 include the "Summit" Condominium Units and floors 25 to 27 include GSR owned hotel rooms, not condominium units, which are designated as "Concierge" rooms.):

> 8. UNIT RENTAL. The Company and Owner agree to the following:
> (a) Rotation System. The Company will establish the Rotation System for the purpose of renting all individually owned units in the Hotel, other than units owned by the Company, on a rotating and equal basis. Company owned units and hotel rooms on Hotel floors 17 through 27 will not be included in the Rotation System and will be rented prior to other owned Units. Owner acknowledges, however, that there can be no guarantee that either operation of the rotation system or hotel guest preference will not result in the units of other owners being rented more often than Owner's Unit. Owner hereby waives any claim Owner may have for injury or damage under this Agreement arising from the rental of hotel rooms or units of other owners under the Rotation System.

The individual unit owners are due damages to include additional rental revenue, which would be those additional revenues that would have been received had such individual condominium units been equally rented along with the GSR (and Gage) rooms and condominium units for the period June 19, 2011 to date.

Damage Computation

In estimating damages as a result of GSR's actions related to a lack of fair and equal rental of the Plaintiff Unit Owners condominiums, I once again used the hotel system data[61] obtained from GSR accounting staff. Like before I found numerous errors and anomalies in the data. I made my best efforts to remove duplicative information and anomalies in the data.

To arrive at my damage calculation, I removed all errors and anomalies that I identified. I then determined the total amount of days occupied for all condo units on an annual basis. I divided that amount by the total number of condo units that had guests during the year to arrive at an average amount of days occupied per condo unit for each year. I then separated the Plaintiff Unit Owners and the non-Plaintiff Unit Owners from the total population and calculated the average days occupied for each class. I calculated the difference between the average days occupied for the Plaintiff Unit Owners and for all condo units. I multiplied the difference by $80 per day to arrive at the total damage calculation for each year. The following table summarizes my findings:

YEAR	AMOUNT
2011	$331,632.34
2012	365,178.75
2013	269,009.34
Total	**$ 965,820.43**

Conclusion

In my professional opinion, GSR has instituted a preferential "rotation system" for rental of GSR owned condominium units, to the detriment of individual condominium unit owners.

[61] Excel spreadsheets received on June 18, 2013 entitled "#25 and #29 Condo1.xlsx" and "#25 and #29 Condo2.xlsx"

Based on my calculations, I have determined the amount of damages due to the Plaintiff Owners to be $965,820.43.

IMPROPER CALCULATION AND ASSESSMENT OF EXPENSES, FEES AND RESERVES

The Seventh Amendment to Condominiums Declaration of Covenants, Conditions, Restrictions and Reservations of Easements for Hotel-Condominiums at Grand Sierra Resort (the "*Declaration*") [IUO-GSR 002477] provides for various fees, expenses and reserve contributions to be assessed to and paid by the condominium owners. Included are several expense and reserve contributions that are calculated by and payable to GSR, which are identified below:

Description	Underlying Source
Shared Facilities Expense	Paragraph 6.9(a) of Declaration [IUO-GSR 002480-002481]
Shared Facilities Reserve	Paragraph 6.9(a) and (b) of Declaration [IUO-GSR 002480-002482]
Hotel Expense	Paragraph 6.10(a) of Declaration [IUO-GSR 002483-002484]
Hotel Reserve	Paragraph 6.10(a) and (b) of Declaration [IUO-GSR 002483-002485]

The Shared Facilities Expenses and Reserve are for the purpose of maintaining the Shared Facilities Unit. The "Shared Facilities Unit" is defined in the Declaration as Property identified on the Plat attached as Exhibit A and labeled as a portion of the "Shared Facilities Unit," and all portions of the Property identified in Section 2.1(b) of the Declaration as being a part of a "Shared Facilities Unit." Further listed are the various property components (see definition). [IUO-GSR 002449-002450].

The Shared Facilities Expenses are those costs and expenses in connection with the ownership, operation, use, maintenance, repair, replacement and refurbishment of the Shared Facilities Unit and all improvements and personality located within or upon it. These costs and expenses include, but are not limited to wages, materials, insurance, services, supplies, utilities, real estate taxes, and all general and special condominium assessments and use charges in accordance with sections 6.1 to 6.8 of the Declaration [IUO-GSR 002477-002480].

The Shared Facilities Reserve is for the periodic repair, replacement, refurbishment, enhancement and update of "certain major components of the Shared Facilities Unit and shall be reasonable determined by the GSR, as based upon an independent "Reserve Study" of such certain major components of the SFU [IUO-GSR 002480-002481].

The Shared Facilities Reserve is to be segregated and maintained by the "Owner of the Shared Facilities Unit" [IUO-GSR 002481], which is GSR. It is "to be used solely for making capital expenditures and paying for the costs of deferred maintenance in connection with the Shared Facilities Unit." The periodic repair, replacement, refurbishment, enhancement and update of the SFU shall be undertaken at the sole discretion of the SFU Owner [IUO-GSR 002480-002481].

The Hotel Expenses and Reserve are for certain specific utility and structural components and insurance coverage as detailed in Exhibit E to the Declaration [IUO-GSR 002544-002545]; and are in connection with the ownership, operation, use, maintenance, repair, replacement and refurbishment of certain components of the Building outside of the Condominiums, which necessarily benefit, in part, the condominium unit owners, and, in part, private operations and facilities outside of the Condominiums Property [IUO-GSR 002483].

The Hotel Expenses include utility use, maintenance, repair and replacement costs, structural maintenance, repair costs, insurance fees, and associated charges and expenses for the hotel expense components in Exhibit E to the Declaration. Such expenses shall take into account (i) the estimated annual use charges for the utilities identified in Exhibit E, (ii) the estimated maintenance, repair and replacement expenses relating to the utility and structural components identified on Exhibit E, (iii) certain overhead costs related to the maintenance, repair and replacement of the utility and structural components identified on Exhibit E, including wages, payroll expenses, materials, insurance, and supplies [IUO-GSR 002483].

The Hotel Reserve is in addition to the Hotel Expenses and shall include a reasonable amount to be contributed for "adequate reserves for the future replacement or refurbishment of certain components, including, without limitation, amounts to maintain the Hotel Reserve." Such

reasonable amount shall be determined by the GSR, as based upon an independent "Reserve Study" of the components listed on Exhibit E [IUO-GSR 002483].

In addition to the Shared Facilities Expenses and Reserve and the Hotel Expenses and Reserve, the Declaration, in Paragraph 6.2, establishes a "Capital Reserve" assessment, which is for the benefit of the HOA [IUO-GSR 002477] and not GSR. Its purpose is to repair, replace and restore the "Common Elements" [IUO-GSR 002477]. However, there are virtually no "Common Elements," which are defined and consist of "space" as described in paragraph 3.1 of the Declaration [IUO-GSR 002453]. As such there is no cost to the HOA and therefore no assessment.

The amounts of Shared Facilities Expenses and Reserve are to be determined annually on or before November 1 in a detailed proposed budget for the following year to be prepared by GSR as the "Owner of the Shared Facilities Unit." The amounts of Hotel Expenses and Reserve are also to be determined annually on or before November 1 in a detailed proposed estimate or budget for the following year to be prepared by GSR, as the "Declarant." On or before November 15 of each year, GSR shall notify each unit owner, in writing, about each budget with reasonable itemization thereof. In addition, the Shared Facilities Expenses and Reserve budget is to also be provided to each unit owner at least 30 days prior to its adoption by GSR [IUO-GSR 002480-002482].

On or before April 1 of each year, GSR shall provide to each unit owner an itemized accounting of the Shared Facilities Expenses and Reserves and the Hotel Expenses and Reserves for the preceding year. Each of such itemized accounting is to include actual expenses and reserve assessments incurred and/or paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short for each of the Shared Facilities Expenses and Reserves, and the Hotel Expenses and Reserves. The itemized accounting of the Hotel Expenses and Reserve shall be prepared by a certified public accountant [IUO-GSR 002480-002485].

Two 2011 Budgets were provided by Associa Sierra North (Associated Management, Inc.), the HOA management company. The first included Common Expenses and Hotel Expenses.[62] The Shared Facilities Expense and the Reserves were not budgeted. It also did not include an allocation to the condominium units and no separate allocation was provided.

The second 2011 Budget included Common Expenses, Hotel Expenses, Shared Facilities Reserve and the Hotel Reserve.[63] The Shared Facilities Expense was not budgeted. As discussed below, it appears that the first budget, and not the second Budget, was sent to the individual unit owners. The purported budget for Hotel Expenses, Facilities Reserve and Hotel Reserve was not sent to the individual owners, as would otherwise be required by the Declaration.

There was a separate allocation to the condominium units based upon unit type/square footage, which appears to have been for the second budget as it included Common Expense, Hotel Expenses, the Share Facilities Reserve and the Hotel Reserve,[64] and which also may not have been originally sent to the individual unit owners as discussed below. The unit allocation also included Interior Deep Cleaning Expenses and the FF&E Reserve assessment. According to the HOA Owners membership meeting minutes for December 2, 2010,[65] it was announced that Credit Markets Real Estate Group will waive the 2011 reserve assessment and "they are just waiting on the final documentation to sign.

The previously waived 2011 Shared Facilities and Hotel Reserve contributions were reinstated following the purchase of Grand Sierra Resort & Casino by MEI-GSR Holdings, LLC. The individual unit owners were advised of such reinstatement by a letter from Vaughan on April 20, 2011, and the reinstatement was effective immediately [IUO-GSR 002699]. The

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[62] The Hotel-Condominiums at Grand Sierra Resort, Consolidated Budget Schedule, Estimated Operating Budget for Fiscal Year 2011, provided by Associa Sierra North in an electronic file labeled "HOA Consolidated Budget – 2011 Excl Reserves.pdf."

[63] The Hotel-Condominiums at Grand Sierra Resort, Consolidated Budget Schedule, Estimated Operating Budget for Fiscal Year 2011, provided by Associa Sierra North in an electronic file labeled "HOA Consolidated Budget – 2011 Incl Reserves.pdf."

[64] Grand Sierra Resort Unit-Owners Association, HOA Monthly Fee Summary – 2011, provided by Associa Sierra North in an electronic file labeled "HOA monthly Fees by Unit Type – 2011.pdf."

[65] Grand Sierra Resort Unit Owners' Association, Approved Membership Meeting Minutes, December 2, 2010, provided by Associa Sierra North in an electronic file labeled "MIN ANN 12-2-10 GSR APP-Signed.pdf."

decision to reinstate such Reserves contributions was made by Alex Meruelo,[66] the primary owner of GSR.

According to the HOA Owners membership meeting minutes for December 2, 2010,[67] the 2011 "operating and reserve budgets" were mailed to unit owners on November 9, 2010. In the HOA Owners membership meeting minutes for December 2, 2010,[68] it was announced that the budget was "formally ratified." However, and according to the "Approved Board Meeting Minutes" of May 16, 2011,[69] the budget did not include the "shared facilities/hotel reserve contributions" (and would therefore have been the first budget as discussed above). Relative to GSR's reinstatement or implementation of such Shared Facilities and Hotel Expenses and Reserves, "Sean Brohawn explained that the shared units and hotel reserve that is being implemented is not an HOA budget item but a separate fee the owners pay for/to the Hotel. Therefore the hotel owner can update their request mid fiscal year."[70] Clearly, as previously discussed, this is not correct as such items are required to be budgeted and such budgets properly adopted as distributed.

Associa Sierra North (Associated Management, Inc.) provided a 2012 budget for only Common Expenses.[71] A 2012 consolidated budget, prepared by Tim Smith ("Smith"), has been provided as Deposition Exhibit 49 [IUO-GSR 002674-002681]. This consolidated budget includes Common Expenses, Shared Facilities Expenses, Hotel Expenses, Shared Facilities Reserve and the Hotel Reserve. The consolidated budget also included an allocation to the condominium units based upon unit type/square footage, which included Common Expense,

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[66] Deposition of Kent Vaughan in this Matter (Rough Draft), August 26, 2013, p. 126:18-25, p. 127:1-5.

[67] Grand Sierra Resort Unit Owners' Association, Approved Membership Meeting Minutes, December 2, 2010, provided by Associa Sierra North in an electronic file labeled "MIN ANN 12-2-10 GSR APP-Signed.pdf."

[68] Grand Sierra Resort Unit Owners' Association, Approved Membership Meeting Minutes, December 2, 2010, provided by Associa Sierra North in an electronic file labeled "MIN ANN 12-2-10 GSR APP-Signed.pdf."

[69] Grand Sierra Resort Unit Owners' Association, Approved Board Meeting Minutes, May 16, 2011, provided by Associa Sierra North in an electronic file labeled "MINUTES BOD GSR 5-16-11 APP.pdf."

[70] Grand Sierra Resort Unit Owners' Association, Approved Board Meeting Minutes, May 16, 2011, provided by Associa Sierra North in an electronic file labeled "MINUTES BOD GSR 5-16-11 APP.pdf."

[71] The 2012 Common Expense Budget is different than the 2012 consolidated budget. It appears that the 2012 consolidated budget was the one adopted and distributed. The 2012 Common Expense budget is the Hotel-Condominiums at Grand Sierra Resort, Condominium Association Annualized Budget, January 1, 2012 to December 31, 2012, provided by Associa Sierra North in an electronic file labeled "2012 GSR UOA Condo Budget Approved.pdf."

Hotel Expenses, the Share Facilities Reserve and the Hotel Reserve. The unit allocation also included Interior Deep Cleaning Expenses and the FF&E Reserve assessment.

According to the HOA Board meeting minutes for November 7, 2011,[72] the 2012 consolidated budget was presented at the board meeting and was included as an attachment to such minutes. It is stated in the minutes that a "draft copy of the Annual Members Meeting & Budget Ratification Notice & Agenda was presented for board review." In the HOA Owners meeting minutes for December 1, 2011,[73] it was announced that the consolidated budget had been mailed to the unit owners on November 8, 2011, and it was "formally ratified" at such HOA Owners meeting.

Associa Sierra North (Associated Management, Inc.) only provided the 2013 budget for Common Expenses.[74] A consolidated budget including Common Expenses, Shared Facilities Expenses, Hotel Expenses, Shared Facilities Reserve and the Hotel Reserve appears **not** to have been provided. Further, no allocation of all Expense and Reserves to unit owners has been provided.

According to the HOA Board meeting minutes for November 12, 2012,[75] a "2013 Operating Budget," which was prepared by the HOA management company and also indicates "HOA," was presented. It appears very likely that such budget only included Common Expenses, and **not** any Shared Facilities Expenses, Hotel Expenses, Shared Facilities Reserve and the Hotel Reserve. In such Board meeting minutes, it also states that "Jeanne [Associa Sierra North] reminded the Hotel that they need to send the 2013 budgets (OP and Reserve) also;" and "the hotel said they would send their budgets separately."

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[72] Grand Sierra Resort Unit Owners' Association, Approved Board Meeting Minutes, November 7, 2011, provided by Associa Sierra North in an electronic file labeled "MINUTES BOD GSR 11-7-11.pdf."
[73] Grand Sierra Resort Unit Owners' Association, Approved Membership Meeting Minutes, December 1, 2011, provided by Associa Sierra North in an electronic file labeled "MIN ANN 12-1-11 APP GSR.pdf."
[74] Budget Summary Report Grand Sierra Unit-Owners Association, 2013 Budget, provided by Associa Sierra North in an electronic file labeled "2013 GSR Approved Budget.pdf."
[75] Grand Sierra Resort UOA, Approved Board of Director Meeting Minutes, November 12, 2012, provided by Associa Sierra North in an electronic file labeled "11-12-12 GSR BOD MIN APP-Signed.pdf."

In the HOA Owners meeting minutes for December 6, 2012,[76] it was announced that the "UOA operating and reserve budgets" for 2013 had been mailed to unit owners on November 12, 2012, and it was "formally ratified" at such HOA Owners meeting. Based upon the description of the budget in the HOA Owners meeting minutes, it appears that such budget was for Common Expenses only, and did **not** include the Shared Facilities Expenses, Hotel Expenses, Shared Facilities Reserve and the Hotel Reserve.

It is **not** known if the Shared Facilities Expenses, Hotel Expenses, Shared Facilities Reserve and the Hotel Reserve budgets for 2013, and the related allocations to unit owners, were actually sent to the unit owners.

It does **not** appear that itemized accountings of the Shared Facilities Expenses and Reserves and the Hotel Expenses and Reserves for 2011 and 2012 have been prepared and provided to the unit owners, which is required in the Declaration to be distributed by April 1 of each year. This is required of GSR. Further, such itemized account of the Hotel Expenses and Reserve is to be prepared by a certified public accountant, which also appears **not** to have occurred.

The 2012 consolidated budget [IUO-GSR 002674-002681], as previously discussed, was prepared by Smith.[77] Relative to the Shared Facilities Expenses and the Hotel Expenses budgeted, Smith stated that such budgets were based upon prior actual data, and consideration was given to anomalies or known changes.[78] According to Smith, there were numerous allocation methods used to determine whether a GSR recorded expense would be attributable to the condominium units. Some of such allocation methods were direct and some indirect. For example, a direct item would be an elevator contract that is for elevators that only go to "floors 17 through 27."[79]

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[76] Grand Sierra Resort Unit Owners' Association, Draft Membership Meeting Minutes, December 6, 2012, provided by Associa Sierra North in an electronic file labeled "MIN ANN 12-6-12 DFT GSR.pdf."
[77] Deposition of Tim Smith in this Matter (Rough Draft), August 29, 2013, p. 96:5-12.
[78] Deposition of Tim Smith in this Matter (Rough Draft), August 29, 2013, p. 122:18-25, p. 123:1-5, p. 124:24-25, p. 125:1-2.
[79] Deposition of Tim Smith in this Matter (Rough Draft), August 29, 2013, p. 130:17-25, p. 131:1-3.

It is important to note that the condominium units are on floors 17 to 24 and floors 25 to 27 are GSR owned Concierge Rooms. As such, the above indicated direct allocated expenses would be erroneous and appear to result in including inappropriate costs and expenses, to the detriment of the individual unit owners. This certainly raises concerns relative to other costs and expenses potentially being inappropriately or erroneously calculated which may result in overcharging the individual condominium owners.

A very cursory review of the trend of budgeted Shared Facilities and Hotel Expenses was also undertaken to see if there might be areas or items of concern. Such review included comparing the budgeted expense line-item entries for each year 2010,[80] 2011[81] and 2012 [IUO-GSR 002674-002681] (the 2013 budget has not been provided). Notwithstanding that there could be valid explanations; such review raises some questions relative to some of the budgeted items and about the validity of certain expenses and the underlying amounts. In the Hotel Expense budgets, "Management Services" expense increased from $25,800 in 2011 to $89,544, an increase of almost 350%. Above and beyond the significant increase, the appropriateness of management services is suspect. Legal costs in the amount of $3,600 were also included in 2012 that were not otherwise included in 2011 or 2010.

All other budget line item descriptions were consistent from year-to-year, with such line item amounts varying. Variation would certainly be expected from year-to-year, but the variation in utility costs appears interesting. From 2011 to 2012, water and sewer, and gas costs increased whereas electricity costs decreased. Also of interest are the Shared Facility Expenses which are included in the 2012 budget but not in the 2010 or 2011 budgets.

An additional concern relative to the overall reliability of the budgets and assessments to the individual condominium owners is that the required annual, itemized accountings for such expense and reserve budgets have not been provided and may not have even been prepared.

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[80] The Hotel-Condominiums at Grand Sierra Resort, Consolidated Budget Schedule, Estimated Operating Budget for Fiscal Year 2010, provided by Associa Sierra North in an electronic file labeled "2010 GSR UOA Final Budget.pdf."

[81] The Hotel-Condominiums at Grand Sierra Resort, Consolidated Budget Schedule, Estimated Operating Budget for Fiscal Year 2011, provided by Associa Sierra North in an electronic file labeled "HOA Consolidated Budget – 2011 Incl Reserves.pdf."

To the extent that the Shared Facilities Expenses and Reserve budgets and the Hotel Expenses and Reserve budgets, for each of the years 2011 to 2013 have not been properly prepared and otherwise include incorrect costs and expenses, this would result in incorrect assessments against and potential overpayments by the individual unit owners.

To appropriately review, analyze and evaluate the validity of the budgets, additional information and documentation is necessary. First, the 2013 Shared Facilities Expenses and Reserve and Hotel Expenses and Reserve budgets are necessary. Then, for each year's budget from 2011 to 2013, detailed documentation is needed for each specific expense line-item to include schedules, worksheets, invoices and contracts and related payment documentation, which are in support of such budgeted amounts.

Conclusion

In my professional opinion, GSR has improperly calculated and assessed expenses, fees and reserves to the individual unit owners. At this time due to a lack of reliable information and/or documents provided by the Defendants, I cannot opine as to the amount of damages due the plaintiffs with a reasonable degree of accounting certainty.

APPARENT INAPPROPRIATE ACCOUNTABILITY BY GSR FOR THE FF&E RESERVE, SHARED FACILITIES RESERVE AND HOTEL RESERVE ASSESSMENTS

As previously discussed, the Shared Facilities Reserve and Hotel Reserve amounts are included in annual budgets prepared by GSR. Such budgeted total Reserve amounts are thereupon allocated to each condominium unit based upon the square footage or type of condominium, and monthly contributions for each condominium are calculated.[82] GSR bills, on a monthly basis, all individual condominium unit owner for each such unit's share of, among other items, the Shared Facilities Reserve and the Hotel Reserve.

[82] The allocation for 2011 being Grand Sierra Resort Unit-Owners Association, HOA Monthly Fee Summary - 2011, provided by Associa Sierra North in an electronic file labeled "HOA monthly Fees by Unit Type – 2011.pdf." and the allocation for 2012 included in Deposition Exhibit 49 [IUO-GSR 002677].

GSR also bills, on a monthly basis, the Individual condominium unit owners for FF&E Reserve assessments, which are required under the Unit Maintenance Agreement [IUO-GSR 001505-1521]. The FF&E Reserve shall be maintained by GSR for all individual condominium unit owners and shall be held in a segregated account solely for the purpose of funding the replacement of furnishing, fixtures and equipment of each unit [IUO-GSR 001507]. However, such FF&E Reserve collections are deposited into GSR's general bank account and are not segregated into a separate bank account,[83] which appears to be required under the Unit Maintenance Agreement. Such initially established fees varied depending on the type/size of the unit [IUO-GSR 001513].

GSR receives all three of the above discussed Reserve payments from the individual owners and deposits these payments into its general bank account.[84] Such reserve payments were indicated as being recorded on the books and records of GSR as liabilities using such accounts as discussed below, which recordation would be appropriate.

The Shared Facilities Reserve and Hotel Reserve assessments are for all of the condominium units including those owned by GSR/Gage. As such, it is also necessary that GSR record and account for the monthly Shared Facilities Reserve and Hotel Reserve assessments attributable to the condominium units it owns (GSR and Gage). Further, such assessments to GSR/Gage need to be recorded or reflected in GSR's accounting system in a manner comparable to the accounting for the Reserve billings and payments to and by the individual condominium owners.

According to Vavra, GSR does record the Shared Facility Reserves, Hotel Reserves and the FF&E Reserve assessments attributable to the GSR/Gage condominium units on a monthly basis, increasing the reserve accounts, like it was being funded by cash. Vavra has stated that there is no distinction in accounting for the individually owned condominium units versus those owned by GSR/Gage.[85]

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[83] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 25:15-25, p. 26:1-25, p. 27:1-4.
[84] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 25:15-25, p. 26:1-8.
[85] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 26:19-25, p. 27:5-25, p. 28:1-9.

recording its appropriate share of the Reserve assessments and may also not always be correctly recording Reserve assessments attributable to the individual condominium unit owners.

First, there are no balances indicated for the "Hotel Reserve – Non GSR Units" and "Hotel Reserve – GSR Units" accounts in any of the five months of July to November 2012. This indicates that such monthly Hotel Reserve assessments, which were assessed in the 2012 budget [IUO-GSR 002674-002681], have not been appropriately recorded and accounted for. This of course begs the question of what happened to such assessments, for both the individual condominium units, which represent actual payments, and the GSR/Gage units and how they have they been recorded, if at all. Inexplicably, a large balance appears in the "Hotel Reserve – Non GSR Units" account in December 2012 but there is still no balance in the "Hotel Reserve – GSR Units" account in December 2012.

Second, all six monthly balances in the "SFU Reserve – GSR Units" account do not make sense. Such balances are the opposite of what they should be. Instead of being liabilities, such balances appear to be assets. The "SFU Reserve – Non GSR Units" account appears to be the only account that may be correct, appropriately reflecting balances as liabilities.

Third, the purpose and use of the "Condominium Reserve – GSR Units" account is unknown and perplexing. There are no balances reflected for such account in each of the months July to November 2012, indicating that no transactions were recorded. In December 2012, there is a balance but, it is opposite of what it should be; it should be a liability but instead appears to be an asset.

The December 2012, balances in these accounts changed significantly from the November 2012, balances as follows[90] (a negative balance is a debit or asset balance, which is opposite of what the balance should be in any such account, that being a liability):

[90] Deposition Exhibit 58 – A two page schedule described by Vavra as coming from their accounting system and which includes certain GSR balance sheet accounts including Reserve accounts relative to the Condominium program. Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 108:7-19.

Account	Bal. Nov. 2012	Bal. Dec. 2012
Condominium Reserve – GSR Units	-0-	$(224,270)
SFU Reserve – Non GSR Units	2,064,343	550,114
SFU Reserve – GSR Units	(966,241)	(56,119)
FFE Reserve – Non GSR Units	971,608	-0-
Hotel Reserve – Non GSR Units	-0-	952,823
Hotel Reserve – GSR Units	-0-	280,389
Totals	$2,069,710	$1,502,937

Notwithstanding the unusual or opposite account balances in December 2012, as previously discussed, purportedly the 2012 condominium renovation costs were reclassified into such Reserve accounts in December 2012,[91] which should have reduced liability balances and increased asset balances (although the latter is inappropriate as previously discussed). The total net Reserve liability only decreased by $667,000 from November to December 2012. This does not seem to be reasonable or logical given the discussion and explanations below relative to the renovation costs, which totaled more than $8,000,000.[92]

The cumulative FFE Reserve balance, from the individual condominium owners, was zeroed out in December 2012,[93] as a result of the reclassification of the renovation costs upon such renovation being completed. This action appears to have been done without considering the details because the amounts expended on the renovations far exceed the account balances,[94] and is problematic and inappropriate in that it appears that no detailed analysis or review was undertaken. There should have been a detailed accounting that indicated the cumulative individual contributions, and therefore the reserve balance, for each unit. The associated FF&E costs included in the 2012 renovation should likewise have been broken down by unit. From such information, it would be determined, by unit, whether there was a net surplus or deficit. Instead, it appears that GSR just looked at total amounts and did not consider the underlying unit details, which actions may have been expedient but certainly inappropriate relative to the individual condominium owners.

[91] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 108:24-25, p. 109:1, p. 110:5-20.
[92] Deposition Exhibit 57 – A one page schedule titled Grand Sierra Resort and Casino, Budget to Actual Variances, For Select Construction in Progress Projects, as of December 19, 2012.
[93] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 107:3-20.
[94] Deposition of Terry Vavra in this Matter (Rough Draft), September 9, 2013, p. 107:3-20.

Based upon the above, it appears that some or all of the Share Facilities and Hotel Reserve assessments for the condominium units owned by GSR/Gage have not been recorded or accounted for as otherwise indicated and necessary. Among other potential inequities and other problems, this could mean that the reduction of the reserve accounts relative to recording the costs associated with the 2012 (or earlier) renovation project(s) has been inappropriately weighed against individual condominium owners' assessments because not all assessments may have been recorded relative to GSR/Gage. In addition, it appears that there are other potential deficiencies and possible errors and misstatements, some of which would need to be further investigated.

Notwithstanding that further investigative and review work, requiring additional data and information, would be appropriate, it appears that some or all of the Shared Facilities Reserve, Hotel Reserve and FF&E Reserve payments made by the individual condominium owners have not been appropriately recorded, accounted for and otherwise utilized by GSR as required in the underlying governing agreements and documents, specifically, the Seventh Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Reservations of Easements for Hotel-Condominiums at Grand Sierra Resort (the "Declaration") [IUO-GSR 02440-002550] and the Unit Maintenance Agreement [IUO-GSR 001505-1521].

Damage Computation

Based on my examination it appears that damages to the individual owners should at least include those Hotel Reserve payments that appear not to have been appropriately accounted for by GSR. Since the Hotel Reserve payments by individuals are not included in the GSR liability account designated as being for such payments (as discussed above), the presumption is that such reserve collections have been inappropriately used by GSR for purposes other than permitted. As such damages consist of all of such individual condominium owner Hotel Reserve assessments from April 2011 to September 2013 as follows:

	Amounts
2011	$72,748.42
2012	80,246.39
2013	58,283.84
Total Damages	$211,278.64

Conclusion

In my professional opinion, there has been inappropriate accountability by GSR for the FF&E reserve, share facilities reserve and hotel reserve assessments. Based on the information provided to me to date by the Defendants I have computed the damages to the Plaintiff Owners to be $211,278.64.

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EX10

EXHIBIT "10"

EXHIBIT "10"

EXHIBIT "10"

May 4th, 2011

From: Kristopher Kent
Broker/Owner, Renown Real Estate Services
6900 S. McCarran Blvd. Suite 3040
Reno, NV 89509

Dear GSR Condo Unit Owner,

As a Hotel-Condo Unit owner you may have been contacted by the new owners of the Grand Sierra Resort whom purchased the property on March 31st, 2011. The new owners have some great plans to help make the Grand Sierra Resort profitable again. This new approach is exciting and welcomed in this dismal economy and overall a good [illegible] for the property and local economy.

On April 20th, 2011 the Grand Sierra Resort contacted the Condo-Hotel unit owners in writing and announced that they were terminating their rental agreement with Hotel Condo Unit Owners. Upon review of the agreement it would appear to be in compliance, giving 60 days written notice. The proposed new rental agreement will use the Hotel Condo's as a reserve only in the event that the GSR owned units are fully booked. In turn, a once slightly profitable unit will now lose $400+ monthly.

Due to the uniqueness of the property, owners have little to no control of what management can do and their new rental agreement is more [illegible] mandate than a business agreement. Your room will no longer have the same priority as the GSR owned units causing a significant loss in revenue. . This is what we feel, a tragic mistake, yet a unique opportunity as well. The effective termination of the current rental agreement allows owners the opportunity to explore alternative prospects that they were not able to while locked into the old rental agreement.

After reviewing the City Ordinances, Covenants, Conditions and Restrictions (CC&R's) we have developed an alternative to the new rental program being offered by the Grand Sierra Resort. It is a wholly owned subsidiary of Renown Real Estate Services, but a separate operating entity.

Hotel Assistance Program, LLC

How it works?

Our company will market and manage your Hotel/Condo unit similarly to the former agreement, but with a significant increase in revenue [illegible] to each owner. The units will tentatively be advertised as *Hotel Condos at The Grand Sierra Resort* (required by CC&R's) and will be marketed on the most popular websites available [illegible] hotels.com, expedia.com and will in essence level the playing field that the Grand Sierra Resort is exploiting the owners of.

Each room is rented on an equal and [illegible] rental rotation, as rooms were rented previously with the GSR rental program. Rental rates will be competitive with Grand Sierra Resort basic rooms as well as competing with GSR owned Summit Property Units. This pricing strategy is designed to attract and book

Hotel/Condo Units before other Grand Sierra Resort hotel rooms. Like all companies, we are in business to make a profit, but at a much lower rate than the hefty 50/50 GSR split. Our management fee of ten dollars ($10.00) per night is earned through management of the booking, arrangements/communication with The GSR and customer service for guests.

Elaborating on our pricing strategy, we want to provide the consumer your upgraded room at or below GSR owned room rates. For instance, May 4th through May 6th would be about $190.00 ($95/night) for the upgraded room. Under the current rental agreement, the total is $190.00 for the guest, less $46 daily use fee leaving $144 split 50/50 totaling $72.00 ($36/night) back to the unit owner.

**Remember this agreement will be void soon and these rooms are more expensive and will only be rented out if the GSR is otherwise fully booked.*

With our new program, the total stay for May 4th through May 6th is $190.00 ($90/night) less $46 Daily Use Fee ($23/night) and $20 management fee ($10/night), less $19 partner referral fee, netting the owner $105.00 ($52.50/night) for the owner. This is a 45% increase in revenue for the owner.

**Our partners, such as priceline.com, expedia.com and hotels.com will be paid a referral fee deducted from the owner's proceeds, typically 10%, but varies, we will never deduct more than the amount they assess.*

With our competitive lower rates and upgraded rooms, demand is expected to increase, in turn renting your unit out more often. If your unit was rented out for 7-10 nights a month under the old program, we anticipate that occupancy will increase quickly. We anticipate a return of $500-$1,000 monthly for each unit after full implementation.*

**We cannot guaranty results, nor express or imply an increase in revenue, there is a risk of decreased revenue.*

Our company has substantial experience with these Hotel Condo Units, as one of the original listing brokers representing banks as units began to revert to bank owned through the foreclosure process. With a combination of our knowledge and our drive to maintain a competitive market at the GSR we are confident that this strategy is best for all Hotel Condo Unit owners.

Unfortunately, there are far too many units to add to this program, 736 in total. Our strategy is to maximize occupancy and rate of return for our members. To provide the best occupancy rates, we are limiting our membership to 250 units initially and will adjust according to demand thereafter. Since we are an outside company and our services are not secured by the Grand Sierra Resort, we require a $500.00 program membership fee paid annually. This fee is our primary source of revenue to provide this service as our daily fee of $10.00 is purely to maintain associated costs of the program.*

**Each membership is annual and our rental agreement is purely optional, should you choose to discontinue, there is no obligation or prior notice required, however the $500 annual membership fee is not refundable. Furthermore, we are not and cannot guaranty income/loss from membership in our program as it is a brand new program. There is no implied or expressed agreement, a separate rental agreement must be ratified, no loss of income or loss shall be warranted as part of the program.*

Our guests will receive the same treatment as that of a typical GSR hotel guest and as such, guests will only be differentiated based on their decision to book and stay in a privately owned GSR unit. We are

considering opportunities to furnish additional amenities to go above and beyond that of the GSR to allow our guests a more inviting experience and we are always open to suggestions.

We are currently finishing up the details of the new rental agreement and sourcing out agreements with travel companies like priceline.com, Travelocity and Hotels.com to secure our placement. We realize that our annual membership fee of $500 is expensive, but as an investment, it is a small price to pay to secure an alternative to the new GSR rental agreement which leaves those hefty monthly HOA dues piling up. Our program will begin renting rooms starting June 20th, 2011 when your unit is no longer being rented as frequently by the GSR. This allows for a seemless transition minimizing your loss due to the GSR discontinuing of their former rental program.

**This membership program is not affiliated with the Grand Sierra Resort and all proceeds are paid directly to the unit owners and owners are liable to pay their own HOA dues separately. This rental program is not a substitute or alternative to paying an HOA fee, it is purely an alternative rental option for unit owners.*

Our intent in writing you today is to determine if you would be interested in joining our new program. As I mentioned before, we are limiting our membership to 250 of 700+ units and as an early signup incentive, the first 50 units to join will receive a $100 discount on their first year membership fee.

Our management team has the experience and knowledge to carry this project through. After careful review of the Covenants, Conditions and Restrictions (CC&R's) we are fully in compliance with the use of these rooms. While it is unfortunate that the new owners of the Grand Sierra Resort have chosen to discontinue their relationship, this is the beginning of a wonderful opportunity keep your investment in the Grand Sierra Resort secure.

We are excited about this new opportunity, if you are interested in becoming a member of our program or have any questions, please email me us at GSR@renownres.com. Our program is expected to launch rather quickly, we are planning on opening the rooms to booking on June 1st for the first day of use as June 20th, 2011! Please be sure to email us with questions, or information on how to sign up for the program.

Sincerely,

Kristopher Kent
Phone: 775-453-6034
Email: kris@renownres.com

	Current Program	New Program	IHAP Alternative
Current HOA Fee	$434.44	$434.44	$434.44
January	$179.70	-$325.70	$444.26
February	$156.32	-$188.96	$359.66
March	$119.70	-$171.77	$336.26

	Current Program	New Program	IHAP Alternative
New HOA Fee	$688.49	$688.49	$688.49
January	-$74.35	-$579.75	$190.21
February	-$97.73	-$443.01	$105.61
March	-$134.35	-$425.82	$82.21

The Homeowners Association is implementing an increase in rates, based on the square footage of the unit. As you can see from the adjusted figures above, even if the hotel/condo rental program were to continue, it would require a payment monthly.

With the IHAP Alternative Rental Program, the unit generates a significant increase in revenue based on the three months shown above. Not only is the increased HOA covered, but units cleared and generated a profit.

This is based on 3 months of income for January-March based on the current program, the future rental program (provided by the GSR) and our program. We expect to rent the rooms out more frequently than in the sample invoices we have used, but at a lower more competitive rate, so numbers will vary based on the upcoming months. To review the sample invoices, please email GSR@renownres.com in an effort to save paper we have not included them in the mailer.

Indy Hotel Assistance Program, Ltd's Hotel-Condominiums at Grand Sierra Resort

AKA: Reno Luxury Resort & RenoLuxuryResort.com

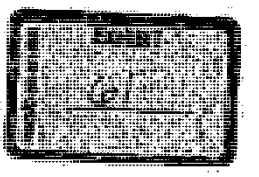
Unit Owner Rental Agreement

This lease/rental agreement regulates and determines rights, obligations and remedies for your Hotel-Condominium Unit at the Grand Sierra Resort. Before signing this document please consult legal counsel regarding its applicability and use.

THIS AGREEMENT (herein referred to as "Program") is made and entered into this ___ day of _____ 2012, by and between Indy Hotel Assistance Program, Ltd. A Nevada Limited Liability Company (Program Administrator), and _____ (Unit Owner), whose unit (s) is/are known commonly as 2500 E. Second Street, Unit #_____ _____, Reno, NV 89595. For and in consideration of the covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Program Administrator and Unit Owner(s) ("Parties") hereby agree as follows:

1. **Unit Owner Contact Information:**
   Owner Name(s)_____
   Designated Representative(s) to act on behalf of owner:_____
   Phone Number:_____
   Email Address:_____
   Home Address:_____
   City:_____ State_____ Zip_____
   Mailing Address (If different):_____
   City:_____ State_____ Zip_____

   Program Administrator Contact Information:
   Manager: Kristopher Kent, 775-453-6034 x306, kris@renoluxuryresort.com
   Assistant Manager: Katie Dunlap, 775-453-6034 x305, Katie@renoluxuryresort.com
   Phone: 775-453-6034
   Email: res@renoluxuryresort.com
   Website: http://www.renoluxuryresort.com
   Address: 6900 S. McCarran Blvd. Suite 3040
   Reno, NV 89509
   Mailing Address: PO BOX 20291
   Reno, NV 89515



Unit Owner Initials _____ Program Administrator Initials_____

2. Term

Program membership shall commence on or before the 20th day of June 2012 and terminate on the 31st day of December 2012 at midnight. Upon termination date, Unit Owner shall be required to ratify a new agreement in order to continue in the Program and such agreement may be made up to 90 days in advance of termination of this agreement. Any reservations made for future stay outside the Program Membership dates, that was made during membership shall be honored by Unit Owner & Program Administrator. This agreement may be terminated with reservations with 30 days' written notice. Should either party choose to terminate this agreement, any future reservations already placed in unit(s) shall remain honored by Unit Owner, even in the event of sale, regardless of new owner. Upon written notice of termination, Program Administrator shall deliver to unit owner a list of dates that unit is reserved through Program Administrator within 7 business days of receipt of written notice of termination. Unit owner understands that future reservations are a critical part of this business and agrees to honor said future reservations, regardless of future date reservation is made, even when made beyond the dates of this agreement.

Unit Owner agrees to notify prospective purchasers and purchasers of Units that are in the program that purchasers are bound to this agreement. *It is suggested that once a unit is in contract of sale, closing in 30-45 days, that the unit owner notifies the program administrator of their termination of the agreement, so that Program Administrator can forecast future reservations without booking more reservations for Unit Owners room, should the purchaser not continue with program.*

3. Property

Unit Owner(s) agree to the addition of their unit(s) referenced in this agreement to the Program subject to the terms and conditions of this agreement.

4. Program Membership Fee

Program membership fee(s) are waived for this term, as long as unit owner is in good standing with Program Administrator. All past and future program membership fees are non-refundable, but are transferrable to new owners, provided that they enter into this agreement with Program Administrator.

5. The Program

A) *Unit Owner Disclaimers, Terms, Conditions and Obligation(s):* Unit Owner shall retain and manage the following, including but not limited to Homeowners Association fee's, Unit Association Fee's, FF&E Reserve and Daily Use Fee's. Program administrator will NOT be responsible for collection or payment of any of said fees. Unit Owner understands and agrees not to hold Program Administrator,

Unit Owner Initials _____ Program Administrator Initials_____

their employee's, agents and/or assignee' responsible for any damage caused to unit by guests. Furthermore, Unit Owner understands and agrees that Maintenance, Non-Routine Maintenance and Emergency Repairs are not the responsibility of the Program Administrator, their employee's, agents and/or assignee's. Unit Owner agrees to maintain their unit in accordance with Class A Hotel standards, which include but are not limited to, electricity to unit, heating/cooling, furniture, fixtures and equipment. Unit owner also authorizes Program Administrator to give permission to guests of their unit the use and access to all amenities of the Hotel, including but not limited to parking, check-in, pool/spa, restaurants, casino and hallways and elevators.

Unit owner further agrees to cover any and all associated costs of the repair, upkeep and cleaning of unit, including but not limited to housekeeping service and linen services (currently outsourced to the Grand Sierra Resort) and all otherwise provided services of the Hotel Management Company.

Unit owner is aware and agrees that there is a daily use fee imposed by the hotel management company and that at any time a Program Administrator guest is occupying the unit(s) that this fee will be the responsibility of the Unit Owner. Unit owner acknowledges and agrees that the Grand Sierra Resort has imposed a "Resort Fee" of $10.00 ($11.30 after taxes) per night that will be the responsibility of the guest to either pay or negotiate a better rate. *The Grand Sierra Resort currently imposes a $11.30/night resort fee to all guests, but gives discounted resort fee's to their own guests regularly and not our Unit Owner's guests.*

Unit Owner understands and agrees that there is no guarantee of rental income, as with all investments it is possible to net a loss in the Program and Unit Owner agrees to hold harmless the Program Administrator, their employee's, agents and/or contractors from any loss in respect to Unit Ownership, financial loss/gain in respect to this program and/or their unit.

Unit Owner understands and agrees that Program Administrator shall not be liable for any damage(s) to unit, regardless of cause of damages. Program Administrator shall use their best efforts to prevent damage as well as seek out collection from guests that cause damage, but shall not be obligated, liable or responsible for damage to unit.

Unit Owner understands that guests typically pay for their stay using a major credit card. In these instances it is possible to receive a "charge back" from the guest for a complaint, fraud or incorrect billing. The unit owner authorizes Program Administrator to deduct chargebacks from Unit Owner's future earnings. Program

Unit Owner Initials _____ Program Administrator Initials _____

Administrator shall use their best efforts to respond and resolve chargebacks, but shall not be liable in the event of loss due to a chargeback.

Unit owner understands, acknowledges and agrees that unit will be actively rented in accordance with City of Reno Ordinances, State and Federal Law. Rental of Unit shall at all times strive to maintain and exceed at a minimum $5.00 per night revenue to owner, however this may not be possible and Unit Owner understands that a net loss is possible when a unit is rented.

Unit Owner agrees to forward any and all information that could be deemed as important to the Program Administrator in regards to Unit Owner(s) Unit(s) within a reasonable time period, including but not limited to HOA information, Remodeling Schedules, Maintenance Blocks, et cetera.

Unit Owner acknowledges that all units in the Program will be non-smoking and will not allow pets, per Grand Sierra Resort published policy for all "Summit Rooms."

B) Unit Rental Terms & Conditions: Rental of unit is not exclusive to the Program. Unit Owners reserve and retain the right to advertise and rent their unit outside the Program. In the event Unit Owner reserves their room (regardless of use), it is required that Unit Owner book the reservation in the Unit Owner Portal, Program Administrator will make their best effort to accommodate Unit Owners request, however should the room already be reserved (booked) by the Program and it is not possible to accommodate Unit Owner's request (full occupancy), the room shall remain reserved (booked) by the Program and Unit Owner's request will be declined. In the event that a unit owner does not book their unit through the Unit Owner Portal and there is a reservation already in Unit Owners room, we will try to place the guest in a different unit in the program, however if this is not possible, the Unit Owner will be required to find equal or greater lodging accommodations for the guest. *When a reservation is made, we are required to honor the reservation or find alternative accommodations, in this event, it is highly recommended that the Unit Owner finds "themselves" alternative accommodations rather than the "paying guest" to avoid expensive fees for finding similar accommodations at the last minute.*

The Program Administrator shall comply with Short Term Rental laws and city ordinances and local taxes. Daily room taxes shall be administered by the Program Administrator and submitted to the Reno Sparks Convention Center Authority in compliance with local laws. Each Unit Owner is required to complete an Internal Revenue Service (IRS) W-9 form and keep it on file with Program Administrator. Should unit owner not provide a valid W-9 form, Unit Owner authorizes Program Administrator to withhold payment until a property W-9 is received and validated. Each year in compliance with Federal Law and IRS requirements each Unit Owner will receive a 1099-Misc. from the Program Administrator. Unit Owner is advised to

Unit Owner Initials _____ Program Administrator Initials_____

seek legal/tax advice regarding this matter. Unit Owner is required to maintain any and all other taxes related to said unit, including but not limited to property taxes.

The Program Administrator shall, at their sole discretion, outsource the booking and management of the Unit to a third party who will push the booking/advertising to Global Distribution Systems who in turn will charge a booking fee. In addition to booking fees, travel agency commissions shall be offered as an incentive *to the booking company; these fees vary* and are offered out at the discretion of the Program Administrator. The program administrator will pay the initial set up fee's and recurring monthly fees for these programs, however, the Unit Owner will be required to pay a portion of the 3rd party booking fee, Global Distribution System booking fee and the travel agency commission. This information is set forth in Addendum A and is subject to change with 30 days written notice from the Program Administrator. The Unit Owner hereby agrees to allow the Program Administrator and their property management company to deduct these fees described herein and in Addendum A to this agreement (Hotel-Condo at Grand Sierra Resort Unit Rental Agreement) prior to sending monthly proceeds to the Unit Owner.

The Program Administrator shall, at their discretion, outsource the property management, *accounting, trust accounting policies* and procedures and day to day management as required by local, state and federal law. The property management company shall be compensated by the Program Administrator through a portion of the Program Membership Fee and the Program Administrator's daily booked room fee. Program Administrator shall actively offer Unit(s) for rent under the rotation system herein defined. Units will be divided into like units based on unit square footage and type of accommodations, i.e. 1 King bed or 2 Queen bed et cetera. As rooms are booked they will be rotated equally based on bookings as they come in, regardless of length of stay. This means that it is possible that some units will unfairly be rented out at longer periods of time, the rental rotation is strictly per booking and not based on length of stay. Bookings for an owners unit that are canceled at no penalty to the guest shall allow the unit to be placed back into rotation at the position *they were prior to that booking or a comparable equivalent.* In the event of special request for specific rooms by a bona fide guest, said unit shall be subsequently be placed at the back of the line in rotation just as if the room had been booked while in normal rotation. Unit Owner's may rent their unit to their own guest, which will not affect their position in the rotation system, however will cause the unit to be skipped in the event a booking of that type of room is placed during that particular stay. The Program Administrator shall collect rent in advance of guests stay and will provide the necessary trust accounting for disbursement of funds to unit owner after guest departure. Trust accounting shall be at the cost of the Program Administrator.

C) *Unit Owner Designation:* The Unit Owner may designate a person to be their Designated representative in this agreement and this person may act on behalf of the Unit Owner in every aspect of the powers and limitations of this agreement. In order to add or remove a designated representative, the Program Administrator must receive written notice from the Unit Owner at such time of removal or

addition of a designated representative. Addendum B must be completed, signed, notarized by the Unit Owner and the Designee and returned to the Program Administrator before the Designee may act on the Unit Owner's behalf for terms of this agreement.

D) ***Governing Law, Severability, Notices, Authorization and Specific Performance:*** This Agreement shall be governed by the laws in the State of Nevada and the United States of America. In the event any provision in this agreement is or becomes void, invalid, unenforceable and/or illegal in any jurisdiction, the provision shall be considered removed and the remainder of this agreement shall remain enforced so long as the essential terms of this agreement are valid. All notices in respect to this agreement must be in writing and in accordance with this agreement and may be delivered by email, facsimile, mail or hand delivered. Unit Owner consents that they are the legal owner of the Unit herein referenced and that they are acting as the sole party and no other parties with a legal vested interest in this Unit. Lastly, it shall be noted and agreed upon by all parties that for purposes of this agreement, time is of the essence.

6) ***Affiliation of Property Management Company:*** Program Administrator has hired Renown Real Estate Services, a licensed Nevada Real Estate Brokerage to handle property management and trust accounting services on behalf of Program Administrator as required by law. It is hereby known and acknowledged that Indy's Hotel Assistance Program, Ltd. is owned and operated by Kristopher Kent, a licensed Nevada Real Estate Broker and Property Management Permit holder, it is also herby known and acknowledged that Kristopher Kent owns a controlling share in Renown Real Estate Services, in which he is employed as the corporate broker of record. Kristopher Kent, Indy's Hotel Assistance Program, Ltd., Indy's Hotel-Condominiums at Grand Sierra Resort, Reno Luxury Resort, RenoLuxuryResort.com and Renown Real Estate Services are not affiliated in any way with Grand Sierra Resort. Any use or terms reflecting Grand Sierra Resort are used solely for descriptive purposes and not to denote any affiliation or connection with Grand Sierra Resort and Casino.

The person(s) signing this document agree to the terms of this agreement and satisfy that they are the owner(s) or the proven authorized owner(s) of the unit(s) herein referenced. This document, Addendum A and Addendum B must be signed in order to activate membership in the program.

In witness where of, the parties to this agreement execute this Agreement as of_____day of_____, 2012.

Unit Owner(s):

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

*Additional Owners, please sign on an addition sheet of paper and attach.

Program Administrator

By:_____
Name:_____
Title:_____

Unit Owner Initials_____ Program Administrator Initials_____

ADDENDUM A

LIMITED POWER OF ATTORNEY

Unit(s)#_____

Unit Owner(s) hereby grant permission to Program Administrator (Indy Hotel Assistance Program, Ltd.) and its designated employee(s), contractor(s) and/or representative(s) to make any and all necessary arrangements on behalf of Unit Owner in relation to the booking of the Owner's Unit. Such tasks include, but are not limited to: Acting on behalf of the Unit Owner in making contact with Grand Sierra Resort, Hotel Management Company, Homeowners Association in accordance with the Booking, Rental and Maintenance of the Unit(s). This limited power of attorney relationship shall run the course of this rental agreement (on or before June 20th, 2012 to December 31st, 2012); unless otherwise terminated by written notice by either party to this agreement.

In witness where of, the parties to this agreement execute this Agreement as of __ day of _____,2012.

Unit Owner(s):
By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

Program Administrator:
By:_____
Name:_____
Title:_____

ADDENDUM B

Unit Rental Income, Fee's and Expenses Schedule

Unit(s)#_____

Program Membership Fee: Waived

Program Membership Dates: On or before June 20th, 2012 to December 31st, 2012.

Travel Agent/Website Booking Fee/Commission: 0% to 15% of the gross total, excluding taxes. *Direct bookings on renoluxuryresort.com are free of commission.

Global Distribution Fee: 6% of the gross total (excluding taxes), charged on all travel website reservations (excludes booking.com).

Travel Website Discounts:

Priceline.com: 0-25%, depending on availability, on average 15%, we have tiers of discount rates, i.e. 1 room at 25%, 3 rooms at 20%, 10 rooms at 15%.

Orbitz.com: 0-25%, depending on availability, on average 15%, we have tiers of discount rates, i.e. 1 room at 25%, 3 rooms at 20%, 10 rooms at 15%.

Expedia.com: No discounted rate.

Hotels.com: No discounted rate.

Booking.com: No discounted rate.

All other travel websites: No discounted rates.

Indy Hotel Assistance Program, Ltd. Management Fee: $10.00 per night (on booked nights by paying guests).

*All rates are subject to change with 30 days' notice (excluding the IHAP fee).

In witness where of, the parties to this agreement execute this Agreement as of_____ day of _____, 2012.

Unit Owner(s):

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

*Additional Owners, please sign on an addition sheet of paper and attach.

Program Administrator

By:_____
Name:_____
Title:_____

CV12-02222 DC-0990006636-034
ALBERT THOMAS ETAL. VS. MEI 23 Pages
District Court 10/16/2014 01:41 PM
Washoe County 2490
EX11 MTORREC

EXHIBIT "11"

EXHIBIT "11"

EXHIBIT "11"

Case No. CV12-02222

Dept. No. 10

IN THE SECOND JUDICIAL DISTRICT COURT

OF THE STATE OF NEVADA

IN AND FOR THE COUNTY OF WASHOE

-oOo-

ALBERT THOMAS, individually,
et al.,

Plaintiffs,

vs.

MEI-GSR Holdings, LLC, a
Nevada Limited Liability
Company, et al.,

Defendants.

==========

DEPOSITION OF KRISTOPHER KENT

Tuesday, September 10, 2013
Reno, Nevada

Reported By: MARIAN S. BROWN PAVA, CCR #169, RPR
CALIFORNIA CSR #4525

1 A Yes. It's a requirement of law.
2 Q Is it seven years that you have to
3 maintain --
4 A I don't recall how long, but...
5 Q At some point, I believe, you formed a
6 company called IndyHAP, which was a Nevada LLC; is that
7 correct?
8 A It was called Indy Hotel Assistance Program,
9 but -- Indy Hotel Assistance Program.
10 MR. BROHAWN: I didn't hear that at all.
11 Sorry.
12 THE WITNESS: Indy Hotel Assistance Program.
13 BY MR. MILLER:
14 Q Do you recall what year you formed that
15 entity?
16 A I believe it was 2011.
17 Q And what brought about the formation of that
18 entity? Why did you form -- can I refer to it as
19 "IndyHAP"?
20 A Yes.
21 Q All right. Thank you. Why did you form
22 IndyHAP? What was the business purpose?
23 A To rent out vacation units at the Grand
24 Sierra Resort.
25 Q And how did it come about that you were going

1 would tell me what the Grand Sierra Resort said, but I
2 don't believe that I -- before I formed the LLC that I
3 had ever actually spoken to the Grand Sierra Resort.
4 Q So once you formed the LLC, when is the first
5 time that you had direct contact with Grand Sierra Resort
6 or a representative of the Grand Sierra Resort regarding
7 the implementation of this plan or IndyHAP business?
8 A I don't recall.
9 Q Do you recall ever having a meeting with
10 anyone from the Grand Sierra Resort regarding having
11 IndyHAP go into business renting these units?
12 A Yes.
13 Q When did that occur?
14 A I don't remember.
15 Q Do you recall who attended the meeting on
16 behalf of the Grand Sierra Resort?
17 A I believe it was Jennifer Campbell and --
18 another gentleman, I can't remember his name.
19 Q Would it be Kent Vaughan?
20 A No.
21 Q Tim Smith?
22 A Tim Smith, yes.
23 Q And do you recall what was said at that
24 meeting by either Tim Smith or Kent Vaughan?
25 A They seemed to be upset about what we were

1 doing.
2 Q Did they say why they were upset about it?
3 A I can't remember.
4 Q Did they try to dissuade you from pursuing
5 the business?
6 A Yes.
7 Q Do you recall what was said to try to
8 dissuade you from pursuing the business?
9 A They would use terms like, you can't use any
10 of our pictures or logos, you can't reference the Grand
11 Sierra Resort at all.
12 Q Did they make any alternative proposals to
13 you?
14 A Not that I remember.
15 Q What was the next meeting you can recall
16 having with individuals from the Grand Sierra Resort
17 regarding IndyHAP?
18 A If you have something specific with a date on
19 it, that would be helpful. I don't -- I'm not --
20 Q I don't.
21 A Okay.
22 Q So I'm just trying to go from your
23 recollection.
24 A If I reviewed my notes, I might be able to
25 help you, but I just don't recall.

1 Q And I think you said that you had recently
2 reviewed this correspondence; is that correct?
3 A Yes.
4 Q Was there anything that you saw in this
5 correspondence when you recently reviewed it that you
6 believe to be incorrect or inaccurate?
7 A No.
8 Q So as best you can recall, the statements
9 contained within this correspondence are accurate or
10 accurately reflect what transpired at the time?
11 A I can say that with respect to this letter,
12 that what I said and what I interpreted is correct.
13 However, I can't tell you what someone else reading it
14 would construe.
15 Q So it seems you recall the initial meeting
16 wherein it was your perception that -- I believe Tim
17 Smith or Jennifer Campbell or both of them gave you the
18 initial impression that they were going to dissuade you
19 from pursuing the business. Do you recall any other
20 meetings that you had with the Grand Sierra -- with the
21 Grand Sierra Resort management team or any member of the
22 Grand Sierra Resort management team?
23 A I had met with Jennifer Campbell before, just
24 Jennifer Campbell; with Tim Smith and Jennifer Campbell;
25 another front desk supervisor, Greg. I don't recall his

1 last name. I'm not clear on the dates or the order of
2 the transactions. I do believe that Tim Smith and
3 Jennifer Campbell were after we had already began and we
4 were having difficulty placing our reservations with
5 them.
6 Q So you had already formed the business and
7 you began to have trouble placing reservations with the
8 Grand Sierra Resort; is that correct?
9 A Yes.
10 Q And did you ask for a meeting with someone
11 from the Grand Sierra Resort to fix that issue, or how
12 did the meeting come about?
13 A I don't recall if it was at my request or at
14 their request.
15 Q But you recall the meeting occurring; is that
16 correct?
17 A Yes.
18 Q And where did the meeting occur?
19 A At the Grand Sierra Resort.
20 Q Do you recall what was discussed at the
21 meeting?
22 A Somewhat.
23 Q And what's your recollection?
24 A Of which meeting?
25 Q Of the next meeting you had with Jennifer

1 Campbell, and I'm assuming Tim Smith, regarding the
2 issues that were related to reservations.
3 A Again, I'm not sure on the order of the
4 conversations or meetings that we had, but I would say at
5 the initial -- or the meeting between Tim Smith and
6 Jennifer Campbell, that they were expressing concern with
7 guests not -- well, with guests having problems
8 understanding what our company was versus their company,
9 and they were frustrated with that.
10 Q Did they propose any solutions to that
11 situation?
12 A Not -- no, not the way that -- none that we
13 could actually implement.
14 Q Did you propose any solutions to that
15 situation?
16 A Yes.
17 Q And do you recall what your proposals were?
18 A No.
19 Q From your correspondence that's been marked
20 as Exhibit 6, I understand that you had issues with
21 marketing the rooms to third parties. Can you -- what
22 can you tell me about that?
23 A As I mentioned before, the Grand Sierra
24 Resort had indirectly told owners that they could not use
25 any marketing material or the name, Grand Sierra Resort,

1 and that if they did that they would get in trouble.
2 In addition, there were travel agents, online
3 travel agencies that we were trying to get set up with.
4 I ran into some problems with Priceline, where they were
5 saying the Grand Sierra Resort said it was not okay, and
6 then the Grand Sierra Resort said that Priceline said it
7 wasn't okay.
8 Q Did you ever reach any conclusion as to
9 whether or not it was the Grand Sierra that was trying to
10 stop you from utilizing Priceline for marketing purposes?
11 A It was fairly obvious that they were not
12 wanting to cooperate.
13 Q Did you ever reach a resolution whereby you
14 were able to use the services of Priceline?
15 A Yes. Several months later we used a
16 different marketing channel to obtain placement on
17 Priceline.
18 Q Do you think your business lost revenue as a
19 result of not being able to use Priceline during that
20 period of time?
21 A Yes. It was during the peaks.
22 Q And I'm just referring to your correspondence
23 that's marked as Exhibit 6, but it sounds like you also
24 had an issue with resort fees being charged to IndyHAP
25 guests. Can you elaborate on that for me?

1 A Yes. So my prior experience with the Grand
2 Sierra Resort, when I was representing Wells Fargo in
3 selling their units and providing BPOs, was that there
4 was no resort fee discussed when these people purchased
5 the properties, and then at some point down the line, the
6 Grand Sierra Resort decided that they would implement
7 resort fees, where they would give their own guests
8 discounts on the resort fee and sometimes waive them.
9 But at any time that we had a guest staying, they would
10 charge a resort fee.
11 And I asked them to stop charging the resort
12 fee, and I asked them what kind of logic they're using,
13 why they were charging a resort fee, if they had any
14 reasoning, or so forth, and they simply just continued
15 charging a resort fee.
16 Q Did you ever inquire as to the Grand Sierra
17 Resort how the resort fee was different from the daily
18 use fee that was already being charged?
19 A Yes.
20 Q Did they provide you with any answer to that
21 question or the --
22 A They tried to say that it -- they gave me a
23 list of things that the resort fee included that were not
24 included in the daily use fee.
25 Q Do you recall what those included?

1 Q As a function of your IndyHAP business, I'm
2 assuming that you had the third party condo owners, some
3 of them, signed up for your service, right? They entered
4 into a contract with you whereby you could rent their
5 rooms?
6 A Yes.
7 Q And as a function of that, is it your
8 understanding that those people were not under a current
9 contract with the Grand Sierra Resort for the rental of
10 their rooms, meaning, you couldn't -- you wouldn't have
11 somebody who would be under contract for you to rent
12 their room and under contract with the Grand Sierra
13 Resort for the Grand Sierra Resort to rent their room?
14 A Correct. We were the exclusive.
15 Q They were mutually exclusive, you were in one
16 or the other or none, but never in both?
17 A In our program, you were not part of their
18 program; however, you could rent your unit out on your
19 own.
20 Q So was it your understanding that if a room
21 was under your program, the Grand Sierra Resort should
22 not be renting that room out to third parties?
23 A Yes.
24 Q And did you ever discover that the Grand
25 Sierra Resort was renting rooms in your program out to

1 third parties?
2 A I was informed that they were. I never
3 personally saw it. I did start inspecting rooms and it
4 was fairly obvious that the rooms were being rented out
5 without our knowledge.
6 Q And what made that fairly obvious?
7 A Once the owners started telling us that their
8 rooms were being rented out, we started inspecting units
9 in the Grand -- so the Grand Sierra Resort would give us
10 one key and then we would go up to the room, look at the
11 room, take an inventory of the property in the room, and
12 then go back down to the main floor, return the key, get
13 another key and go up and look at the next room.
14 And during the course of this process, we
15 noticed a lot of rooms that were, like -- like a guest
16 had just checked out of the room.
17 Q Did you ever have a situation where you would
18 book a third party's room or one of your client's rooms,
19 who were under contract with you for the rental of their
20 unit, and then the guests would show up and that room
21 would be occupied by someone that Grand Sierra Resort had
22 put into the room?
23 A I don't recall specifically, anything like
24 that. I could refer to this letter if --
25 Q Yeah, if you would go ahead and review under

1 Q Was the business venture ever profitable
2 during any point in time?
3 A Briefly.
4 Q So during the -- why do you believe it was
5 profitable during a brief period of time? What caused
6 that? Was it when you first started the business or was
7 it --
8 A It was when we had first started and the
9 Grand Sierra Resort -- well, actually, it was when we had
10 finally gotten to the point where we were on some travel
11 websites. I believe it was in September, where we
12 started getting a plethora of reservations, and it
13 appeared -- for instance, Ron Paul, his campaign was
14 there and they stayed in a large portion of our rooms.
15 And at that point -- from that point forward,
16 it just seemed like there was problem after problem after
17 problem, creating a difficult -- making it as difficult
18 as possible for us to rent the rooms.
19 Q Was there any specific thing that you believe
20 the Grand Sierra Resort did that made it difficult for
21 you to rent the rooms?
22 A It's difficult to pinpoint one particular
23 thing they did, because anytime we overcame something
24 they did, there would be another challenge.
25 Q At what point did you decide to terminate the

1 business venture?
2 A I believe in December of 20' -- actually, I'm
3 not 100 percent sure on the timing.
4 Q Was it 2011 or 2012?
5 A I'm not sure. I would have to review my
6 notes, but...
7 Q Do you recall how long you were in operation
8 as IndyHAP or how long --
9 A I believe a year-and-a-half.
10 Q So would it have been -- it would have been
11 2012, then?
12 A Yes.
13 Q And what ultimately caused you -- was there a
14 single factor that caused you to close IndyHAP?
15 A The Grand Sierra Resort had stopped allowing
16 rooms to be rented, the majority of the rooms in our
17 program, which made it difficult for us to place guests
18 in the rooms.
19 Q And why did they stop allowing rooms in your
20 program to be rented?
21 A They instituted another policy where they
22 said that if you were not current on some dues of some
23 sort that they would not allow your room to be rented.
24 Q So any participant in your program that
25 wasn't current on all of their dues, the Grand Sierra

1 Resort had a policy whereby they would refuse to let you
2 rent those rooms?
3 A Yes, they would refuse.
4 Q Did you ever inquire as to what legal basis
5 they had to prevent these people from renting their
6 rooms?
7 A Yes.
8 Q And did you ever reach a conclusion?
9 A No. I mean, my personal conclusion was that
10 they wanted us to fail.
11 Q Have you ever had any involvement with the
12 Grand Sierra Resort purchasing a unit from a third party
13 or purchasing one of your client's units?
14 A Yes.
15 Q And when did that occur?
16 A Multiple times.
17 Q So did you represent your clients in a
18 transaction whereby they sold their units to the Grand
19 Sierra Resort?
20 A No.
21 Q Okay. Can you describe it for me?
22 A I just -- I meant that -- well, if you could
23 rephrase the question. Did you mean a client of my
24 brokerage or a client of the program?
25 Q Either.

1 STATE OF NEVADA)
) ss.
2 COUNTY OF WASHOE)

3 I, MARIAN S. BROWN PAVA, a Certified Court
4 Reporter in and for the State of Nevada and State of
5 California do hereby certify that on Tuesday, September
6 10, 2013, at the offices of Robertson, Johnson, Miller &
7 Williamson, 50 West Liberty Street, Suite 600, Reno,
8 Nevada, I reported the deposition of KRISTOPHER KENT in
9 the matter entitled herein; that said witness was duly
10 sworn by me; that, before the proceedings' completion,
11 the reading and signing of the deposition were requested
12 by counsel for the respective parties; that the foregoing
13 transcript, consisting of pages 1 through 125, is a true
14 and correct transcript of the stenographic notes of
15 testimony taken by me in the above-captioned matter to
16 the best of my knowledge, skill and ability.

17 I further certify that I am not an attorney
18 or counsel for any of the parties, nor a relative or
19 employee of any attorney or counsel connected with the
20 action, nor financially interested in the action.

21 Dated at Reno, Nevada, this 24th day of
22 September, 2013.

23

24 Marian S. Brown Pava

MARIAN S. BROWN PAVA, CCR #169, RPR, CSR #4525

25

Dear Program Member,

At the request of some of our members we are writing this letter to document the history of our program and the challenges that we have faced since inception.

Background: IndyHAP is a limited liability company in Nevada formed as a separate entity solely for the membership of individual condominium owners at the Grand Sierra Resort. Owners of units take membership and IndyHAP rents out units through the management of an outside property management company licensed in the State of Nevada, Renown Real Estate Services. IndyHAP has two DBA's, Reno Luxury Resort and Indy's Hotel Condominiums at Grand Sierra Resort which are the commonly referred to names of the collection of units in the program for purposes of renting out units to the public in various forms including the internet / World Wide Web. In April of 2011 the Grand Sierra Resort notified unit owners that the property had been purchased by The Meruelo Group and that they would be cancelling their rental agreement that they had in place with unit owners effective June 20th, 2011. They further stated that unit owners could sign a new agreement with the Grand Sierra Resort in which the Meruelo Group owned units would be rented out on a first priority and in the event they sell out they would rent out individually owned units. In addition the Meruelo Group notified all unit owners that they would be charging a substantial assessment to renovate the hotel and rooms.

We were notified of this situation by an employee of our real estate firm, Katie Dunlap whom I had assisted her parents in the purchase of a unit at the Grand Sierra Resort through a trustee sale earlier in the year. At this time our team strategized a solution to the issue at hand and determined a unique opportunity to provide a solution to owners. When the Grand Sierra Resort voluntarily cancelled their rental agreement with individual owners they inadvertently opened up an opportunity for other rental companies to rent out units at no penalty to unit owners. Prior to this cancellation there were large monetary penalties if an owner decided to leave their rental program. Our team created IndyHAP (Independent Hotel Assistance Program) and Renown Real Estate Services solicited owners on behalf of IndyHAP by sending out a letter to owners notifying them that IndyHAP was starting a program to rent out units at a significant discount and with a fair rotation system in place. The letter was sent using the information provided by the Washoe County Assessor in their property owner database available to the public. Once owners began receiving our letter they wanted us to make contact with other owners who did not have updated contact information with the Washoe County Assessor. Several Owners requested the contact information of owners through the secretary of the Unit Owners Association, Alan Smith (the only non-GSR HOA/UOA member) who requested the information from the UOA management company (AMI) who denied our/his request. After several weeks of fielding phone calls, walk-ins and emails IndyHAP was invited to a meeting of independent owners along with another company that was soliciting owners for a new rental program. Prior to this meeting there was an HOA meeting the same day in which Kent Vaughan, Senior Vice President of Hotel Operations and President of the Unit Owners Association had told owners that if owners went with an outside company that company could not use any marketing materials from the Grand Sierra Resort, the name of the hotel, the logo or photo's outside of the hotel rooms themselves, including the lobby, hallways, the actual building, the pool, etc.

EXHIBIT 6 3/22/13 MR

This was brought to our attention at the meeting we were presenting at and we had reviewed this statement with our attorney and determined the trademark logo of the GSR and owned photos were risky to use, but not necessarily outlawed. We then decided that we would use hotel images taken by our own photographers, using the name of the resort only in description of the hotel units in our program. We decided not to use the GSR logo because it was not necessary in order to market the units in our program in respect to the location and further, as mentioned earlier it was trademarked. When our photographer attempted to take photos of the pool security stopped him and took him to the marketing department who told him that he could not take photos of the hotel. However, the pool staff explained that if he came back the next morning he could take photos, which he did do. We were ultimately limited in our ability to take professional photographs of the hotel and amenities because we were refused the ability to do so, meanwhile the Grand Sierra Resort was able to continue marketing rooms in their own program with full photo's and unrestricted access to all amenities, enabling them to block off portions of the hotel take professional photo's. I could go on and on with a detailed accounting of the problems we faced and continue to face, but it is far too many to list in this letter.

I have categorized the most common problems, but this is not a complete list by any means.

1) Grand Sierra Resort charging "Resort Fees" to IndyHAP guests.

The GSR imposed a "Resort Fee" of $11.30 ($10.00 + $1.30 tax) to guests of the privately held units, which was in addition to the $22.35 daily use fee which was paid by the owners each time their unit was rented out. To this day, resort fees are still being charged to our guests, which should be refunded to owners to compensate for the daily use fee which are imposed. The GSR often waives or discounts this fee for their own guests, but do not for our guests. I believe that if the GSR would like to charge more that the daily use fee rate, they would need to bring this to the UOA board for presentation and approval. It was our original intention to have this $10.00 applied to the unit owners daily use fee, which Mr. Vaughan approved, but quickly rescinded.

2) Grand Sierra Resort blocking our ability to work with Online Travel Agencies.

Mr. Vaughan, Senior Vice President of Hotel Operations stated to owners that he didn't think that online travel agencies would not allow us to be on their websites because it would cause confusion. Since he mentioned this, The Grand Sierra Resort has worked directly and indirectly to ensure that IndyHAP was limited in exposure with online travel agencies and continues to do so. In our infancy we began to contact online travel agencies, we ran into our first problem with Priceline.com. After months of work I was told by the Western Regional Revenue Manager for Priceline.com, Michael Gonzalez, that the Grand Sierra Resort did not want us on priceline.com because we would be undercutting the GSR rates. I emailed Kent Vaughan and asked him if this was true and he denied it. I went back to Priceline and told them the Grand Sierra Resort was okay with us being listed on their website. He replied stating that Kerri Countess, Sales Manager at Grand Sierra Resort would not allow it. I then went back to Kent Vaughan and asked again and he refused to cooperate in anyway and we remained delisted on priceline.com. Later after using a third party on our behalf, we were able to get on priceline.com but we suffer from poor positioning and listing quality because we are not a direct vendor with

priceline.com. We were successful in getting listed with Expedia branded websites, however, after several months we were removed because the GSR had requested us be removed due to "rate parody." This is where the GSR guarantee's that they have the lowest rate at their hotel and if you find a better rate they will beat it. Savvy consumers were taking our pricing and using it to get an even better discount directly at the Grand Sierra Resort. A similar incident caused us to be pulled from Travelocity.com which we remain off of to this day. We are currently only listed directly with one online travel agency, Booking.com and we have seen phenomenal success with them indicating that the Grand Sierra Resort has done an excellent job of keeping us out of their dominate markets.

3) Rooms in our program being occupied by guests of the Grand Sierra Resort without permission or compensation

Within the first month of operation we were asked by owners if we could determine whether or not the Grand Sierra Resort was renting out the rooms without letting us know. Owners had been skeptical that the Grand Sierra Resort had been renting their unit without their knowledge prior to IndyHAP and wanted to ensure this did not happen. As we began taking reservations and assigning guests to our rooms and sending this information over to the Grand Sierra Resort, the Grand Sierra Resort on occasion would not have a room in our list of arrivals unavailable and we would have to reassign the guest to a different room. This was odd and at the same time, the Grand Sierra Resort was insisting that we send reservations to them as we received them. This meant that if we received a reservation we would assign it to a room and send it to the Grand Sierra Resort in advance so they would know not to have it vacant. Our problem was that when we sent a reservation to them a month in advance, things changed over the time period, people would cancel, upgrade rooms, downgrade rooms, extend or shorten their stay and we would have to manually keep track of this and tell the GSR every time we made a change in our system. For these reasons we explained to the GSR that we only send reservations a day in advance, unless it was really busy at the hotel, then on a case by case basis we would send over reservations in advance.

At the request of members and in our own curiosity we decided that we should view each room and take an inventory of furniture and condition of each unit as well as determine whether the Grand Sierra Resort was renting the rooms without our knowledge and compensation. At this point we had about 125 units in our program and we began visiting the rooms on a floor by floor basis. We attempted to coordinate the viewing of entire floors or wings of the hotel at a time, but Kent Vaughan, Senior Vice President of Hotel Operations insisted that we could only see one room at a time. He referenced an internal policy that only allowed people that did not work for the Grand Sierra Resort could only have access to one room at a time. We were skeptical and asked repeatedly to see this policy and procedures manual so we could remain in compliance, but were denied. Going to each room one at a time was very time consuming, each time we returned to the front desk we had to wait in line like any other guest and explain to the front desk clerk who we were and what we were doing. We quickly realized that if we were going to find out if the GSR was renting out rooms without our knowledge we couldn't go one room at a time in order, so we started going sporadically to rooms all over the hotel. This is when we began to notice problems. We found rooms were occupied without our consent, dirty rooms, rooms missing furniture, rooms with mismatched furniture, etc. After about one month of viewing rooms, we

were notified that the Grand Sierra Resort was going to begin renovating rooms in late October. This meant that all the work we had done was pointless as the inventory and condition was going to change.

4). Renovations of our rooms for the benefit of the Grand Sierra Resort and not the benefit of the owners.

In October we were informed that the Grand Sierra Resort had entered into a contract with IBM for a conference and that part of the contract involved having functional and appealing furnishings in the rooms. The rooms had damaged furniture, primarily due to poor quality, veneers were peeling off particle board, and the pull out sofa-beds could not be pulled out. The Grand Sierra Resort had a problem, this needed to be fixed and quickly. If the IBM conference cancelled the GSR would have lost substantial ancillary income from guests, gaming revenue, food and entertainment revenue and conference revenue. In order to make sure that the Grand Sierra Resort did not lose this revenue they decided (and the HOA/UOA) that they should do a temporary renovation. None of IndyHAP rooms were part of this IBM conference yet they required this temporary renovation as well. It isn't clear what became of the temporary renovation, some furniture was replaced with new furniture that was going to be installed during the spring remodel, and some rooms were swapped furniture. But in the end, IndyHAP units somehow got the short end of the stick, which involved some rooms missing all of their furniture, some with mis-matched furniture from the basic rooms at the Grand Sierra and some rooms that were had good furniture now had all the broken furniture from other units. We constantly received complaints from guests about the condition of the rooms and missing furniture. Our rooms also took longer to be renovated causing us to move reservations and owners to lose revenue. This ultimately caused us to lose our first member, Mary Kossick.

5) Spring Renovation of Rooms again.

After losing significant revenue in the fall due to the partial renovation of rooms that left IndyHAP rooms in poor condition, the Grand Sierra Resort announced the schedule to remodel the rooms again. The GSR gave out a schedule which oddly started on the top floor, where the GSR owned the majority of the units with the majority of the IndyHAP to be completed by mid April. After the completion of the remodel, which was somewhat on time, we ran into recurring problems clear into the end of May, where the GSR had not completed the hallways to floors our rooms were on and we constantly had to move guests around causing loss of income from our owners. What was strange was that the GSR had completely remodeled most of their rooms, but was slowly finishing IndyHAP units in a much more drawn out process.

Between all of the Grand Sierra Resort dealings we have persisted against great odds. Aside from the problems at the Grand Sierra Resort not mentioned, including but not limited to constantly shuffling management positions and employees (Tim Smith, Susie Ragusa, etc), severely late payments to our members by GSR, IndyHAP guests being treated poorly by GSR staff and denied privileges, HOA board member shuffling and appointments (conflicts of interest, fiduciary issues), small claims court cases for unpaid dues, threats of refusal to allow our members units to be rented, constant solicitation and

intimidation of our members to rejoin the GSR rental program, we have had challenges of our own that are beyond the control of the Grand Sierra Resort. We have met repeatedly with GSR management to discuss ways to improve the guest mutually beneficial experience at the hotel; this usually involved us making conceding to whatever the GSR wanted to do, they rarely would do anything we suggested, but we tried to accommodate most of their requests. Their main complaint was that guests would complain to Jennifer Campbell about not being able to get in touch with us and they would ask her to resolve some situation, such as a cancelled reservation due to non-payment. In these instances most of the time these guests had been in contact with a representative on our end, didn't like the outcome and contacted Mrs. Campbell to try and get around us. Or in a rare instance a non-paying guest would arrive at the hotel and freak out and make a scene. This also happens to guests that stay directly with the GSR, which we have observed first hand. To this day we have no solution for this problem, but it is still a common complaint by the GSR despite our attempts to meet with GSR staff to clear this up. On another occasion we had some guests attending a Ron Paul convention at the GSR and they wanted to pay for all of their guests Resort Fee up-front. We collected the fee and were to disburse to the Grand Sierra Resort afterward's, at the time the Resort Fee was still in dispute and after nearly six months of holding the money in our trust account and avoiding payment; we decided that because the owners were not disputing the resort fee that we would pay it to the Grand Sierra Resort.

We are not perfect and have made mistakes along the way but we feel we have been hurt significantly by direct and indirect actions of the Grand Sierra Resort in their blatantly obvious attempt to buy back individually owned units. As a member, we feel obligated to write you and let you know some of the difficulties we are working against in a clear and conscious effort to rent your condo tel unit at the Grand Sierra Resort.

Sincerely,

Kristopher Kent, Manager

FW: IHAP check
Date:
2012/06/20 17:25:12
Priority:
Normal
Type:
Note
CONFIDENTIAL
ATTORNEY CLIENT PRIVILEGE
ATTORNEY WORK PRODUCT

Terry

Can you give me a call when you have a chance.

Last I spoke with Alex, he wanted to hold off paying. Just want to get your thoughts before I speak with him tonight about this issue.

Thanks
Ben

From: Susie Ragusa
Sent: Wednesday, June 20, 2012 9:01 AM
To: Benjamin Vega; sean@brohawnlaw.com
Cc: Kent Vaughan; Terry Vavra
Subject: FW: IHAP check

Do we know what we are doing with the IHAP rent back billing?

Susie Ragusa
Director Shared Services
P: 775-789-2077
C: 775-335-9454

From: Jennifer Campbell
Sent: Wednesday, June 20, 2012 8:55 AM
To: Susie Ragusa
Subject: IHAP check

Do you know what is happening on the April rentbacks that we are to pay directly to IHAP?

Sincerely,

Jennifer Campbell
Condo Owner Service Coordinator
Grand Sierra Resort and Casino
2500 East Second Street
Reno, Nevada 89595

p. 775.789.5354
c. 775.750.1369
f. 775.788.6996

www.grandsierraresort.com
Get Lucky at GSR

10

E

I will send an offer for $13K today. Title has the contracts for John's other 7 units.

Thanks,

Tim D. Smith

Consultant

Grand Sierra Resort

775-686-0727

tim.smith@grandsierraresort.com

From: Susie Ragusa
Sent: Saturday, April 14, 2012 9:06 AM
To: Terry Vavra; Benjamin Vega; Tim Smith
Subject: RE: 01201857-004-JN -2500 East 2nd Street #2153-John Anson and Goesel Anson/Arriendo Advisors

Talked to John Anson last night.

He is not selling this 2153 to Kris Kent but to us and we will give him the 13K minus the arrears he has on this unit which is $6,337.51. This is a loft unit so I think that is a good price, we will end up paying him $6,662.49 for this unit. I am kind of shocked that this Kris Kent is trying to be so underhanded. (Maybe not shocked?) It will be in our best interest to get rid of this guy as soon as possible in my opinion.

Unit 1854 is in foreclosure according to John Anson but he is going to send me the details on that unit as well.

Tim can you shoot an agreement over to John for the 2153 with the $13,000.00 asking price minus the arrears $6,337.51; please copy me on your email. I am having trouble following what is happening after I send this information to you, until you bring the paperwork by. I am hoping to review the information as well so we can stay in the loop.

Thank you.

DC-0990006636-035
2 Pages
CV12-02222 VS. MEI-
ALBERT THOMAS ETAL 10/16/2014 01:41 PM
District Court 2490
Washoe County
MTROPEC
FY12

EXHIBIT "12"

EXHIBIT "12"

EXHIBIT "12"

From:	Jennifer Campbell
To:	Jennifer Campbell
Cc:	Susie Ragusa
Subject:	GSR Rental Program
Date:	Friday, December 14, 2012 4:55:11 PM
Attachments:	image001.gif image002.jpg GSR Rental Agreement.pdf holiday20128f8100

Hello,

I wanted to reach out to you today as I have received notice from Kristopher Kent from IHAP (your current property management group) that he is no longer managing the condo units as of December 31, 2012.

If you are interested in rejoining the GSR Rental Agreement, please let me know. I have attached the Rental Agreement for you to look over. If your unit is in arrears, this would be a great way to pay your balance down.

You can reach me at 775-789-5354 or Susie Ragusa at 775-789-2077 if you have any questions.

We look forward to working with you.

Sincerely,

Jennifer Campbell | Condo Owner Service Coordinator
2500 East Second Street | Reno, NV 89595
T: 775.789.5354
C: 775.750.1369
F: 775.788.6996
E-mail jennifer.campbell@grandsierraresort.com
GrandSierraResort.com | Blog | Twitter | Facebook | YouTube

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CV12-02222
ALBERT THOMAS ETAL. VS. MEI- 2 Pages
DC-09900060636-036
District Court 10/16/2014 01:41 PM
Washoe County 2490
FX13 MTORRES

EXHIBIT "13"

EXHIBIT "13"

EXHIBIT "13"

From: Susie Ragusa
To: Tony Vitero
Cc: Benjamin Vitero ; Jennifer Carnahan
Subject: Condo Update
Date: Friday, October 26, 2012 4:34:54 PM
Attachments: image001.png

Number of Units	3/31/11	7/30/12	Change	Owner %	10/25/12	Change	Owner %
GSR Owned	341	426	85	63.6%	439	98	65.5%
3rd Party Owned	329	244	(85)	36.4%	231	-98	34.5%
Total Units	670	670	-	100.0%	670	0	100.0%

Goal %	80%	536
Current %	64.5%	439
% to Go	15.2%	97

3rd Party Owned	3/31/11	% in Program	7/30/2012	% in Program	10/25/2012	% in Program
In Rental Program	325	98.8%	160	65.6%	155	67.1%
Not in Rental Program	4	1.2%	84	34.4%	76	32.9%
Totals	329	100.0%	244	100.0%	231	100.0%

Closed Purchases	98
Pending Offers	41
In Escrow	8
Not Interested	86
Average Purchase Price	$12,188

Susie Ragusa
2500 East Second Street | Reno, NV 89595
T: 775.789.2077 | C: 775.336-9454
E-mail susie.ragusa@grandsierraresort.com

Get Lucky at GSR

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CV12-02222
DC-0990006636-037
ALBERT THOMAS ETAL. VS. MEI- 5 Pages
District Court 10/16/2014 01:41 PM
Washoe County 2490
EX14 MTORRES

EXHIBIT "14"

EXHIBIT "14"

EXHIBIT "14"

Case No. CV12-02222

Dept. No. 10

IN THE SECOND JUDICIAL DISTRICT COURT

OF THE STATE OF NEVADA

IN AND FOR THE COUNTY OF WASHOE

-oOo-

ALBERT THOMAS, individually,
et al.,

Plaintiffs,

vs.

MEI-GSR Holdings, LLC, a
Nevada Limited Liability
Company, et al.,

Defendants.

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DEPOSITION OF SUSAN I. RAGUSA

Tuesday, October 1, 2013
Reno, Nevada

Reported By: MARIAN S. BROWN PAVA, CCR #169, RPR
CALIFORNIA CSR #4525

1 no. There's no specific attorney, no.
2 Q Okay. Let me go down to -- have you go down
3 to the next email on the same page. And this one is from
4 Lori Tokutomi to you. Do you see that?
5 And it says, "Susie, I'm the owner of 1711.
6 What is your offer?"
7 A Um-hum, yes.
8 Q And then below that, she's writing in
9 response to your email of October 9, 2012, that you sent
10 at 4:45 p.m. Do you see that?
11 A To all the condo unit owners, yes.
12 Q Yes. So this was sent to all the condo unit
13 owners?
14 A Yes.
15 Q If you go down to the last full paragraph on
16 this first page, the second sentence says, "As we
17 progress into 2013 the price appears to be working its
18 way back down so I want to make sure we don't miss the
19 opportunity to assist you if we can."
20 Do you recall writing that statement?
21 A I do.
22 Q Do you know what information you based the
23 representation that the price appears to be working its
24 way back down?
25 A Straight out of my own mind.

1 Q Okay.
2 A Just like a car salesman.
3 Q Was there any -- so there was no information
4 behind that?
5 A No.
6 Q And that was just a statement used to try to
7 get people to sell their units back?
8 A Yes.
9 Q If you flip over to the next page, it says --
10 and this is, again, from your email. It says, "Currently
11 the ability to process a short sale without causing too
12 much credit defamation is great but December 2012 ends
13 the ability to process those."
14 A And that is true. That was true at the time,
15 but they extended it through April and May of the
16 following year, as far as the tax and being 1099ed for
17 the amount over. We got that from the real estate
18 website somewhere, I can't remember exactly where.
19 Q So it's your recollection that that was
20 pulled off of a real estate website?
21 A It was my recollection that that was true.
22 Q Okay. The next --
23 A But nobody approved that. I wrote these all
24 on my own, trying to get them to sell them back.
25 Q And again, who was it who instructed you to

1 STATE OF NEVADA)
) ss.
2 COUNTY OF WASHOE)

3 I, MARIAN S. BROWN PAVA, a Certified Court
4 Reporter in and for the State of Nevada and State of
5 California do hereby certify that on Tuesday, October 1,
6 2013, at the offices of Robertson, Johnson, Miller &
7 Williamson, 50 West Liberty Street, Suite 600, Reno,
8 Nevada, I reported the deposition of SUSAN I. RAGUSA in
9 the matter entitled herein; that said witness was duly
10 sworn by me; that, before the proceedings' completion,
11 the reading and signing of the deposition were requested
12 by counsel for the respective parties; that the foregoing
13 transcript, consisting of pages 1 through 57, is a true
14 and correct transcript of the stenographic notes of
15 testimony taken by me in the above-captioned matter to
16 the best of my knowledge, skill and ability.
17 I further certify that I am not an attorney
18 or counsel for any of the parties, nor a relative or
19 employee of any attorney or counsel connected with the
20 action, nor financially interested in the action.
21 Dated at Reno, Nevada, this 7th day of
22 October, 2013.
23
24 Marian S. Brown Pava
MARIAN S. BROWN PAVA, CCR #169, RPR, CSR #4525
25

CV12-02222
ALBERT THOMAS ETAL. VS. MEI-
District Court DC-0990006638-038
Washoe County 10/16/2014 01:41 PM
EX15 4 Pages
24590
MTORRES

EXHIBIT "15"

EXHIBIT "15"

EXHIBIT "15"

Case No. CV12-02222

Dept. No. 10

IN THE SECOND JUDICIAL DISTRICT COURT

OF THE STATE OF NEVADA

IN AND FOR THE COUNTY OF WASHOE

-oOo-

ALBERT THOMAS, individually,
et al,

Plaintiffs,

vs.

MEI-GSR Holdings, LLC, a
Nevada Limited Liability
Company, et al.,

Defendants.

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DEPOSITION OF JEANNE TARANTINO
VOLUME I

Monday, September 23, 2013
Reno, Nevada

Reported By: MARIAN S. BROWN PAVA, CCR #169, RPR
CALIFORNIA CSR #4525

1 Q Since you've held your current position or
2 worked with the Grand Sierra Resort, have there
3 continuously been two Grand Sierra Resort employees on
4 the Board of Directors for the Homeowners Association?
5 A Yes.
6 Q Okay. And does a majority vote control under
7 the Grand Sierra Resort CC&Rs?
8 A Yes.
9 Q And there are three members of the board for
10 the Grand Sierra Resort?
11 A Yes.
12 Q So the two employees of the Grand Sierra
13 Resort can ultimately make any decision in connection
14 with the Board of Directors for the Unit Owners'
15 Association; is that correct?
16 A Yes.
17 Q Once the new owners took over for the Grand
18 Sierra Resort or purchased the Grand Sierra Resort, it's
19 my understanding that generally there was some attempt to
20 further separate the Unit Owners' Association and the
21 Grand Sierra Resort; is that correct?
22 A Yes.
23 Q Can you tell me what occurred at that time?
24 A It had been in progress since before the new
25 ownership happened, and it allowed -- prior to 2012,

1 STATE OF NEVADA)
) ss.
2 COUNTY OF WASHOE)

3 I, MARIAN S. BROWN PAVA, a Certified Court
4 Reporter in and for the State of Nevada and State of
5 California do hereby certify that on Monday, September
6 23, 2013, at the offices of Robertson, Johnson, Miller &
7 Williamson, 50 West Liberty Street, Suite 600, Reno,
8 Nevada, I reported the deposition of JEANNE TARANTINO in
9 the matter entitled herein; that said witness was duly
10 sworn by me; that, before the proceedings' completion,
11 the reading and signing of the deposition were requested
12 by counsel for the respective parties; that the foregoing
13 transcript, consisting of pages 1 through 120, is a true
14 and correct transcript of the stenographic notes of
15 testimony taken by me in the above-captioned matter to
16 the best of my knowledge, skill and ability.
17 I further certify that I am not an attorney
18 or counsel for any of the parties, nor a relative or
19 employee of any attorney or counsel connected with the
20 action, nor financially interested in the action.
21 Dated at Reno, Nevada, this 4th day of
22 October, 2013.
23
24 Marian S. Brown Pava
MARIAN S. BROWN PAVA, CCR #169, RPR, CSR #4525
25

CV12-02222 DC-0990000636-039
ALBERT THOMAS ETAL. VS. MEI-- 6 Pages
District Court 10/16/2014 01:41 PM
Washoe County 2490
FX16 MTORRFC

EXHIBIT "16"

EXHIBIT "16"

EXHIBIT "16"

From:	Tim Smith
To:	Terry Vieira
Cc:	Susie Rapusa
Subject:	Condo Status as of 04-05-12
Date:	Thursday, April 05, 2012 1:58:45 PM

04-05-12

Closed on 66 units, 2 should close tomorrow and 23 offers are pending. Please ask Jennifer t review the "in rental program" data.

Grand Sierra Resort Hotel-Condo Recap

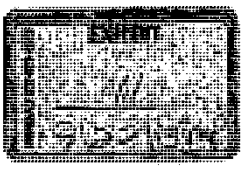
* Number of Units	3/31/2011	4/5/2012	Change	Owner %
GSR Owned	341	407	66	60.7%
3rd Party Owned	329	263	(66)	39.3%
Total Units	**670**	**670-**		**100.0%**

* **Units Needed to Purchase to Reach 80% (No longer requiring HOA-NRS 116)** **129**

* 3rd Party Owned	3/31/2011	% in Program	4/5/2012	% in Program
In Rental Program	325	98.8%	134	51.0%
Not in Rental Program	4	1.2%	129	49.0%
Totals	**329**	**100.0%**	**263**	**100.0%**

* Closed Purchases	66
* Pending Offers	23
* In Escrow	2
* Average Purchase Price	$12,070.00

Tim D. Smith
Consultant
Grand Sierra Resort
775-686-0727
tim.smith@grandsierraresort.com



Case No. CV12-02222

Dept. No. 10

IN THE SECOND JUDICIAL DISTRICT COURT

OF THE STATE OF NEVADA

IN AND FOR THE COUNTY OF WASHOE

-oOo-

ALBERT THOMAS, individually,
et al,

Plaintiffs,

vs.

MEI-GSR Holdings, LLC, a
Nevada Limited Liability
Company, et al.,

Defendants.

==========

DEPOSITION OF KENT MICHAEL VAUGHAN

Monday, August 26, 2013
Reno, Nevada

Reported By: MARIAN S. BROWN PAVA, CCR #169, RPR
CALIFORNIA CSR #4525

BY MR. MILLER:

Q Oh, I'm sorry. 407 as of April 5, 2012.

A Yes.

Q And then 263 to third parties as of that same date.

A Yes.

Q If you look below that, it says, "Units Needed to Purchase" -- "Units Needed to Purchase to Reach 80 Percent (No longer requiring HOA)."

Do you see that line?

A Yes.

Q Is it your understanding that if 80 percent of the units are purchased that the HOA can be terminated?

A That is my understanding.

Q Okay. And is it your understanding that that's the goal of the Grand Sierra Resort, is to acquire 80 percent of the units and terminate the HOA?

A Yes. And my goal, too.

Q Do you know where the Grand Sierra Resort is currently at with regard to --

A I don't.

Q -- acquiring 80 percent?

A We're in the high 60s, I believe.

Q If the HOA is terminated and, say, 19 percent

1 of the remaining units are individually owned, does the
2 Grand Sierra have a plan in place for the continued use
3 of the 19 percent that it is privately owned?
4 A I believe we would continue to do what we're
5 doing now. I don't think it would change.
6 Q So there would be a unit rental agreement if
7 so chosen for the 19 percent that remain, there just
8 wouldn't be an HOA?
9 A Correct. That's why I would -- that's why I
10 am getting excited.
11 Q And again, though, you are on the Board of
12 the HOA and you're the president of the HOA.
13 A Right.
14 Q Do you think that termination of the HOA
15 under NRS 116 would preserve the property values of the
16 remaining units?
17 A Yes.
18 Q Do you think it would increase the property
19 value of the remaining units?
20 A Yes.
21 Q Did you work with Tim Smith?
22 A Yes.
23 Q And how did you work with him, what was his
24 role?
25 A He was hired to oversee -- to do different

1 STATE OF NEVADA)
) ss.
2 COUNTY OF WASHOE)

3 I, MARIAN S. BROWN PAVA, a Certified Court
4 Reporter in and for the State of Nevada and State of
5 California do hereby certify that on Monday, August 26,
6 2013, at the offices of Robertson, Johnson, Miller &
7 Williamson, 50 West Liberty Street, Suite 600, Reno,
8 Nevada, I reported the deposition of KENT MICHAEL VAUGHAN
9 in the matter entitled herein; that said witness was duly
10 sworn by me; that, before the proceedings' completion,
11 the reading and signing of the deposition were requested
12 by counsel for the respective parties; that the foregoing
13 transcript, consisting of pages 1 through 207, is a true
14 and correct transcript of the stenographic notes of
15 testimony taken by me in the above-captioned matter to
16 the best of my knowledge, skill and ability.
17 I further certify that I am not an attorney
18 or counsel for any of the parties, nor a relative or
19 employee of any attorney or counsel connected with the
20 action, nor financially interested in the action.
21 Dated at Reno, Nevada, this 13th day of
22 September, 2013.
23
24 Marian S. Brown Pava
MARIAN S. BROWN PAVA, CCR #169, RPR, CSR #4525
25

CV12-02222 DC-0990060636-040
ALBERT THOMAS ETAL VS. MEI- 6 Pages
District Court 10/16/2014 01:41 PM
Washoe County 2490
MTORRES
EX17

EXHIBIT "17"

EXHIBIT "17"

EXHIBIT "17"

JAMES S. PROCTOR, CPA, CFE, CVA, CFF
MERIDIAN ADVANTAGE

EDUCATION & CERTIFICATIONS

BS, University of Nevada, Reno
CPA, Certified Public Accountant in Nevada
CFE, Certified Fraud Examiner
CVA, Certified Valuation Analyst
CFF, Certified in Financial Forensics

EXPERIENCE

Mr. Proctor has 30 years of business consulting and litigation related experience. He is the former managing partner of a long-time Reno, Nevada Certified Public Accounting firm where, in addition to business consulting, tax and financial statement related services, he performed many litigation support services. These services included forensic accounting investigations, divorce analysis, expert witness testimony, economic losses, court appointed examiner, court appointed receiver, and business valuation assignments. Mr. Proctor also served as a United States Bankruptcy Trustee where he administered bankruptcy cases under Chapter 11 and Chapter 7. He has operated businesses in financial distress as a trustee and receiver, searched for hidden assets, investigated fraudulent transfers, preferential transfers, and testified accordingly when called upon. He also has directed and conducted debtor examinations. Jim has worked in the gaming industry and has in depth knowledge of gaming operations. Early in his career he worked with the international accounting firm of Grant Thornton. Jim has also been active in the Nevada Society of CPAs, has served as the Chairman of the Professional Ethics Committee, and has received the Outstanding Community Service Award.

In addition to his **CPA** certification, Mr. Proctor is a Certified Fraud Examiner **(CFE)**, Certified Valuation Analyst **(CVA)** and Certified in Financial Forensics **(CFF)**.

PROFESSIONAL ASSOCIATIONS

American Institute of Certified Public Accountants
Nevada Society of Certified Public Accountants
Association of Certified Fraud Examiners, lifetime member
National Association of Certified Valuation Analysts
Association for Financial Professionals of Northern Nevada
Washoe County Bar Association
Golden State Chapter of the ACFE
Northern Nevada Chapter of the ACFE
NSCPA Business Valuation Committee

OTHER ASSOCIATIONS

Washoe Legal Services, Secretary Treasurer
City of Reno Financial Advisory Board
Chamber of Commerce, Leadership Reno
Challenger Learning Center of Northern Nevada, Treasurer
Vets with a Mission, Secretary/Treasurer

PUBLICATIONS

"Save on Expert Witnesses" *in the Writ, Official Publication of the Washoe County Bar Association*, January 2010

SELECTED SPEAKING ENGAGEMENTS AND PRESENTATIONS

National Association of Legal Secretaries, Reno, Nevada "Forensic Accounting Presentation"

Washoe County Bar Association – CLE, Reno, Nevada "Valuation Pitfalls in Buy Sell Agreements"

Washoe County Bar Association – CLE, Reno, Nevada "When Business Associations Blowup"

Association of Financial Professionals of Northern Nevada, Reno, Nevada "Forensic Accounting" Presentation

State Bar of Nevada – CLE, Reno and Las Vegas, Nevada "Business Valuations: Exorcising the Voodoo"

Northern Nevada Chapter, Association of Certified Fraud Examiners, Reno, Nevada "Interview Techniques"

JAMES S. PROCTOR
Certified Public Accountant
Certified Fraud Examiner
Certified Valuation Analyst
Certified in Financial Forensics
Meridian Advantage
200 Ridge St., Suite 240
Reno, Nevada 89501
(775) 323-2577

EMPLOYMENT HISTORY:

2008 – Present

MERIDIAN ADVANTAGE (Formerly Meridian Business Advisors)
200 Ridge Street, Suite 240, Reno, Nevada

Litigation Support, Forensic Accounting, Fraud Examination, Expert Witness, Economic Losses, Business Valuations, Compliance, Receiverships

1983 - 2008

JAMES S. PROCTOR CO. (Formerly Proctor, Davis & Co. CPA's)
Reno, Nevada

Tax planning and tax return preparation for individuals, partnerships, corporations, trusts and estates. Financial statement preparation. Litigation support services, court appointed examiner, receiver, expert witness, fraud examinations, projections, and valuations. Supervision, coordination, and training of professional staff and firm administration.

1989 - 2003

UNITED STATES BANKRUPTCY COURT

Trustee under the auspices of the Department of Justice - responsible for administration of Chapter 7 and 11 estates, including the orderly liquidation of assets for payment to creditors, and investigation of fraudulent activities.

1982 - 1983

GRANT THORNTON & Co.
Reno, Nevada

Staff Accountant

1978 - 1982

MGM GRAND HOTEL-RENO
2500 Second Street, Reno, Nevada

Chief Accountant, Internal Auditor, Inventory Controller, Casino Accountant, and Senior Accountant

EDUCATION:

University of Nevada-Reno
1979 B.S. Business Administration
Accounting major

University of Illinois/AICPA, National Tax Education Program.

Continuing Professional Education including National Litigation Conference, National Divorce Conference, National Fraud Symposium, various auditing and tax courses, fraud and forensic, and bankruptcy and insolvency courses, economic loss, and business valuation courses.

ACTIVITIES:

American Institute of Certified Public Accountants
Nevada Society of Certified Public Accountants
Association of Certified Fraud Examiners, Lifetime member
National Association of Certified Valuation Analysts
Association of Insolvency Accountants
National Association of Bankruptcy Trustees
Nevada Society of CPA's, Former Chairman Professional Ethics Committee
City of Reno Financial Advisory Board
Vets with a Mission, Secretary
Washoe Legal Services, Secretary, Treasurer
Challenger Learning Center of Northern Nevada, Treasurer
Association for Financial Professionals of Northern Nevada
The Ridge House, Former Vice President
Chamber of Commerce, Leadership Reno/ Sparks
Western Inspirational Broadcaster Treasurer, Former Chairman
Salvation Army Advisory Board, Former Chairman
Nevada Society CPA Outstanding Community Service Award

Business Industries

Real Estate Developers and Brokers
Contractors
Professional Firms
Dealerships
Repair Shops
Advertising Agencies
Food and Beverage Establishments
Farms and Ranches
Retailers
Investment Companies
Mortgage Companies
Insurance Agencies
Gaming and Hospitality
Property Management Firms
Homeowners Associations
Apartment Complexes
HUD Projects
Jobber, Wholesalers, Distributors
Manufacturing
Suppliers
Nonprofit Organizations
Physicians
Medical Services
Attorneys

Business Valuations

Business Dissolutions and Liquidations
Business Acquisitions and Formations
Buy-Sell Agreements
Divorce
Estate and Tax Planning

Bankruptcy and Receiverships

Apartment Complexes, Rentals
Construction
Telecommunications
Retail Businesses
Real Estate Developers and Brokers
Chemicals
Warehousing
Investors
Gaming and Hospitality
Manufacturers
Mining
Trucking
Extended Care Facilities
Entertainment Facilities

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CODE: 3245
Jarrad C. Miller, Esq. (NV Bar No. 7093)
Jonathan J. Tew, Esq. (NV Bar No. 11874)
Robertson, Johnson, Miller & Williamson
50 West Liberty Street, Suite 600
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(775) 329-5600
Attorneys for Plaintiffs

SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA

IN AND FOR THE COUNTY OF WASHOE

ALBERT THOMAS, individually; *et al.*, Plaintiffs, vs. MEI-GSR Holdings, LLC, a Nevada Limited Liability Company, GRAND SIERRA RESORT UNIT OWNERS' ASSOCIATION, a Nevada nonprofit corporation; GAGE VILLAGE COMMERCIAL DEVELOPMENT, LLC, a Nevada Limited Liability Company and DOE DEFENDANTS 1 THROUGH 10, inclusive, Defendants.	Case No. CV12-02222 Dept. No. 10

ORDER APPOINTING RECEIVER

This Court, having examined Plaintiffs' Motion for Appointment of Receiver ("Motion"), the related opposition and reply, and with good cause appearing finds that Plaintiffs have submitted the credentials of a candidate to be appointed as receiver of the assets, properties, books and records, and other items of Defendants as defined herein below and have advised the Court that this candidate is prepared to assume this responsibility if so ordered by the Court.

IT IS HEREBY ORDERED that, pursuant to this Court's October 3, 2014 Order, and N.R.S. § 32.010(1), (3) and (6), effective as of the date of this Order, James S. Proctor, CPA, CFE, CVA and CFF ("receiver") shall be and is hereby appointed receiver: (1) over Defendant Grand Sierra Resort Unit Owners' Association, A Nevada Non-Profit Corporation ("GSRUOA"); (2) over Defendant MEI-GSR Holdings, LLC., a Nevada Limited Liability Company for the limited purposes of monitoring and controlling, if the receiver in his sole

discretion deems necessary, the operation, rental, maintenance, fee, due and reserve collection of all condominium units governed by the GSRUOA that are owned by any Plaintiff or Defendant to this action ("Property").

The Receiver is appointed for the purpose of implementing compliance, among all condominium units, including Defendants' units, with the Covenants Codes and Restrictions recorded against the condominium units, the Unit Maintenance Agreements and the (original) Unit Rental Agreements ("Governing Documents"). (See Exhibits 1, 2 and 3).

The Receiver is not charged with trying to account for or collect any fees, reserves or revenue associate with events prior to the entry of this Order.

All funds collected and/or exchanged under the Governing Documents shall be distributed, utilized, or held as reserves in accordance with the Governing Documents.

IT IS FURTHER ORDERED that the Receiver shall conduct itself as a neutral agent of this court and not as an agent of any party;

IT IS FURTHER ORDERED that the Receiver is appointed without the need of the filing or posting of a bond;

IT IS FURTHER ORDERED that, to enforce compliance with the Governing Documents, the Receiver shall have the following powers, and responsibilities, and shall be authorized and empowered to:

1. ***General***

a. To review, and/or take control of:

i. all the records, correspondence, insurance policies, books and accounts of or relating to the Property which refer to the Property, any ongoing construction and improvements on the Property, the rent or liabilities pertaining to the Property;

ii. all office equipment used by Defendants in connection with development, improvement, leasing, sales, marketing and/or conveyance of the Property and the buildings thereon, including all computer equipment, all software programs and passwords, and any other information, data, equipment or items necessary for the operations with respect to the Property, whether in the possession and control of Defendants or its principals, agents, servants

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or employees; provided, however, that such books, records, and office equipment shall be made available for the use of the agents, servants and employees of Defendants in the normal course of the performance of their duties not involving the Property;

iii. all deposits relating to the Property, regardless of when received, together with all books, records, deposit books, checks and checkbooks, together with names, addresses, contact names, telephone and facsimile numbers where any and all deposits are held, plus all account numbers;

iv. all accounting records, accounting software, computers, laptops, passwords, books of account, general ledgers, accounts receivable records, accounts payable records, cash receipts records, checkbooks, accounts, passbooks, and all other accounting documents relating to the Property;

v. all accounts receivable, payments, rents including all statements and records of deposits, advances, and prepaid contracts or rents, if applicable, including any deposits with utilities and/or government entities relating to the Property;

vi. all insurance policies relating to the Property;

vii. all documents relating to repairs of the Property, including all estimated costs or repair;

viii. all documents reasonably requested by Receiver.

b. To use or collect:

i. The Receiver may use any federal taxpayer identification number relating to the Property for any lawful purpose;

ii. The Receiver is authorized and directed to collect and open all mail of GSR UOA relating to the Property.

c. The Receiver shall not become personally liable for environmental contamination or health and safety violations.

d. The Receiver is an officer and master of the Court and is entitled to effectuate the Receiver's duties conferred by this Order, including the authority to communicate

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Reno, Nevada 89501

ex parte on the record with the Court when in the opinion of the Receiver, emergency judicial action is necessary.

e. All persons and entities owing any money to GSR UOA -- directly or indirectly relating to the Property shall pay the same directly to the Receiver. Without limiting the generality of the foregoing; upon presentation of a conformed copy of this order, any financial institution holding deposit accounts, funds or property of GSR UOA turnover to the Receiver such funds at the request of the Receiver.

2. ***Employment***

To hire, employ, and retain attorneys, certified public accountants, investigators, security guards, consultants, property management companies, brokers, appraisers, title companies, licensed construction control companies, and any other personnel or employees which the receiver deems necessary to assist it in the discharge of his duties.

3. ***Insurance***

a. To maintain adequate insurance for the Property to the same extent and in the same manner as it has heretofore been insured, or as in the judgment of the receiver may seem fit and proper, and to request all presently existing policies to be amended by adding the receiver and the receivership estate as an additional insured within 10 days of the entry of the order appointing the receiver. If there is inadequate insurance or if there are insufficient funds in the receivership estate to procure adequate insurance, the receiver is directed to immediately petition the court for instructions. The receiver may, in his discretion, apply for any bond or insurance providing coverage for the receiver's conduct and operations of the Property, which shall be an expense of the Property, during the period in which the Property is uninsured or underinsured, receiver shall not be personally responsible for any claims arising therefore;

b. To pay all necessary insurance premiums for such insurance and all taxes and assessments levied on the Property during the receivership.

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4. ***Treatment of Contracts***

a. To continue in effect any contracts presently existing and not in default relating to the Property;

b. To negotiate, enter into and modify contracts affecting any part or all of the Property.

c. The receiver shall not be bound by any contract between Defendants and any third party that the receiver does not expressly assume in writing, including any portion of any lease that constitutes the personal obligation of Defendants, but which does not affect a tenant's quiet enjoyment of its leasehold estate.

d. To notify all local, state and federal governmental agencies, all vendors and suppliers, and any and all others who provide goods or services to the Property of his appointment as receiver.

e. No insurance company may cancel its existing current-paid policy as a result of the appointment of the receiver, without prior order of this Court.

5. ***Collection***

To demand, collect and receive all dues, fees, reserves, rents and revenues derived from the Property.

6. ***Litigation***

a. To bring and prosecute all proper actions for (i) the collection of rents or any other income derived from the Property, (ii) the removal from the Property of persons not entitled to entry thereon, (iii) the protection of the Property, (iv) damage caused to the Property; and (v) the recovery of possession of the Property;

b. To settle and resolve any actual or potential litigation, whether or not an action has been commenced, in a manner which, in the exercise of the receiver's judgment, is most beneficial to the receivership estate.

7. ***Reporting***

a. The receiver shall prepare on a monthly basis, commencing the month ending 30 days after his appointment, and by the last day of each month thereafter, so long as the

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Property shall remain in his possession or care, reports listing any receiver fees (as described herein below), receipts and disbursements, and any other significant operational issues that have occurred during the preceding month. The receiver is directed to file such reports with this Court. The receiver shall serve a copy of this report on the attorneys of record for the parties to this action.

b. The receiver shall not be responsible for the preparation and filing of tax returns on behalf of the parties.

8. ***Receivership Funds /Payments/ Disbursements***

a. To pay and discharge out of the Property's rents and/or GSRUOA monthly dues collections all the reasonable and necessary expenses of the receivership and the costs and expenses of operation and maintenance of the Property, including all of the receiver's and related fees, taxes, governmental assessments and charges and the nature thereof lawfully imposed upon the Property;

b. To expend funds to purchase merchandise, materials, supplies and services as the receiver deems necessary and advisable to assist him in performing his duties hereunder and to pay therefore the ordinary and usual rates and prices out of the funds that may come into the possession of the receiver;

c. To apply, obtain and pay any reasonable fees for any lawful license, permit or other governmental approval relating to the Property or the operation thereof; confirm the existence of and, to the extent permitted by law, exercise the privileges of any existing license or permit or the operation thereof, and do all things necessary to protect and maintain such licenses, permits and approvals;

d. To open and utilize bank accounts for receivership funds;

e. To present for payment any checks, money orders or other forms of payment which constitute the rents and revenues of the Property, endorse same and collect the proceeds thereof.

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9. ***Administrative Fees and Costs***

a. The receiver shall be compensated at a rate that is commensurate with industry standards. As detailed below, a monthly report will be created by the receiver describing the fee and work performed. In addition, the receiver shall be reimbursed for all expenses incurred by the receiver on behalf of the Property;

b. The receiver, his consultants, agents, employees, legal counsel, and professionals shall be paid on an interim monthly basis. To be paid on a monthly basis, the receiver must serve a statement of account on all parties each month for the time and expense incurred in the preceding calendar month. If no objection thereto is filed with the Court and served on the attorneys of record for the parties to this action on or within ten (10) days following service thereof, such statement of account may be paid by the receiver. If an objection is timely filed and served, such statement of account shall not be paid absent further order of the Court. In the event objections are timely made to fees and expenses, the portion of the fees and expenses as to which no objection has been interposed may be paid immediately following the expiration of the ten-day objection period. The portion of fees and expenses to which an objection has been timely interposed may be paid within ten (10) days of an agreement among the parties or entry of a Court order adjudicating the matter;

c. Despite the periodic payment of receiver's fees and administrative expenses, such fees and expenses shall be submitted to the Court for final approval and confirmation in the form of either a stipulation among the parties or the receiver's final account and report;

d. To generally do such other things as may be necessary or incidental to the foregoing specific powers, directions and general authorities and take actions relating to the Property beyond the scope contemplated by the provisions set forth above, provided the receiver obtains prior court approval for any actions beyond the scope contemplated herein.

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10. *Injunction in Aid of Receiver*

IT IS FURTHER ORDERED Defendants, and their agents, servants and employees, and all those acting in concert with them, and each of them, are hereby enjoined from engaging in or performing, directly or indirectly, any or all of the following acts:

a. Interfering with the receiver, directly or indirectly, in the management and operation of the Property;

b. Transferring, concealing, destroying, defacing or altering any of the instruments, documents, ledger cards, books, records, printouts or other writings relating to the Property, or any portion thereof;

c. Doing any act which will, or which will tend to, impair, defeat, divert, prevent or prejudice the preservation of the Property or the interest of Plaintiffs in the Property;

d. Filing suit against the receiver or taking other action against the receiver without an order of this Court permitting the suit or action; provided, however, that no prior court order is required to file a motion in this action to enforce the provisions of the Order or any other order of this Court in this action.

IT IS FURTHER ORDERED that Defendants, and any other person or entity who may have possession, custody or control of any Property, including any of their agents, representatives, assignees, and employees shall do the following:

a. Turn over to the receiver all documents which constitute or pertain to all licenses, permits or governmental approvals relating to the Property;

b. Turn over to the receiver all documents which constitute or pertain to insurance policies, whether currently in effect or lapsed which relate to the Property;

c. Turn over to the receiver all contracts, leases and subleases, royalty agreements, licenses, assignments or other agreements of any kind whatsoever, whether currently in effect or lapsed, which relate to any interest in the Property;

d. Turn over to the receiver all documents pertaining to past, present or future construction of any type with respect to all or any part of the Property;

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e. Turn over to the Receiver all rents, dues, reserves and revenues derived from the Property wherever and in whatsoever mode maintained;

f. Nothing in the Order shall be intended to, nor shall be construed to, require the Defendants to turn over any documents protected from disclosure by either the attorney-client privilege or the attorney work product privilege;

g. Immediately advise the receiver about the nature and extent of insurance coverage on the Property;

h. Immediately name the receiver as an additional insured on each insurance policy on the Property;

i. DO NOT cancel, reduce, or modify the insurance coverage;

j. Such and other and further injunctive relief sought by Plaintiffs in any of the Receiver's work, as described in motions and applications as may be separately filed with the Court.

DATED this _____ day of _____, 2014.

_____
DISTRICT COURT JUDGE

Submitted by:

_____
Jarrad C. Miller, Esq.
Attorney for Plaintiffs

Robertson, Johnson, Miller & Williamson
50 West Liberty Street, Suite 600
Reno, Nevada 89501

Index of Exhibits

Number	Date	Description	Pages
1		Covenants Codes and Restrictions	
2		Unit Maintenance Agreements	
3		Unit Rental Agreements	

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Washoe County MTORRFS
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EXHIBIT "19"

EXHIBIT "19"

EXHIBIT "19"

CODE: 1520
Jarrad C. Miller, Esq. (NV Bar No. 7093)
Jonathan J. Tew, Esq. (NV Bar No. 11874)
Robertson, Johnson, Miller & Williamson
50 West Liberty Street, Suite 600
Reno, Nevada 89501
(775) 329-5600
Attorneys for Plaintiffs

SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA

IN AND FOR THE COUNTY OF WASHOE

ALBERT THOMAS, individually; *et al.*, Plaintiffs, vs. MEI-GSR Holdings, LLC, a Nevada Limited Liability Company, GRAND SIERRA RESORT UNIT OWNERS' ASSOCIATION, a Nevada nonprofit corporation, GAGE VILLAGE COMMERCIAL DEVELOPMENT, LLC, a Nevada Limited Liability Company and DOE DEFENDANTS 1 THROUGH 10, inclusive, Defendants.	Case No. CV12-02222 Dept. No. 10

DECLARATION OF JARRAD C. MILLER, ESQ. IN SUPPORT OF PLAINTIFFS' MOTION FOR APPOINTMENT OF RECEIVER

I, Jarrad C. Miller, state:

If called as a witness, I would and could testify that the following facts are within my personal knowledge.

1. I am an attorney of record herein for Plaintiffs.

QUALIFICATIONS

2. I am licensed to practice law in the State of Nevada, and am a Shareholder of the Robertson, Johnson, Miller & Williamson law firm, which has offices in Reno, Nevada and Las Vegas, Nevada.

3. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "1" is a true and correct copy of the Seventh Amendment to Condominium Declaration of Covenants,

Conditions, Restrictions and Reservations of Easements for Hotel-Condominiums at Grand Sierra Resort ("CC&Rs").

4. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "2" is a true and correct copy of the Unit Maintenance Agreement (9/25/07).

5. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "3" is a true and correct copy of the 28 Day Law (Section 18.24.203.2690).

6. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "4" is a true and correct copy of the Purchase and Sale Agreement with buyers and Plaintiffs, George and Melissa Vagujhelyi.

7. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "5" is a true and correct copy of Unit Rental Agreement (1/27/07).

8. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "6" is a true and correct copy of the letter regarding the termination of Unit Rental Agreement (4/20/11).

9. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "7" is a true and correct copy of a letter regarding the new Unit Rental Agreement (5/20/11) and a sample of the new Unit Rental Agreement.

10. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "8" is a true and correct copy of emails regarding acquiring units.

11. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "9" is a true and correct copy of the Amended Expert Report of Graig L. Greene, CPA/CFF, CFE, MAFF.

12. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "10" is a true and correct copy of a letter from IndyHAP (5/4/11) and sample of the IndyHAP Contract.

13. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "11" is a true and correct copy of a portion of Kristopher Kent Deposition Transcript; letter from IndyHAP (9/11/12); and email regarding withholding payment to IndyHAP (6/20/14.

14. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "12" is a true and correct copy of Email regarding IndyHAP termination (12/14/12).

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Reno, Nevada 89501

15. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "13" is a true and correct copy of email regarding status of units (10/26/12).

16. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "14" is a true and correct copy of a portion of the Susan Ragusa Deposition Transcript.

17. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "15" is a true and correct copy of a portion of the Jeanne Tarantino Deposition Transcript.

18. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "16" is a true and correct copy of an email regarding status of unit ownership and a portion of the Kent Michael Vaughan Deposition Transcript.

19. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "17" is a true and correct copy of *Curriculum Vitae* of James S. Proctor, CPA, CFE, CVA, CFF.

20. Attached to Plaintiffs' Motion for Appointment of Receiver as Exhibit "18" is a true and correct copy of a proposed *Order Appointing Receiver*.

I have read this Declaration, and I have personal knowledge of all matters stated herein and am competent to testify with respect to all such matters. I declare under penalty of perjury that the foregoing is true and correct and that this Declaration was executed on October 16, 2014.

/s/ Jarrad C. Miller
Jarrad C. Miller, Esq.

Robertson, Johnson,
Miller & Williamson
50 West Liberty Street,
Suite 600
Reno, Nevada 89501

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COHEN-JOHNSON, LLC
H. STAN JOHNSON, ESQ.
Nevada Bar No.: 00265
sjohnson@cohenjohnson.com
STEVEN COHEN, ESQ.
Nevada Bar No.: 2327
scohen@cohenjohnson.com
255 E Warm Springs Rd., Suite 100
Las Vegas, Nevada 89119
Telephone (702) 823-3400
Facsimile (702) 823-3500
Attorneys for Defendants

SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA

IN AND FOR THE COUNTY OF WASHOE

ALBERT THOMAS, individually; et al., Plaintiff, vs. MEI-GSR HOLDINGS, LLC., a Nevada Limited Liability Company, GRAND SIERRA RESORT UNIT OWNERS' ASSOCIATION, A Nevada Non-Profit Corporation, GAGE VILLAGE COMMERCIAL DEVELOPMENT, LLC, a Nevada Limited Liability Company and DOE DEFENDANTS 1 through 10, inclusive. Defendants.	Case No. CV-12-02222 Department 10 **DEFENDANTS' OPPOSTION TO PLAINTIFFS' MOTION FOR A RECEIVER**

COMES NOW, the Defendants, by and through their counsel of record, H., Stan Johnson, of COHEN|JOHNSON, LLC. and hereby submits the Defendants' Opposition to Plaintiffs' Motion for a Receiver.

This Opposition is supported by the attached Memorandum of Points and Authorities, the attached exhibits, affidavit of counsel, the papers, pleadings, and documents on file herein, any oral argument this Court may choose to hear.

. . .

. . .

. . .

COHEN-JOHNSON, LLC
255 E. Warm Springs Road, Suite 100
Las Vegas, Nevada 89119
(702) 823-3500 FAX: (702) 823-3400

Dated this 5th day of November, 2014.

COHEN-JOHNSON, LLC

By: *_____/s/H. Stan Johnson*

H. STAN JOHNSON, ESQ.
Nevada Bar No.: 00265
sjohnson@cohenjohnson.com
STEVEN COHEN, ESQ.
Nevada Bar No.: 2327
scohen@cohenjohnson.com
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Attorneys for Defendants

COHEN-JOHNSON, LLC
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COHEN-JOHNSON, LLC
255 E. Warm Springs Road, Suite 100
Las Vegas, Nevada 89119
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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

The Court is well aware of the facts that lead to the Order for Case Concluding Sanctions which was issued on October 3, 2014. In October of 2013, the Court held hearings for three days regarding 37(b) sanctions and at that time the court ordered the Defendants to pay the attorney's fees and costs incurred from the October 2013 hearings. In August of 2014, this Court held hearings and the Court granted the Plaintiff's Motion for Case Terminating Sanctions on October 3, 2014.

On October 16th 2014 the Plaintiff's filed their Motion for Appointment of Receiver and on November 5, 2014, the Defendants filed their Opposition claiming the proposed Order gives the receiver too broad of powers and discretion.

II. LEGAL ARGUMENT

A. LEGAL STANDARD

"A receiver is an indifferent person between the parties to a cause, appointed by the court to receive and preserve the property or fund in litigation *pendent lite*, when it does not seem reasonable to the court that either party should hold it." *Bowler v. Leonard*, 70 Nev. 370, 383, 269 P. 2d 833, 839 (1954)

Where the statute provides for the appointment of receivers, the statutory requirements must be met or the appointment is void and in excess of jurisdiction. Tardy's Smith on Receivers, Vol. 2, 1974 et seq.; *Golden v. Averill*, supra; 45 Amer. Jur. 99, para. 117; 14A C. J. § 3199, page 970; 19 C.J.S., Corporations, § 1480; *Larsen v. Winder*, 14 Wash. 109, 44 P. 123, 53 Am.St.Rep. 864; *Gordon et al. v. Pacific Excursion Co.*, 107 Wash. 628, 182 P. 591; Vol. 16, Fletcher on Corporations, p. 68, para. 7685. *Shelton v. Second Judicial District Court in and for Washoe County*, 64 Nev. 487, 494 185 P.2d 320, 323 (1947)

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255 E. Warm Springs Road, Suite 100
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(702) 823-3500 FAX: (702) 823-3400

B. LEGAL ANALYSIS

1. <u>The Appointment of a Receiver should be limited only to Grand Sierra Resort Unit Owners' Association</u>

In Plaintiffs' First Claim for Relief the Plaintiffs seek the appointment of a receiver pursuant to NRS § 32.010 as to the Grand Sierra Unit Owners' Association and no other entity. In the Plaintiff's proposed order, they admit that their clients contracted with Grand Sierra Unit Owners' Association ("GSUOA"). This entity is exclusive and operates independently of MEI-GSR HOLDINGS, LLC.

The Plaintiff's proposed order gives the Receiver too broad of powers and the Order does not adequately define the "Property". (*See Proposed Order Page 2 ll. 21-28*) If the Court is inclined to grant the motion, it should be made clear that the term "Property" relates only to the GSUOA and not to any part of MEI-GSR HOLDINGS, LLC ("MEI-GSR"). MEI-GSR holds an unlimited gaming license with the State of Nevada. If the proposed receiver were to exercise any control over MEI-GSR he might be called forward for licensing by the State of Nevada.

If the court grants the motion the Receiver should be prevented from exercising jurisdiction, dominion, or control over (1) Hotel Operations, (2) Casino Operations, (3) Food and Beverage Operations, (4) Retail Operations, and (5) Operations. The only area the receiver should have access and control is the GRAND SIERRA RESORT UNIT OWNERS ASSOCIATION. As such, the Receiver should be precluded from having any access or control over casino and hotel operations.

2. <u>The Receiver Should be Paid From the Estate in Question or By The Requesting Party.</u>

If the Court does grant the request for a Receiver, the Receiver should be paid first from the property that is subject to the receivership and second by the party requesting the receiver. Generally the costs of a receiver are paid from the property in the receivership estate, but courts may also impose the receiver costs on the party who sought the appointment of the receiver. See, *City of Chula Vista V. Gutierrez* 207 Cal App. 4th 681 (2012); *Baldwin v. Baldwin,* 82 Cal

App 2d 851 (1947). In this case if the Plaintiffs are requesting the receiver he should be first paid from the proceeds collected and then if that is not sufficient to pay the receiver then the Plaintiffs should be responsible for any short fall.

3. **The Receiver Must Follow all Applicable Contracts that Relate to the Parties and Should be Required to Follow all Contract Provisions**.

It appears that the Plaintiffs are requesting that the receiver selectively enforce and follow the contracts between the parties and that the receiver should not enforce the payments of expenses or seek recovery of unpaid expenses. A receiver is a neutral person who should be charged with following all of the applicable contact provisions and not picking and choosing which provisions should be enforced and which ones should not be enforced. A receiver may pick which contracts he will honor, but he may not pick which parts of a contract he will honor. See, *Hawaii Ventures, LLC v. Otaka, Inc*., 114 Hawaii 438 (2007); *National Cash Register Co. V. Burns*, 217 S.C. 310(1950). (In a receivership the court has no power to alleviate contractual obligations).

Defendants incorporate by reference its Amended Pre-Trial and Motions in Limine filed August 22, 2014. If a receiver is appointed the receiver should be required to enforce and follow the contracts and all provisions of the contracts in question.

III. CONCLUSION

For the reasons set forth above, the Defendants request that the Court deny the Plaintiffs' Motion or in the Alternative that any receiver would be appointed subject to the above referenced restrictions and limitations.

AFFIRMATION

Pursuant to NRS §239B.030, the undersigned does hereby affirm that the preceding document does not contain the social security numbers of any person.

COHEN-JOHNSON, LLC
255 E. Warm Springs Road, Suite 100
Las Vegas, Nevada 89119
(702) 823-3500 FAX: (702) 823-3400

Dated this 5th day of November, 2014.

COHEN|JOHNSON, LLC.

By: *_____/H. Stan Johnson/_____*

H. STAN JOHNSON, ESQ.
Nevada Bar No.: 00265
sjohnson@cohenjohnson.com
STEVEN COHEN, ESQ.
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Las Vegas, Nevada 89119
(702) 823-3500 FAX: (702) 823-3400

CERTIFICATE OF MAILING

I hereby certify that on the 5th day of November, 2014, I served a copy of the foregoing upon each of the parties by facsimile and by depositing a copy of the same in a sealed envelope in the United States Mail, Las Vegas, Nevada, First-Class Postage fully prepaid, and addressed to:

Jarrad C. Miller, Esq.
Robertson, Johnson, Miller & Williams
50 W. Liberty Street, Suite 600
Reno, Nevada 89501
Attorneyfor Plaintiffs

and that there is a regular communication by mail between the place of mailing and the place so addressed.

/s/ Kelly J. Montgomery
An employee of Cohen-Johnson, LLC

F I L E D
Electronically
2014-11-17 05:06:55 PM
Cathy Hill
Acting Clerk of the Court
Transaction # 4699866 : melwood

CODE: 3795
G. David Robertson, Esq. (NV Bar No. 1001)
Jarrad C. Miller, Esq. (NV Bar No. 7093)
Jonathan J. Tew, Esq. (NV Bar No. 11874)
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50 West Liberty Street, Suite 600
Reno, Nevada 89501
(775) 329-5600
Attorneys for Plaintiffs

SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA

IN AND FOR THE COUNTY OF WASHOE

ALBERT THOMAS, individually; *et al.*, Plaintiffs, vs. MEI-GSR Holdings, LLC, a Nevada Limited Liability Company, GRAND SIERRA RESORT UNIT OWNERS' ASSOCIATION, a Nevada nonprofit corporation, GAGE VILLAGE COMMERCIAL DEVELOPMENT, LLC, a Nevada Limited Liability Company and DOE DEFENDANTS 1 THROUGH 10, inclusive, Defendants.	Case No. CV12-02222 Dept. No. 10

REPLY IN SUPPORT OF MOTION FOR APPOINTMENT OF RECEIVER

Plaintiffs, by and through their undersigned counsel of record, the law firm of Robertson, Johnson, Miller & Williamson, hereby submit this Reply in Support of Motion for Appointment of Receiver ("Reply"). This Reply is supported by the attached memorandum of points and authorities; the exhibits; all papers, pleadings, and documents on file with the underlying motion; and any oral argument which this Court may choose to hear.

Dated this 17th day of November, 2014.

ROBERTSON, JOHNSON,
MILLER & WILLIAMSON

By: */s/ Jarrad C. Miller*
Jarrad C. Miller, Esq.
Jonathan Joel Tew, Esq.
Attorneys for Plaintiffs

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Defendants filed their Opposition to Plaintiffs' Motion for a Receiver on November 5, 2014 wherein they raise three arguments: (1) the receiver should be limited only to Grand Sierra Resort Unit Owners' Association; (2) the receiver should be paid from the estate or by the Plaintiffs; and (3) the receiver must follow all contracts.

As explained herein, all of Defendants' concerns can be addressed through minor changes to Plaintiffs' proposed order. Accordingly, pursuant to NRS § 32.010, this Court should grant Plaintiffs' motion and appoint James S. Proctor, CPA, CFE, CVA and CFF receiver.

II. LEGAL ANALYSIS

1. The Receivership Should Not Be Limited to the Grand Sierra Resort Unit Owners' Association

The Defendants argue that Plaintiffs' first cause of action for the appointment of a receiver seeks a receiver only as to the Grand Sierra Unit Owners' Association ("GSUOA") and no other entity. (Opposition at 4:4-5.) Thus, Defendants assert that Plaintiffs' proposed order gives the Receiver too broad of powers to the extent that it provides authority over Defendant MEI-GSR Holdings, LLC's units and Defendant Gage Village Commercial Development, LLC's units. (Id. at 4:9-10.)

First, the Plaintiffs seek a receivership pursuant to NRS § 32.010 and their request for a receiver is in no way limited to, or by, their claims for relief. (Motion at 5:21-7:10.)

Second, the Defendants' condominium units are a portion of the Property as defined in Plaintiffs' proposed order and are all condominium units within the GSUOA. As such, a receivership without the limited control over both Plaintiffs' units and Defendants' units as described in the proposed order would be meaningless as it would be impossible for the receiver to enforce equal treatment of the condominium units, in accordance with the Governing Documents. Indeed, the impetus for this action is Defendants' preferential treatment of their condominium units over those of the Plaintiffs. "Defendant MEI-GSR has manipulated the rental of the: (1) hotel rooms owned by Defendant MEI-GSR; (2) GSR Condo Units owned by

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Defendant MEI-GSR and/or Gage Village; and (3) GSR Condo Units owned by Individual Condo Unit Owners so as to maximize Defendant MEI-GSR's profits and devalue the GSR Condo Units owned by the Individual Unit Owners." (Plaintiffs' Second Amended Complaint at paragraph 134.)

Under Plaintiffs' proposed order, "[t]he Receiver is appointed for the purpose of implementing compliance, among all condominium units, including Defendants' units, with the Covenants, Codes and Restrictions recorded against the condominium units, the Unit Maintenance Agreements and the (original) Unit Rental Agreements ("Governing Documents")." (See Exhibit 18 to Motion at 2:4-7.) In fact, Defendants' internal emails demonstrate that they have overcharged fees to Plaintiffs while failing to even pay HOA dues for their own units. (See Exhibits 1 and 2.)

The appointment of a receiver over all of Defendants' and Plaintiffs' units is essential to getting all of the condominiums operating in accordance with the Governing Documents. At this time, reserves are: (1) not being equally collected; (2) not being accounted for; (3) not being placed in separate accounts; and, (4) reserve studies are not being completed to even know what should be properly charged and collected. Under the CC&R's, the Receiver would be charged with these tasks. (See e.g., Exhibit 1 to Motion at 34, annual budgets are required on or before November 15th.) Emails recovered from the Defendants demonstrate that in the past they arbitrarily assigned numbers to expense items. (See Exhibit 3.) Finally, and perhaps most importantly, Plaintiffs' proposed order dictates that "[a]ll funds collected and/or exchanged under the Governing Documents shall be distributed, utilized, or held as reserves in accordance with the Governing Documents." (See Exhibit 18 to Motion at 2:10-11.) Thus, the Receiver will not be retaining any of Defendants' funds, rather, all funds will be utilized/distributed in accordance with the Governing Documents.

Next, Defendants assert that Plaintiffs' proposed order does not adequately define the "Property". (Opposition at 4:9-10.) In the proposed order, "Property" is defined as "all condominium units governed by the GSRUOA that are owned by any Plaintiff or Defendant to this action . . ." (See Exhibit 18 to Motion at 2:2-3.) The CC&Rs for the GSRUOA are attached

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to the proposed order as Exhibit 1. Exhibit A, to Exhibit 1 of the proposed order is a legal description of the property subject to the CC&Rs, pages Bate-stamped IUO-GSR 002509 to 2538. (See Exhibit 18 to Motion.) While Plaintiffs believe the "Property" has been adequately defined, attached as Exhibit 4 is a complete list of all Plaintiff and Defendant owned units. This list could be incorporated as an exhibit to the proposed order.

The Defendants' final argument under this section states that "the Receiver should be prevented from exercising jurisdiction, dominion, or control over (1) Hotel Operations, (2) Casino Operations, (3) Food and Beverage Operations, (4) Retail Operations, and (5) Operations." (Opposition at 4:15-17.) In support of this request Defendants assert that the receivership could impact Defendant MEI-GSR's unlimited gaming license. (Id. at 4:12-14.)

Plaintiffs agree that the receivership should not exercise jurisdiction, dominion or control over the Defendants' casino operations. Plaintiffs' proposed order does not seek to control those operations; nonetheless, to alleviate Defendants' concerns, Plaintiffs propose that specific language be added to the proposed order further clarifying that point. E.g., "Nothing in this order shall be construed so as to give the Receiver jurisdiction, dominion or control over any aspect of Defendants' gaming operations. This receivership is specifically limited to the operation, rental, maintenance, fee, due and reserve collection of all condominium units governed by the GSRUOA that are owned by any Plaintiff or Defendant to this action."

It is already clear from the proposed order that food, beverage and retail operations are not implicated by the proposed order.

Without question, the receivership will apply to a portion of the hotel operations. Of the nearly 2000 hotel rooms within the Grand Sierra Resort, 670 of those rooms include condominiums within the GSRUOA association. Of the 670 condominiums within the GSRUOA the vast majority of those units are either Plaintiff or Defendant owned. Those Plaintiff and Defendant owned units are the Property as defined by the proposed order. Nonetheless, the receivers control over the Property, which includes a portion of the hotel operations does not implicate the Defendants' gaming operations. The Receiver's purpose under

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the proposed order is to implement compliance with the Governing Documents which is nothing other than enforcement of the parties' original contracted for obligations.

2. The Receivership Should be Paid First from the Estate in Question

The Defendants argue that "the Receiver should be paid first from the property that is subject to the receivership and second by the party requesting the receiver." (Opposition at 4:23 to 24.) Pursuant to Plaintiffs' proposed order the Receiver is given authority to "pay and discharge out of the Property's rents and/or GSRUOA monthly dues collections all the reasonable and necessary expenses of the receivership." (See Exhibit 18 to Motion at 6:9-13.) Thus, as written the property that is the subject of the receivership (the condominiums owned by both Plaintiffs and Defendants) will pay for the receivership. As such, it is hard to understand the validity of the Defendants' argument. Given the volume of rentals, and the HOA dues alone, it is difficult to envision a scenario where a secondary source of payment, "the party requesting the receiver", is necessary. Nonetheless, it has long been recognized that courts generally have broad discretion in determining which party is responsible for the payment of a receiver. See e.g., Presidio Mining Co. v. Overton, 286 F. 848, 851 (9th Cir. Cal. 1923).

3. The Receiver Must Follow all Applicable Contracts that Relate to the Parties and Should be Required to Follow all Contract Provisions

The Defendants' final argument is that "[i]t appears the Plaintiffs are questing that the receiver selectively enforce and follow the contracts between the parties and that the receiver should not enforce the payments of expenses or seek recovery of unpaid expenses." (Opposition at 5:6-7.) The proposed order does not seek selective enforcement and is unambiguous, "[t]he Receiver is appointed for the purpose of implementing compliance, among all condominium units, including Defendants' units, with the Covenants, Codes and Restrictions recorded against the condominium units, the Unit Maintenance Agreements and the (original) Unit Rental Agreements ("Governing Documents")." (See Exhibit 18 to Motion at 2:4-7.) Accordingly, the Defendants' claim of selective enforce in inconsequential. To the extent the proposed order does not charge the Receiver "with trying to account for or collect any fees, reserves or revenue associated with events prior to the entry of this Order . . ." it can hardly be construed as selective

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enforcement. (Id. at 2:8-9.) To place such a burden on the Receiver would be unrealistic as he would be force to make numerous decisions of fact as to what amounts are due. Ironically, this provision ultimately works to the benefit of Defendants as it is clear that they have failed to pay dues and/or reserves for their units. (See e.g., Exhibit 2.) As to any unpaid dues allocated to Plaintiffs, they were the subject of Defendants' counterclaims which have been stricken. True to form, the Defendants refuse to acknowledge that their counterclaims have been stricken and to this day they continue to send the Plaintiffs invoices for fees that were specifically the subject of their stricken counterclaims. (See Exhibit 5.)

4. The Defendants' Oral Arguments Should be Limited to Those Raised in Their Opposition

Defendants have repeatedly provided written oppositions to various motions only to appear at hearing with completely new arguments supported by undisclosed witnesses and/or evidence. The Defendants' practice is, of course, unfair and improper and should be prohibited. Failing to raise an argument in an opposition to a motion waives that argument. See United Nat'l Maint., Inc. v. San Diego Convention Ctr. Corp., Case No. 07-2172 AJB, 2012 U.S. Dist. LEXIS 126205, at *8-9 (S.D. Cal. Sept. 5, 2012) (finding that a party waived its "waiver" argument by not raising it in its opposition to motion for new trial). Finally, new arguments cannot be considered for the first time at oral argument. N.C. Alliance for Transp. Reform, Inc. v. United States DOT, 713 F. Supp. 2d 491, 510 (M.D.N.C. 2010) ("During oral argument, Plaintiffs raised arguments not made in the briefing . . . . [r]aising such new arguments for the first time at oral argument undermines the purpose of orderly briefing and risks subjecting an opponent to an unfair disadvantage.")

III. CONCLUSION

For the reasons set forth above, this Court should grant Plaintiffs' proposed order. Plaintiffs take no issue with the proposed order being amended to include language explicitly excluding any gaming operations from the receivership.

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Miller & Williamson
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Suite 600
Reno, Nevada 89501

AFFIRMATION

Pursuant to NRS § 239B.030, the undersigned does hereby affirm that the preceding document does not contain the social security number of any person.

Dated this 17th day of November, 2014.

ROBERTSON, JOHNSON,
MILLER & WILLIAMSON

By: */s/ Jarrad C. Miller*
Jarrad C. Miller, Esq.
Attorneys for Plaintiffs

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Miller & Williamson
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Suite 600
Reno, Nevada 89501

CERTIFICATE OF SERVICE

Pursuant to NRCP 5(b), I hereby certify that I am an employee of Robertson, Johnson, Miller & Williamson, 50 West Liberty Street, Suite 600, Reno, Nevada 89501, over the age of 18, and not a party within this action. I further certify that on the 17th day of November, 2014, I electronically filed the foregoing **REPLY IN SUPPORT OF MOTION FOR APPOINTMENT OF RECEIVER** with the Clerk of the Court by using the ECF system which served the following parties electronically:

H. Stan Johnson, Esq.
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Cohen-Johnson, LLC
255 E. Warm Springs Road, Suite 100
Las Vegas, NV 89119
Facsimile: (702) 823-3400
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Attorneys for Defendants

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608 Lander Street
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Email: mwray@markwraylaw.com
Attorneys for Defendants

/s/ Teresa W. Stovak
An Employee of Robertson, Johnson, Miller & Williamson

Index of Exhibits

Number	Date	Description	Pages
1	10/2013	Email re: Overcharged Fees	2
2	5/2013	Email re: Failure to Pay HOA	11
3	5/23/13	Email re: Insurance Expense	1
4		List of Unit Owners	13
5	2014	Owner Account Statement Examples	4

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Cathy Hill
Acting Clerk of the Court
Transaction # 4699866 : melwood

EXHIBIT "1"

EXHIBIT "1"

EXHIBIT "1"

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[Page 1 Paragraph 1]
From:
Caroline Rich </O=FIRST ORGANIZATION/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=RICHC959>
To:
Terry Vavra </O=FIRST ORGANIZATION/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=VavraT>
Subject:
RE: **Condo** Project
Date:
2013/10/08 10:34:19
Priority:
Normal
Type:
Note
Yes

From: Terry Vavra
Sent: Monday, October 07, 2013 5:57 PM
To: Caroline Rich
Subject: RE: **Condo** Project

Can we meet at 8am to review?

From: Caroline Rich
Sent: Thursday, October 3, 2013 5:20 PM
To: Terry Vavra
Subject: RE: **Condo** Project

Terry – After spending the day unwinding reserves from 2011 to 2013 I can unequivocally say that I don't have a clue what Rhoda did in 2012 to balance the reserve accounts. There are a ton of entries in December 2012, still searching for more workpapers. In the meantime, attached are a couple of spreadsheets:

- List of renovation costs that were allocated per **condo** unit. Total renovation costs $8.1M
- Monthly detail of activity in the reserve accounts. I can get close to non-GSR allocated construction costs of $2,647,332, but not to GSR's side.

So, as far as I can tell at this point, the non-GSR reserves were depleted within $50K for their share of the construction costs. The difference may be in trueing up the accounts.

The last reserve study was done in November 2009, and required every 5 years. Next study is due in 2014, and GSR's responsibility.

Here's the interesting part. See the "projected reserves" tab – the recommended reserves for 2011-2013 are $5,795,500, and we will have about $5.1M in reserves. We are charging units about $3.2M in reserves for 2013, but the study only calls for about $2M. Any idea why we are charging the owners so much? We will easily catch up to the recommended balance in 2014.

The Daily Use Fee is part of our unit maintenance agreement. I'll ask Sean in the morning if there are any problems with changing it. We may need a new UMA from the owners.

I can't tie to the statements exactly, but there were FF&E reserves charged to the owners back to 2008 at $164.51/month. Many of the owners had these fees waived. Bobbie said the owners paid for everything, and considered this a payback.

I'll be here early tomorrow, but need to do closing stuff for most of the day.

Caroline Rich | Controller
2500 East Second Street | Reno, NV 89595
T: 775.789.2437 | C: 775.771.2578
E-mailCaroline.Rich@GrandSierraResort.com
GrandSierraResort.com | Blog | Twitter | Facebook | YouTube
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From: Terry Vavra
Sent: Tuesday, October 01, 2013 10:28 PM
To: Caroline Rich
Cc: Mike Draeger
Subject: **Condo** Project

Caroline – our discussion with Alex and Ben went pretty good, but we have a big project(s) that came out of it.

1. Capital Room Project. I know Rhoda did the accounting on this, but can you put together a schedule that shows how much we spent on room rehab and how much was in the capital reserve. To the extent we paid more than what we had reserve we have the ability to do a special assessment (not certain we will). On the capital reserve, did the owners put money prior to MEI-GSR and if so can you tell how much they put in?
2. Reserve Study – based on the previous reserve study and what we have in the capital accounts – can we raise the reserve amount we are collecting in 2014?
3. Which brings us to the 2014 budget for the **Condos**. Are you working on this? Both Alex and Luis wants to approve so please make sure we get done in plenty of time to share with everyone.
4. Daily Use Fee – can you research. Kent thought we could change this every year?
5. When is our next full blown reserve study due and who will pay for it?

Alex asked when I could get back to him on these items and I told him hopefully by end of week?

Thanks,

Terry Vavra | Vice President - Finance

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2014-11-17 05:06:55 PM
Cathy Hill
Acting Clerk of the Court
Transaction # 4699866 : melwood

EXHIBIT "2"

EXHIBIT "2"

EXHIBIT "2"

"Caroline Rich </O=FIRST ORGANIZATION/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=RichC959>";
"Terry Vavra </O=FIRST ORGANIZATION/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=VavraT>"
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2013/05/02 17:05:07
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Size: 304,128 **Last modified:** 5/3/2013

[Page 1 Paragraph 1]
From:
Paula Ritter <pritter@associasn.com>
To:
"Caroline Rich </O=FIRST ORGANIZATION/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=RichC959>"
Subject:
Grand Sierra **Unit Owners invoice**
Date:
2013/05/03 12:31:52
Type:
Note
Caroline,
Here is the Gage and MEI Grand Sierra **Unit Owners** May **assessment invoice**. I left you a voice mail to introduce myself and let you know I would be sending over the **assessment invoice** (comes to you monthly). Jennifer or Susie should be able to answer any questions you have but feel free to call me if you need to regarding the **invoicing** only (Jeanne Tarantino handles everything else for Grand Sierra **Unit Owners**).

Have a great day

Paula Ritter
Assistant Controller

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10509 Professional Circle, Suite 200, Reno NV 89521
775-334-7421 - Direct Line
775-626-7333 - Office
Associa® -Delivering unsurpassed management and lifestyle services to communites worldwide.
Lean more at www.associasn.com / Follow us at www.facebook.com/associasn.com
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X-BigFish:
VPS9(zze2eI1454I181fMdbeehc85ahd799h3b61Izz1f42h1ee6h1de0h1fdah1202h1e76h1d1ah1d2ah1fc6hzz17326ah
18c673h1954cbh18602eh8275bh8275dhz30ih793h2a8h668h839hd25hf0ah1288h12a5h12bdh137ah1441h14ddh150
4h1537h153bh15d0h162dh1631h1758h18c1h1946h19b5h1b0ah1bcch1cb5h1d0ch1d2ch1d3fh34h1307i1155h)
Received-SPF: fail (mail108-co9: domain of associasn.com does not designate 12.69.190.200 as permitted sender)
client-ip=12.69.190.200; envelope-from=pritter@associasn.com; helo=smtpedg1.associationservicesisp.net
;vicesisp.net ;
Received: from mail108-co9 (localhost.localdomain [127.0.0.1]) by mail108-co9
(MessageSwitch) id 1367609388260388_20791; Fri, 3 May 2013 19:29:48 +0000
(UTC)
Received: from CO9EHSMHS024.bigfish.com (unknown [10.236.132.226]) by
mail108-co9.bigfish.com (Postfix) with ESMTP id 2E057380212 for
<Caroline.Rich@grandsierraresort.com>; Fri, 3 May 2013 19:29:48 +0000 (UTC)
Received: from smtpedg1.associationservicesisp.net (12.69.190.200) by
CO9EHSMHS024.bigfish.com (10.236.130.34) with Microsoft SMTP Server (TLS) id
14.1.225.23; Fri, 3 May 2013 19:29:46 +0000
Received: from IDC001-EXHTSA.associa.corp (10.200.12.131) by

smtpedg1.associationservicesisp.net (10.201.3.200) with Microsoft SMTP Server
(TLS) id 14.2.318.1; Fri, 3 May 2013 14:29:06 -0500
Received: from idc001-exmbx2.associa.corp ([fe80::28f7:aa40:664d:cc9f]) by
idc001-exhtsa.associa.corp ([::1]) with mapi id 14.02.0328.009; Fri, 3 May
2013 14:29:08 -0500
From: Paula Ritter <pritter@associasn.com>
To: "'Caroline.Rich@grandsierraresort.com'"
<Caroline.Rich@grandsierraresort.com>
Subject: Grand Sierra **Unit Owners invoice**
Thread-Topic: Grand Sierra **Unit Owners invoice**
Thread-Index: Ac5INHsQJ3AXi7pORyu/s8SKS8Ph9Q==
Date: Fri, 3 May 2013 19:29:08 +0000
Message-ID: <A72248B0E22CA74B9940878918787A8B43CA3FF2@idc001-exmbx2.associa.corp>
Accept-Language: en-US
Content-Language: en-US
X-MS-Has-Attach: yes
X-MS-TNEF-Correlator:
x-originating-ip: [10.200.192.110]
Content-Type: multipart/mixed; boundary="=_reb-r6925598D-t518410A7"
MIME-Version: 1.0
Return-Path: pritter@associasn.com
X-Processed-By: Rebuild v2.0-0
X-AnalysisOut: [v=2.0 cv=FK+sMZUs c=1 sm=1 a=i814VBz2U0n0EVwpQ6Zqgw==:17 a]
X-AnalysisOut: [=jiI0_k5qc4AA:10 a=ckKIGGRJBRcA:10 a=Y57kCznrG-IA:10 a=BLc]
X-AnalysisOut: [eEmwcHowA:10 a=Gl2fB99rhqwA:10 a=xqWC_Br6kY4A:10 a=ChcPwgZ]
X-AnalysisOut: [RAAAA:8 a=cWa4Ofe8Jd8A:10 a=3j4BkbkPAAAA:8 a=MQWUeuuk6df59]
X-AnalysisOut: [jOWO7wA:9 a=UAVRJdkkkM0A:10 a=4Pp91ve92sgA:10 a=FH8mOSutq]
X-AnalysisOut: [EA:10 a=yMhMjlubAAAA:8 a=SSmOFEACAAAA:8 a=bvZ3F1JR14JYdhRH]
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X-AnalysisOut: [10 a=frz4AuCg-hUA:10 a=ys23qJkI9ewA:10 a=Z9puGo2VY4EA:10 a]
X-AnalysisOut: [=98nj9ZmzTH4oUljL:21 a=4C1f90iYe_FwdxGHgqIA:9 a=n3BslyFRqc]
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X-AnalysisOut: [0 a=tnSvXc72e8wlD900:21 a=1SuPo4uAU5UKtj1J:21 a=FAMkQDqyDI]
X-AnalysisOut: [amayRG:21 a=6Z3nuGP2Cl4yWOSHVEcA:9]
Received-SPF: Pass (p02c11m021.mxlogic.net: domain of associasn.com designates 207.46.163.25 as permitted sender)
X-Spam: [F=0.3600000000; B=0.500(0); spf=0.500; STSI=0.500(-8); STSM=0.600(26); CM=0.500; MH=0.600(2013050321); S=0.200(2010122901); SC=]
X-MAIL-FROM: <pritter@associasn.com>
X-SOURCE-IP: [207.46.163.25]
X-MS-Exchange-Organization-AuthSource: RENO-CAS2.ad.ppeservices.com
X-MS-Exchange-Organization-AuthAs: Anonymous
GSR-Gage 050313.pdf

Grand Sierra **Unit Owners'** Assn. **INVOICE** c/o Associa Sierra North 10509 Professional Circle Suite 200 DATE: May 3, 2013 Reno, NV 89521 **INVOICE** # 170 Phone 775.626.7333 Fax 775.626.7374 Purpose: **Association Assessments** Bill To: Gage Village Commercial Dev 2500 East Second Street Reno, NV 89595 A/C # **Unit** Address Current Past Due Total 1225729 2500 East Second Street #2209 14.41 -

14.41 $	1226647 2500 East Second Street #1801	14.41	-
14.41 $	1226715 2500 East Second Street #1807	14.41	-
14.41 $	1226760 2500 East Second Street #1811	14.41	-
14.41 $	1226786 2500 East Second Street #1814	45.21	-
45.21 $	1226809 2500 East Second Street #1818	18.62	-
18.62 $	1227154 2500 East Second Street #1848	14.41	-
14.41 $	1227167 2500 East Second Street #1849	45.21	-
45.21 $	1227170 2500 East Second Street #1852	14.17	-
14.17 $	1227235 2500 East Second Street #1859	18.62	-

18.62 $	1227756	2500 East Second Street #1892	14.71	-
14.71 $	1227769	2500 East Second Street #1901	14.41	-
14.41 $	1227895	2500 East Second Street #1914	45.21	-
45.21 $	1227918	2500 East Second Street #1918	18.83	-
18.83 $	1227963	2500 East Second Street #1922	18.83	-
18.83 $	1228072	2500 East Second Street #1934	70.89	-
70.89 $	1228085	2500 East Second Street #1937	14.41	-
14.41 $	1228179	2500 East Second Street #1946	14.41	-
14.41 $	1228205	2500 East Second Street #1949	45.21	-
45.21 $	1228218	2500 East Second Street #1952	14.17	-
14.17 $	1228221	2500 East Second Street #1953	31.11	-
31.11 $	1228234	2500 East Second Street #1954	14.17	-
14.17 $	1228250	2500 East Second Street #1956	14.17	-
14.17 $	1228276	2500 East Second Street #1958	14.17	-
14.17 $	1228292	2500 East Second Street #1960	14.17	-
14.17 $	1228315	2500 East Second Street #1962	14.17	-
14.17 $	1228344	2500 East Second Street #1965	18.62	-
18.62 $	1228357	2500 East Second Street #1966	14.17	-
14.17 $	1228360	2500 East Second Street #1967	18.62	-
18.62 $	1228399	2500 East Second Street #1970	14.17	-
14.17 $	1228412	2500 East Second Street #1972	14.17	-
14.17 $	1228438	2500 East Second Street #1974	14.17	-
14.17 $	1228454	2500 East Second Street #1976	14.17	-
14.17 $	1228470	2500 East Second Street #1978	14.17	-
14.17 $	1228496	2500 East Second Street #1980	14.17	-
14.17 $	1228519	2500 East Second Street #1982	14.17	-
14.17 $	1228535	2500 East Second Street #1984	14.17	-
14.17 $	1228551	2500 East Second Street #1986	14.17	-
14.17 $	1228603	2500 East Second Street #1988	14.17	-
14.17 $	1228629	2500 East Second Street #1990	14.17	-
14.17 $	1228645	2500 East Second Street #1992	14.64	-
14.64 $	1228658	2500 East Second Street #2001	14.41	-
14.41 $	1228661	2500 East Second Street #2002	14.41	-
14.41 $	1228674	2500 East Second Street #2003	14.41	-
14.41 $	1228687	2500 East Second Street #2004	14.41	-
14.41 $	1228690	2500 East Second Street #2005	14.41	-
14.41 $	1228713	2500 East Second Street #2007	14.41	-
14.41 $	1228739	2500 East Second Street #2009	14.41	-
14.41 $	1228755	2500 East Second Street #2011	14.41	-
14.41 $	1228771	2500 East Second Street #2014	45.21	-
45.21 $	1228797	2500 East Second Street #2018	18.83	-
18.83 $	1228810	2500 East Second Street #2020	18.83	-
18.83 $	1228836	2500 East Second Street #2022	18.83	-
18.83 $	1228849	2500 East Second Street #2023	14.41	-
14.41 $	1228852	2500 East Second Street #2024	18.83	-
18.83 $	1228878	2500 East Second Street #2026	18.83	-
18.83 $	1228881	2500 East Second Street #2027	14.41	-
14.41 $	1228894	2500 East Second Street #2028	18.83	-
18.83 $	1228904	2500 East Second Street #2029	14.41	-
14.41 $	1228917	2500 East Second Street #2030	18.83	-
18.83 $	1228920	2500 East Second Street #2031	14.41	-
14.41 $	1228946	2500 East Second Street #2034	70.89	-
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14.41 $	1228975	2500 East Second Street #2039	14.41	-
14.41 $	1229026	2500 East Second Street #2043	14.41	-
14.41 $	1229068	2500 East Second Street #2047	14.41	-

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45.21 $	1229097	2500 East Second Street #2052	14.17	-
14.17 $	1229110	2500 East Second Street #2054	14.17	-
14.17 $	1229136	2500 East Second Street #2056	14.17	-
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14.17 $	1229178	2500 East Second Street #2060	14.17	-
14.17 $	1229194	2500 East Second Street #2062	14.17	-
14.17 $	1229217	2500 East Second Street #2064	14.17	-
14.17 $	1229233	2500 East Second Street #2066	14.17	-
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18.62 $	1229291	2500 East Second Street #2072	14.17	-
14.17 $	1229301	2500 East Second Street #2073	18.62	-
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14.17 $	1229356	2500 East Second Street #2078	14.17	-
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14.17 $	1229482	2500 East Second Street #2089	14.17	-
14.17 $	1229495	2500 East Second Street #2090	14.17	-
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14.64 $	1229521	2500 East Second Street #2101	14.41	-
14.41 $	1229534	2500 East Second Street #2102	33.94	-
33.94 $	1229547	2500 East Second Street #2103	14.41	-
14.41 $	1229563	2500 East Second Street #2105	14.41	-
14.41 $	1229589	2500 East Second Street #2107	14.41	-
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14.41 $	1229631	2500 East Second Street #2112	14.41	-
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14.41 $	1229877	2500 East Second Street #2143	14.41	-

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14.17 $	1229990	2500 East Second Street #2158	14.17	-
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14.17 $	1230028	2500 East Second Street #2161	18.62	-
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14.17 $	1230251	2500 East Second Street #2184	14.17	-
14.17 $	1230277	2500 East Second Street #2186	14.17	-
14.17 $	1230293	2500 East Second Street #2188	14.17	-
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18.83 $	1230581	2500 East Second Street #2229	14.41	-
14.41 $	1230594	2500 East Second Street #2230	18.83	-

18.83 $	1230604 2500 East Second Street #2231	14.41	-
14.41 $	1230617 2500 East Second Street #2232	18.83	-
18.83 $	1230620 2500 East Second Street #2234	70.89	-
70.89 $	1230633 2500 East Second Street #2237	14.41	-
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14.41 $	1230743 2500 East Second Street #2248	14.41	-
14.41 $	1230756 2500 East Second Street #2249	45.21	-
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31.11 $	1230785 2500 East Second Street #2254	14.17	-
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14.41 $	1231289 2500 East Second Street #2312	14.41	-

14.41 $	1231292 2500 East Second Street #2314 45.21	-
45.21 $	1231302 2500 East Second Street #2317 28.88	-
28.88 $	1231315 2500 East Second Street #2318 18.83	-
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14.41 $	1231467 2500 East Second Street #2332 18.83	-
18.83 $	1231470 2500 East Second Street #2334 70.89	-
70.89 $	1231548 2500 East Second Street #2341 14.41	-
14.41 $	1231564 2500 East Second Street #2343 14.41	-
14.41 $	1231629 2500 East Second Street #2349 45.21	-
45.21 $	1231632 2500 East Second Street #2352 14.17	-
14.17 $	1231645 2500 East Second Street #2353 31.11	-
31.11 $	1231661 2500 East Second Street #2355 18.62	-
18.62 $	1231674 2500 East Second Street #2356 14.17	-
14.17 $	1231690 2500 East Second Street #2358 14.17	-
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18.62 $	1231771 2500 East Second Street #2366 14.17	-
14.17 $	1231797 2500 East Second Street #2368 14.17	-
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14.17 $	1231946 2500 East Second Street #2383 14.17	-
14.17 $	1231988 2500 East Second Street #2387 14.17	-
14.17 $	1232039 2500 East Second Street #2391 14.64	-
14.64 $	1232042 2500 East Second Street #2392 14.64	-
14.64 $	1232055 2500 East Second Street #2401 14.41	-
14.41 $	1232068 2500 East Second Street #2402 33.94	-
33.94 $	1232071 2500 East Second Street #2403 14.41	-
14.41 $	1232084 2500 East Second Street #2404 14.41	-
14.41 $	1232097 2500 East Second Street #2405 14.41	-
14.41 $	1232107 2500 East Second Street #2406 14.41	-
14.41 $	1232110 2500 East Second Street #2407 14.41	-
14.41 $	1232123 2500 East Second Street #2408 14.41	-
14.41 $	1232136 2500 East Second Street #2409 14.41	-
14.41 $	1232149 2500 East Second Street #2410 14.41	-
14.41 $	1232152 2500 East Second Street #2411 14.41	-
14.41 $	1232178 2500 East Second Street #2414 45.21	-
45.21 $	1232181 2500 East Second Street #2417 28.88	-
28.88 $	1232194 2500 East Second Street #2418 18.83	-
18.83 $	1232204 2500 East Second Street #2419 14.41	-
14.41 $	1232217 2500 East Second Street #2420 18.83	-
18.83 $	1232220 2500 East Second Street #2421 14.41	-
14.41 $	1232233 2500 East Second Street #2422 18.83	-
18.83 $	1232246 2500 East Second Street #2423 14.41	-
14.41 $	1232259 2500 East Second Street #2424 18.83	-
18.83 $	1232262 2500 East Second Street #2425 14.41	-
14.41 $	1232275 2500 East Second Street #2426 18.83	-

18.83 $	1232288 2500 East Second Street #2427 14.41	-
14.41 $	1232291 2500 East Second Street #2428 18.83	-
18.83 $	1232301 2500 East Second Street #2429 14.41	-
14.41 $	1232314 2500 East Second Street #2430 18.83	-
18.83 $	1232327 2500 East Second Street #2431 14.41	-
14.41 $	1232330 2500 East Second Street #2432 18.83	-
18.83 $	1232343 2500 East Second Street #2434 70.89	-
70.89 $	1232356 2500 East Second Street #2437 14.41	-
14.41 $	1232369 2500 East Second Street #2438 14.41	-
14.41 $	1232372 2500 East Second Street #2439 14.41	-
14.41 $	1232385 2500 East Second Street #2440 14.41	-
14.41 $	1232398 2500 East Second Street #2441 14.41	-
14.41 $	1232408 2500 East Second Street #2442 14.41	-
14.41 $	1232411 2500 East Second Street #2443 14.41	-
14.41 $	1232424 2500 East Second Street #2444 14.41	-
14.41 $	1232437 2500 East Second Street #2445 14.41	-
14.41 $	1232440 2500 East Second Street #2446 14.41	-
14.41 $	1232453 2500 East Second Street #2447 14.41	-
14.41 $	1232466 2500 East Second Street #2448 14.41	-
14.41 $	1232479 2500 East Second Street #2449 45.21	-
45.21 $	1232482 2500 East Second Street #2452 14.17	-
14.17 $	1232495 2500 East Second Street #2454 14.17	-
14.17 $	1232505 2500 East Second Street #2455 31.11	-
31.11 $	1232518 2500 East Second Street #2456 14.17	-
14.17 $	1232521 2500 East Second Street #2457 18.62	-
18.62 $	1232534 2500 East Second Street #2458 14.17	-
14.17 $	1232547 2500 East Second Street #2460 14.17	-
14.17 $	1232576 2500 East Second Street #2462 14.17	-
14.17 $	1232589 2500 East Second Street #2464 14.17	-
14.17 $	1232592 2500 East Second Street #2465 52.36	-
52.36 $	1232602 2500 East Second Street #2466 14.17	-
14.17 $	1232628 2500 East Second Street #2468 14.17	-
14.17 $	1232631 2500 East Second Street #2469 18.62	-
18.62 $	1232644 2500 East Second Street #2470 14.17	-
14.17 $	1232657 2500 East Second Street #2471 52.36	-
52.36 $	1232660 2500 East Second Street #2472 14.17	-
14.17 $	1232673 2500 East Second Street #2474 14.17	-
14.17 $	1232699 2500 East Second Street #2476 14.17	-
14.17 $	1232709 2500 East Second Street #2477 14.17	-
14.17 $	1232712 2500 East Second Street #2478 14.17	-
14.17 $	1232738 2500 East Second Street #2480 14.17	-
14.17 $	1232741 2500 East Second Street #2481 14.17	-
14.17 $	1232754 2500 East Second Street #2482 14.17	-
14.17 $	1232770 2500 East Second Street #2484 14.17	-
14.17 $	1232783 2500 East Second Street #2485 14.17	-
14.17 $	1232796 2500 East Second Street #2486 14.17	-
14.17 $	1232806 2500 East Second Street #2487 14.17	-
14.17 $	1232819 2500 East Second Street #2488 14.17	-
14.17 $	1232835 2500 East Second Street #2490 14.17	-
14.17 $	1232848 2500 East Second Street #2491 14.64	-
14.64 $	1232851 2500 East Second Street #2492 14.64	-
14.64 $	TOTAL 6,215.26 $	Make all

checks payable to Grand Sierra Resort UOA If you have any questions concerning this **invoice**, contact Marcia Fine, 775.626.7333, mfine@associasn.com THANK YOU FOR YOUR BUSINESS! Author: Paula RitterCreationDate: 2013-05-03 19:25:36ModDate: 2013-05-03 19:25:36Producer: Microsoft® Excel® 2010Creator: Microsoft® Excel® 2010

GSR-MEI 050313.pdf

Grand Sierra **Unit Owners'** Assn. **INVOICE** c/o Associa Sierra North 10509 Professional Circle Suite 200 **DATE:** May 3, 2013 Reno, NV 89521 **INVOICE #** 170 Phone 775.626.7333 Fax 775.626.7374 Purpose: **Association Assessments** Bill To: MEI-GSR Holdings LLC 2500 East Second Street Reno, NV 89595 A/C # **Unit** Address

Current Past Due Total 1782932 2500 East Second Street #1858	14.17	-		14.17 $
1783148 2500 East Second Street #2038	14.41	-	14.41 $	
1773585 2500 East Second Street #1821	14.41	-	14.41 $	
1773608 2500 East Second Street #1745	14.41	-	14.41 $	
1773624 2500 East Second Street #1947	14.41	-	14.41 $	
1773569 2500 East Second Street #1727	14.41	-	14.41 $	
1770973 2500 East Second Street #2142	14.41	-	14.41 $	
1779097 2500 East Second Street #2412	14.41	-	14.41 $	
1468913 2500 East Second Street #1707	14.41	-	14.41 $	
1468926 2500 East Second Street #1709	14.41	-	14.41 $	
1468939 2500 East Second Street #1725	14.41	-	14.41 $	
1468942 2500 East Second Street #1739	14.41	-	14.41 $	
1468955 2500 East Second Street #1764	14.17	-	14.17 $	
1468968 2500 East Second Street #1752	14.17	-	14.17 $	
1468971 2500 East Second Street #1786	14.17	-	14.17 $	
1468984 2500 East Second Street #1810	14.41	-	14.41 $	
1468997 2500 East Second Street #1808	14.41	-	14.41 $	
1469006 2500 East Second Street #1820	18.62	-	18.62 $	
1469019 2500 East Second Street #1842	14.41	-	14.41 $	
1469022 2500 East Second Street #1867	18.62	-	18.62 $	
1469048 2500 East Second Street #1872	14.17	-	14.17 $	
1469051 2500 East Second Street #1856	14.17	-	14.17 $	
1469077 2500 East Second Street #1891	14.64	-	14.64 $	
1469093 2500 East Second Street #1927	14.41	-	14.41 $	
1469103 2500 East Second Street #1920	18.83	-	18.83 $	
1469116 2500 East Second Street #1973	18.62	-	18.62 $	
1469129 2500 East Second Street #2025	14.41	-	14.41 $	
1469132 2500 East Second Street #2040	14.41	-	14.41 $	
1469145 2500 East Second Street #2483	14.17	-	14.17 $	
1469158 2500 East Second Street #1861	18.62	-	18.62 $	
1730379 2500 East Second Street #1702	14.41	-	14.41 $	
1730395 2500 East Second Street #2489	14.17	-	14.17 $	
1730418 2500 East Second Street #1841	14.41	-	14.41 $	
1730434 2500 East Second Street #1830	18.62	-	18.62 $	
1733392 2500 East Second Street #2077	14.17	-	14.17 $	
1736645 2500 East Second Street #1737	14.41	-	14.41 $	
1736687 2500 East Second Street #1759	18.62	-	18.62 $	
1736726 2500 East Second Street #1777	14.17	-	14.17 $	
1736742 2500 East Second Street #1809	14.41	-	14.41 $	
1736768 2500 East Second Street #1833	14.41	-	14.41 $	
1736784 2500 East Second Street #1840	14.41	-	14.41 $	
1736823 2500 East Second Street #1876	14.17	-	14.17 $	
1736865 2500 East Second Street #1929	14.41	-	14.41 $	
1736920 2500 East Second Street #1983	14.17	-	14.17 $	
1736988 2500 East Second Street #2069	18.62	-	18.62 $	
1737000 2500 East Second Street #2081	14.17	-	14.17 $	
1737084 2500 East Second Street #2287	14.17	-	14.17 $	
1737107 2500 East Second Street #2289	14.17	-	14.17 $	
1737123 2500 East Second Street #2338	14.41	-	14.41 $	
1738203 2500 East Second Street #1812	14.41	-	14.41 $	
1746295 2500 East Second Street #2346	14.41	-	14.41 $	
1748808 2500 East Second Street #2378	14.17	-	14.17 $	

1755600	2500 East Second Street #1857	18.62	-	18.62 $
1755626	2500 East Second Street #1726	18.83	-	18.83 $
1755642	2500 East Second Street #1765	18.62	-	18.62 $
1755668	2500 East Second Street #1785	14.17	-	14.17 $
1755684	2500 East Second Street #1889	14.17	-	14.17 $
1755707	2500 East Second Street #1964	14.17	-	14.17 $
1755723	2500 East Second Street #1981	14.17	-	14.17 $
1755749	2500 East Second Street #1987	14.17	-	14.17 $
1755765	2500 East Second Street #2079	14.17	-	14.17 $
1755781	2500 East Second Street #2185	14.17	-	14.17 $
1755804	2500 East Second Street #2285	14.17	-	14.17 $
1755820	2500 East Second Street #2361	18.62	-	18.62 $
1770834	2500 East Second Street #2306	14.41	-	14.41 $
1770850	2500 East Second Street #1774	14.17	-	14.17 $
1770876	2500 East Second Street #1921	14.41	-	14.41 $
1770892	2500 East Second Street #1931	14.41	-	14.41 $
1770915	2500 East Second Street #1761	18.62	-	18.62 $
1770931	2500 East Second Street #1724	18.83	-	18.83 $
1770957	2500 East Second Street #1882	14.17	-	14.17 $
1770999	2500 East Second Street #2291	14.64	-	14.64 $
1771163	2500 East Second Street #1719	14.41	-	14.41 $
1779071	2500 East Second Street #1758	14.17	-	14.17 $
1788729	2500 East Second Street #1782	14.17	-	14.17 $
1748714	2500 East Second Street #2354	14.17	-	14.17 $
1749496	2500 East Second Street #2177	14.17	-	14.17 $
1749519	2500 East Second Street #2330	18.83	-	18.83 $
1749551	2500 East Second Street #2323	14.41	-	14.41 $
1749797	2500 East Second Street #1888	14.17	-	14.17 $
1752849	2500 East Second Street #1721	14.41	-	14.41 $
1753246	2500 East Second Street #1723	14.41	-	14.41 $
1754452	2500 East Second Street #1904	14.41	-	14.41 $
1754478	2500 East Second Street #1923	14.41	-	14.41 $
1754494	2500 East Second Street #1925	14.41	-	14.41 $
1754517	2500 East Second Street #2017	14.41	-	14.41 $
1754533	2500 East Second Street #2019	14.41	-	14.41 $
1754559	2500 East Second Street #2021	14.41	-	14.41 $
1754575	2500 East Second Street #2061	18.62	-	18.62 $
1761953	2500 East Second Street #1853	31.11	-	31.11 $
1775389	2500 East Second Street #1839	14.41	-	14.41 $
1775677	2500 East Second Street #1948	14.41	-	14.41 $
1776582	2500 East Second Street #2388	14.17	-	14.17 $
1776605	2500 East Second Street #1747	14.41	-	14.41 $
1777934	2500 East Second Street #1881	14.17	-	14.17 $
1779110	2500 East Second Street #2008	14.41	-	14.41 $
1779398	2500 East Second Street #1843	14.41	-	14.41 $
1782343	2500 East Second Street #1783	14.17	-	14.17 $
1786080	2500 East Second Street #1943	14.41	-	14.41 $
1786860	2500 East Second Street #1924	18.83	-	18.83 $
1786886	2500 East Second Street #1941	14.41	-	14.41 $
1787500	2500 East Second Street #2372	14.17	-	14.17 $
1787542	2500 East Second Street #1760	14.17	-	14.17 $
1787568	2500 East Second Street #2369	18.62	-	18.62 $
1787607	2500 East Second Street #2032	18.83	-	18.83 $
1787623	2500 East Second Street #2140	14.41	-	14.41 $
1792317	2500 East Second Street #1866	14.17	28.34	42.51 $

- $ TOTAL DUE 1,659.74 $ Make