

**IN THE SUPREME COURT OF THE STATE OF NEVADA**

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*Supreme Court Case No.*

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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.*

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**APPENDIX TO PETITION FOR WRIT OF PROHIBITION OR, IN THE  
ALTERNATIVE, MANDAMUS  
VOLUME 5 OF 12**

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DATED this 7th day of February 2024.

PISANELLI BICE PLLC

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## **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 5 OF 12**, properly addressed to the following:

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/s/ Shannon Dinkel  
An employee of PISANELLI BICE PLLC

IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA  
IN AND FOR THE COUNTY OF WASHOE

\*\*\*

ALBERT THOMAS, individually; et al.,

Plaintiffs,

Case No. CV12-02222

Dept. No. 10

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;  
AM-GSR HOLDINGS, LLC, a Nevada limited  
liability company; and DOES I through X, inclusive,

Defendants.

**ORDER AFFIRMING MASTER'S RECOMMENDATION**

Presently before the Court is the RECOMMENDATION FOR ORDER ("the  
Recommendation") filed by Discovery Commissioner Wesley M. Ayres ("Commissioner Ayres")  
on August 5, 2019. Defendants MEI-GSR HOLDINGS, LLC, GRAND SIERRA RESORT UNIT  
OWNERS' ASSOCIATION, GAGE VILLAGE COMMERCIAL DEVELOPMENT, LLC and  
AM-GSR HOLDINGS, LLC (collectively, "the Defendants") filed DEFENDANTS' OBJECTION  
TO DISCOVERY COMMISSIONER'S AUGUST 5, 2019 RECOMMENDATION FOR ORDER  
("the Objection") on August 13, 2019. Plaintiffs ALBERT THOMAS et al. ("the Plaintiffs") filed

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1 PLAINTIFF'S RESPONSE TO DEFENDANTS' OBJECTION TO DISCOVERY

2 COMMISSIONER'S AUGUST 5, 2019 RECOMMENDATION FOR ORDER ("the Response") on  
3 August 21, 2019. The matter was submitted for the Court's consideration on September 10, 2019.

4 Case-concluding sanctions were entered against the Defendants for abuse of discovery and  
5 disregard for the judicial process. See ORDER GRANTING PLAINTIFFS' MOTION FOR  
6 CASE-TERMINATING SANCTIONS, p. 12 (Oct. 3, 2014) ("the October Order"). See also *Young*  
7 *v. Johnny Ribeiro Bldg., Inc.*, 106 Nev. 88, 92, 787 P.2d 777, 779-80 (1990) (discussing discovery  
8 sanctions). The Court ultimately entered a judgment in favor of the Plaintiffs for \$8,318,215.55 in  
9 damages. See FINDINGS OF FACT, CONCLUSIONS OF LAW AND JUDGMENT (Oct. 9, 2015)  
10 ("the FFCLJ"). On May 9, 2016, the Court entered the ORDER GRANTING DEFENDANTS'  
11 MOTION TO DISMISS FOR LACK OF SUBJECT MATTER JURISDICTION ("the Dismissal  
12 Order"). The Plaintiff appealed the Dismissal Order to the Nevada Supreme Court on May 26,  
13 2016. On February 26, 2018, the Nevada Supreme Court reversed the Dismissal Order and  
14 remanded the case to the Court. The Nevada Supreme Court denied rehearing on June 1, 2018, and  
15 denied en banc reconsideration on November 27, 2018. The case has been remanded to the Court  
16 and assumes the procedural posture immediately preceding entry of the Dismissal Order. The  
17 parties are currently engaged in limited post-judgment discovery, and discovery disputes have  
18 arisen.<sup>1</sup>

19 The subject of the Recommendation is PLAINTIFFS' THIRD MOTION TO COMPEL  
20 DISCOVERY RESPONSES ("the MTC") filed on May 23, 2019. The Plaintiffs served their First  
21 Set of Post-Judgment Requests for Production of Documents ("the PJRFP") on December 27, 2018.

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28 <sup>1</sup> The Plaintiffs filed a MOTION FOR SUPPLEMENTAL DAMAGES PROVE-UP HEARING ("the Damages  
Motion") on December 27, 2018. This motion practice is fully briefed but has not been submitted to the Court. The  
Court has indicated all discovery issues must be resolved before a hearing on supplemental damages will be considered.



1 The Defendants objected to Request Nos. 23, 24, 53, 68, 70 and 77 on March 11, 2019. In the  
2 MTC, the Plaintiffs argued: 1) the Defendants have no right to object to the PJRFP because they are  
3 merely supplements to those previously propounded and to which the Defendants neither responded  
4 nor objected; 2) the Defendants have waived attorney-client privilege for all purposes; 3) the  
5 Defendants' objections are meritless; and 4) the Court imposed case-terminating sanctions because  
6 the Defendants willfully withheld discovery and violated numerous Court orders. The MTC 7:10-  
7 27; 8:1-11; 9:1-28; 10:1-28; 11:1-26; 14:12-22; 15:4-21. The Defendants filed DEFENDANTS'  
8 OPPOSITION TO PLAINTIFFS' THIRD MOTION TO COMPEL DISCOVERY ("the MTC  
9 Opposition") on June 10, 2019, and responded as follows: 1) any prior objections which were  
10 waived do not preclude present objections to the PJRFP; 2) there has been no wholesale waiver of  
11 attorney-client privilege, and any prior waiver was limited to certain subjects; and 3) the  
12 Defendants' objections are proper as Request Nos. 23, 53, 68, and 70 are overly burdensome,  
13 expensive and time-consuming.<sup>2</sup> The MTC Opposition 2:18-28; 3:1-14; 4:17-28; 5:5-9; 6:12-23;  
14 7:27-28; 8:4-16; 12:14-17; 15:16-22; 17:1-3. The Plaintiffs filed the REPLY IN SUPPORT OF  
15 PLAINTIFFS' THIRD MOTION TO COMPEL DISCOVERY RESPONSES ("the MTC Reply")  
16 on June 25, 2019, and replied as follows: 1) the Defendants have fully waived attorney-client  
17 privilege, and the privilege should not be reinstated; 2) the Defendants' objections are meritless  
18 attempts at obfuscation and delay; and 3) the Defendants are in default and cannot re-litigate waived  
19 objections to discovery requests. The MTC Reply 3:3-26; 4:23-28; 5:1-10; 6:10-26; 8:12-15; 10:22-  
20 28; 11:14-28; 15:3-12.

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28 <sup>2</sup> The Defendants did not address Request Nos. 24 and 77 in the MTC Opposition.

1 In the Recommendation, Commissioner Ayres determined the following: 1) the Defendants  
2 cannot object to supplementation that involves producing documents responsive to earlier discovery  
3 requests; 2) Requests No. 23, 24, 53, 68, 70 and 77 are essentially identical to their earlier  
4 counterparts, despite minor variations in scope and time, and are permissible supplementations; and  
5 3) the Defendants forfeited the right to assert attorney-client privilege with regards to Request No.  
6 53, as a result of their own prior discovery abuses.<sup>3</sup> The Recommendation 7:1-2; 8:25-26; 9:1-6,  
8 23-25; 10:1-24; 11:1-2; 12:10-26; 13:9-11, 23-25; 14:16-26; 15:1-8. Commissioner Ayres also  
9 determined that the Defendant should be compelled to produce the documents encompassed by  
10 Request Nos. 23, 24, 53, 68, 70 and 77, but did not establish a time frame for production. The  
11 Recommendation 17:16-22; 20:21-25; 24:1-4; 28:1-17; 29:1-6, 21-22; 30:1-9; 30:25-26.

13 The Defendants object to the Recommendation insofar as it compels production of  
14 documents responsive to Request Nos. 23, 68 and 70. The Defendants contend the  
15 Recommendation disregards the significant burden, time and expense producing these documents  
16 would require. The Objection 2:1-8; 4:20-28. The Defendants alternatively ask the Court to reduce  
17 the time frame for which the Defendants must provide responsive documents from four and a half  
18 years to four or five months. The Objection 2:8-12; 5:15-23. The Plaintiffs contend the Objection  
19 should be denied because the Defendants submit new points and evidence not presented to  
20 Commissioner Ayres, ignore that the burden is the result of their own misconduct, and fail to  
21 address the necessary nature of the requests. The Response 2:8-27; 3:15-27; 5:4-28; 6:1-15.

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28 <sup>3</sup> Commissioner Ayres found the Defendants had not entirely waived the attorney-client privilege and permitted the Defendants to submit a privilege log for documents responsive to any category, except Request No. 53.

1 NRCP 34(a) provides in relevant part:

2 (a) In General. A party may serve on any other party a request within the scope of  
3 Rule 26(b):

4 (1) to produce and permit the requesting party or its representative to inspect,  
5 copy, test, or sample the following items in the responding party's  
6 possession, custody, or control:

7 (A) any designated documents or electronically stored information--  
8 including writings, drawings, graphs, charts, photographs, sound  
9 recordings, images, and other data or data compilations--stored in  
10 any medium from which information can be obtained either  
11 directly or, if necessary, after translation by the responding party  
12 into a reasonably usable form . . . .

13 NRCP 26(b) permits discovery

14 regarding any nonprivileged matter that is relevant to any party's claims or defenses and  
15 proportional to the needs of the case, considering the importance of the issues at stake in the  
16 action, the amount in controversy, the parties' relative access to relevant information, the  
17 parties' resources, the importance of the discovery in resolving the issues, and whether the  
18 burden or expense of the proposed discovery outweighs its likely benefit.

19 NRCP 37(a)(3)(B) provides in relevant part:

20 A party seeking discovery may move for an order compelling an answer, designation,  
21 production, or inspection. This motion may be made if . . .

22 (iv) a party fails to produce documents or fails to respond that inspection will be  
23 permitted--or fails to permit inspection--as requested under Rule 34.

24 The Court will affirm the Recommendation because Commissioner Ayres correctly  
25 determined the Defendants should be compelled to produce documents responsive to Request Nos.  
26 23, 68 and 70 for the entire four and a half year time frame. Commissioner Ayres correctly found  
27 that each disputed category in the PJRFP was a supplementation of earlier requests for production of  
28 documents, to which the Defendants failed to produce responsive documents. Moreover, each  
category in the PJRFP is relevant to the Plaintiffs' supplemental damages, as required by NRCP  
26(b). The Court disagrees that Commissioner Ayres disregarded the burden imposed on the

1 Defendants. In fact, Commissioner Ayres expressly declined to set a strict time frame for  
2 production of the documents, acknowledging the amount of time it may take to produce them.  
3 Additionally, Commissioner Ayres preserved the Defendants' ability to submit a privilege log for  
4 documents in any category, except No. 53. Finally, the burden on the Defendants is one entirely of  
5 their own creation. The discovery abuses in this matter are extensive and well-documented: failure  
6 to respond to the first request for production of documents, despite various extensions; failure to  
7 respond to the second request for production of documents and interrogatories, despite various  
8 extensions; failure to make timely pretrial disclosures; failure to obey Commissioner Ayres' rulings  
9 and the Court's corresponding confirming orders; and a general tendency to turn over incomplete  
10 information in a belated fashion with no legitimate explanation for the delay. *See* ORDER, p. 4-6  
11 (Oct. 17, 2013) (striking Defendants' counterclaims). The Court will not limit the production of  
12 documents to a four or five month period and permit the Defendants to benefit from their own  
13 wrongdoing and further prejudice the Plaintiffs. Had the Defendants turned over the documents  
14 when requested, perhaps the task of producing them now would appear less daunting.

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18 **IT IS ORDERED** the RECOMMENDATION FOR ORDER filed August 5, 2019, is  
19 hereby **AFFIRMED**.

20 **DATED** this 1 day of November, 2019.

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24 ELLIOTT A. SATTLER  
25 District Judge  
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**CERTIFICATE OF MAILING**

Pursuant to NRCp 5(b), I certify that I am an employee of the Second Judicial District Court of the State of Nevada, County of Washoe; that on this \_\_\_\_ day of November, 2019, I deposited in the County mailing system for postage and mailing with the United States Postal Service in Reno, Nevada, a true copy of the attached document addressed to:

**CERTIFICATE OF ELECTRONIC SERVICE**

I hereby certify that I am an employee of the Second Judicial District Court of the State of Nevada, in and for the County of Washoe; that on the   1   day of November, 2019, I electronically filed the foregoing with the Clerk of the Court by using the ECF system which will send a notice of electronic filing to the following:

JARRAD C. MILLER, ESQ.  
JONATHAN JOEL TEW, ESQ.  
DAVID C. MCELHINNEY, ESQ.

  
Sheila Mansfield  
Judicial Assistant

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# Exhibit 12

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10 **SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
11 **IN AND FOR THE COUNTY OF WASHOE**

12 ALBERT THOMAS, individually; *et al.*,

13 Plaintiffs,

14 vs.

Case No. CV12-02222  
Dept. No. 10

15 MEI-GSR Holdings, LLC, a Nevada Limited  
16 Liability Company, GRAND SIERRA  
17 RESORT UNIT OWNERS' ASSOCIATION,  
18 a Nevada nonprofit corporation, GAGE  
19 VILLAGE COMMERCIAL  
20 DEVELOPMENT, LLC, a Nevada Limited  
21 Liability Company; AM-GSR HOLDINGS,  
22 LLC, a Nevada Limited Liability Company;  
23 and DOE DEFENDANTS 1 THROUGH 10,  
24 inclusive,

25 Defendants.

26 **MOTION FOR SUPPLEMENTAL DAMAGES PROVE-UP HEARING**

27 Plaintiffs Albert Thomas *et al.*, by and through their counsel of record, the law firm of  
28 Robertson, Johnson, Miller & Williamson, hereby move the Court for an order: (1) directing the  
parties to schedule a supplemental damages prove-up hearing; and (2) authorizing limited  
discovery pursuant to this Court's inherent authority and prior sanctions orders. Such relief is  
also justified since the Defendants are in active violation of the Court's sanctions orders and  
FFCLJ. This motion ("Motion") is supported by the attached memorandum of points and  
authorities, the attached exhibits, the papers, pleadings and documents on file herein, and any  
oral argument this Court may choose to hear.

Robertson,  
Miller & Williamson,  
50 West Liberty Street,  
Suite 600,  
Reno, Nevada 89501

PA0969

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Plaintiffs respectfully request that this Court require the Defendants to produce certain  
4 documents and information and order the parties to set a supplemental damages hearing. These  
5 measures are necessary because since the date of this Court's dismissal for lack of subject matter  
6 jurisdiction on May 9, 2016 ("Dismissal Order"), the Defendants immediately continued their  
7 pattern of, in the words of the Nevada Supreme Court, "illegal and unethical" business practices  
8 to financially devastate the Plaintiffs even further.

9 The Defendants failed to accept that their practices were determined to be wrong by this  
10 Court – irrespective of whether they believed they could do whatever they wanted because of the  
11 Dismissal Order. A reasonable person would expect a litigant to operate with a modicum of  
12 decency and ethical restraint, and to not continue their tortious misconduct and contractual  
13 abuses while an active appeal was pending. The GSR elected not to, consistent with their pattern  
14 of doing everything and anything to force the Plaintiffs to sell their units.

15 As a result, this Court should order limited, sanctions-based discovery to allow  
16 Defendants to supplement their damages at a supplemental prove-up hearing. The Defendants  
17 undertook the risk that the continuation of their misconduct during the pendency of the appeal  
18 could result in a supplemental damages award if the Nevada Supreme Court reversed the  
19 Dismissal – which it did. Indeed, by continuing their misconduct pending appeal, the Defendants  
20 are now in active violation of the Court's sanctions orders and Findings of Fact, Conclusions of  
21 Law and Judgment, which requires redress.

22 As such, Plaintiffs respectfully request that in furtherance of this Court's sanctions, and  
23 to provide complete sanctions relief prior to a final judgment, Plaintiffs be allowed to prove up  
24 additional damages from the date of the Dismissal through the date that a receiver implements  
25 just operation of the condo unit rental program and condo-owners' association.



1           **II.     FACTUAL BACKGROUND**

2           After the Defendants committed a series of unprecedented discovery abuses and bad faith  
3 litigation tactics, the Plaintiffs moved for case terminating sanctions in this action. Plaintiffs'  
4 first request was denied, but this Court issued an order on December 18, 2013 wherein the Court  
5 struck all of the Defendants' Counterclaims. Because the discovery abuses continued, and it  
6 became clear that "Defendants were disingenuous with the Court and Plaintiffs' counsel when  
7 the first decision regarding case concluding sanctions was argued," Plaintiffs again moved for  
8 case terminating sanctions, and this Court issued its Order Granting Plaintiffs' Motion for Case-  
9 Terminating Sanction on October 3, 2014. This order struck the Defendants' Answer. (See  
10 October 9, 2015 Findings of Fact, Conclusions of Law and Judgment ("FFCLJ") at 3:7-9.) All  
11 of the Defendants' general and affirmative defenses were stripped and the Defendants conceded  
12 all of the allegations contained in the Second Amended Complaint ("SAC").

13           From March 23 - 25, 2015, a prove-up hearing was held pursuant to Foster v. Dingwall,  
14 126 Nev. Adv. Op. 6, 227 P. 3d 1042 (2010). The Court heard expert testimony from Craig L.  
15 Greene, CPA/CFF, CFE, CCEP, MAFF ("Plaintiffs' Expert") and he was cross-examined by  
16 Defendants. Following the prove-up hearing, this Court issued its FFCLJ. In addition to  
17 awarding damages to the Plaintiffs for conduct prior to October 9, 2015, the FFCLJ contains the  
18 following provisions:

19           The Plaintiffs shall not be required to pay any fees, assessments, or reserves allegedly due  
20 or accrued prior to the date of this ORDER;

21           The receiver will determine a reasonable amount of FF&E, shared facilities and hotel  
22 reserve fees required to fund the needs of these three ledger items. These fees will be  
23 determined within 90 days of the date of this ORDER. No fees will be required until the  
implementation of these new amounts.

24           Id. at 22:23-27.

25           Mr. Proctor was appointed under the terms of this Court's Order Appointing Receiver  
26 and Directing Defendants' Compliance filed January 7, 2015 ("Receiver Order"). Mr. Proctor  
27 served in that capacity until this Court dismissed this action for a lack of subject matter  
28 jurisdiction on May 9, 2016 ("Dismissal").

As directed by the Court, on January 7, 2016, a Receiver's Determination of Fees and Reserves was filed with the Court wherein the receiver determined the following:

1. The amount of the monthly **Furniture, Fixture & Equipment (FF&E) reserve** to be charged to all units, both TPO and non-TPO (GSR) is **\$0.329** per square foot ranging from **\$138.09** to **\$690.76** per unit.
2. The amount of the monthly **Shared Facilities Unit (SFU)** reserve to be charged to all units, both TPO and non-TPO (GSR) is **\$144.32** to **\$721.97**.
3. The amount of the monthly **Shared Facilities Unit (SFUE)** expense to be charged to each TPO unit is **\$0.094** per square foot ranging from **\$39.64** to **\$151.00** per unit.
4. The amount of the monthly **Hotel Reserve Fee (HRF)** to be charged to all units, both TPO and non-TPO (GSR) is **\$71.13** to **\$355.83**.
5. The amount of the monthly **Hotel Expense (HE)** to be charged to each TPO unit is **\$0.071** per square foot ranging from **\$71.78** to **\$273.45** per unit.
6. As the costs for deep cleaning the units is considered in the overall calculations of expenses allocated to the above fees, the \$600 annual deep cleaning fee is not a separate identifiable item.
7. The **Daily Use Fee (DUF)** to be charged to each occupied TPO unit is **\$24.54**.

Id. at 12. The receiver operated the rental of the condo units based on those fees/expenses until the Dismissal.

Immediately after the Dismissal in May of 2016, Defendants returned to the "illegal and unethical business practices" – keeping virtually all revenue from the use of Plaintiffs' condo units.

Notably, on July 19, 2016, Defendants sent correspondence to the Plaintiffs stating that because this Court dismissed the action, "it is the GSR's position that fees and expenses due under the applicable agreements between the GSR, the Home Owners' Association and the unit owners that have not been paid because of prior Court rulings are now due and payable." (See Exhibit 1.) The time period referenced by the Defendants was from April 2011 through February of 2016. Id.

Under this Court's FFCLJ, Plaintiffs were not required to pay the fees and expenses Defendants demanded. Further, Defendants knew that Plaintiffs were appealing the Dismissal and that the Dismissal was subject to reversal by the Nevada Supreme Court.

To collect the funds, Defendants added the amounts to monthly Owner Account Statements as amounts owed by owner and kept any rent proceeds to apply the money to the fees and expenses outstanding balance. (See Exhibit 2, the fees were listed as "Reconciling Amounts

1 From Court Case Dismissal”).) Thus, the Defendants strategically deprived Plaintiffs of all  
2 revenue during the appeal – electing not to exercise any caution or restraint.

3 In addition to reinstating fees and expenses back to April of 2011, the Defendants  
4 disregarded the Receiver’s Determination of Fees and Reserves and *substantially* increased the  
5 fees and expenses. Attached as Exhibit 3 are two Owner Account Statements for a Plaintiff  
6 owned unit number 1775. *Id.* The first statement is from April of 2016, before Dismissal, and  
7 shows “Contracted Hotel Fees: \$464.96” and a “Daily Use Fee of \$24.54”. *Id.* The second  
8 statement is from September of 2018, after Dismissal, and shows “Contracted Hotel Fees:  
9 \$647.85” and a “Daily Use Fee of \$31.18”. *Id.* The Defendants simply increased the fees and  
10 expenses to prevent Plaintiffs from receiving any funds – a simple continuation of the  
11 Defendants’ misconduct flowing from what was alleged in the SAC.

12 The Court will note that on the August 2018 statement, Defendants rented the particular  
13 plaintiff’s unit every night that month. Yet, at the end of the month, Plaintiff received nothing.  
14 *Id.* The “Net Due from Owner” went from \$7,939.50 to \$7,930.70. *Id.* Also of note from the  
15 September statement, is that Defendants charged Plaintiff for one night, September 21st, rather  
16 than provide a credit for the use of the room. *Id.* Further, Defendants comped/provided a  
17 gaming reduction for the use of Plaintiff’s unit on three nights wherein Plaintiff received less  
18 than \$10 per night for the use of the room. *Id.* Even under the old agreements, that this Court  
19 deemed unconscionable, the Defendants could only comp Plaintiffs’ units up to five nights per  
20 year. In September of 2018, Defendants were setting a pace for 36 comps per year—a patent  
21 continuation of their improper theft.

22 Additionally, a common scenario since Dismissal is that the Defendants will rent  
23 Plaintiffs units between 25 and 30 nights and Plaintiffs will end up with a negative balance  
24 *increasing the claimed “Net Due From Owner” reported on the monthly statements.* (*See*  
25 Exhibit 4.) Clearly, this continued misconduct during the appeal was all intended to further the  
26 GSR’s plan to force Plaintiffs to abandon or sell their units – a plan that was alleged in the SAC,  
27 and proved by the “smoking gun” emails that Defendants refused to produce in discovery.

1        Given the continuation of misconduct of Defendants, Plaintiffs anticipate the Defendants  
2 have continued their other “illegal and unethical business practices” whereby they underreport  
3 room revenue on the monthly Owner Account Statements or do not report room usage at all.  
4 (See FFCLJ at 18:15-20.) It is also unlikely that they have instituted an equal rotation of rentals  
5 as opposed to giving their rooms priority. The aforementioned acts of theft can only be divulged  
6 through discovery of the room key data and analysis by Plaintiffs’ Expert.

7        Separately, in early 2017, the Defendants used their control of the majority of votes in the  
8 Grand Sierra Resort Unit-Owners Association to approve the “Eighth Amendment to  
9 Condominium Hotel Declaration of Covenants Conditions, Restrictions and Restrictions of  
10 Easements for Hotel-Condominiums” to inflict further damage to Plaintiffs. (See Exhibit 5.) An  
11 analysis of the amendment and need to determine the action void is beyond the scope of this  
12 Motion.

13        Finally, after this Court’s Dismissal, Defendants charged Plaintiffs with a “Special  
14 Assessment” claiming that “reserve amounts are now insufficient in light of their respective  
15 allocation to the renovation projects related to the Units and the Condominium Hotel Property.”  
16 (See Exhibit 6.) As an example, the “special assessment” was for the amount of \$13.70 per  
17 square foot with the unit referenced in Exhibit 6 being assessed \$7,560. Id.

18        The above-referenced acts conducted by the Defendants since this Courts’ Dismissal are  
19 not even remotely exhaustive of the Defendants’ continued, nefarious actions since the  
20 Dismissal, but rather, are examples of how the Defendants have continued to cause the Plaintiffs  
21 additional damages since the Dismissal. Given the Nevada Supreme Court’s reversal of the  
22 Dismissal, the actions of the Defendants must be corrected to conform with the FFCLJ and  
23 receivership. Accordingly, Plaintiffs need to obtain discovery into these issues so that they can  
24 prove supplemental damages from the date of the Dismissal and termination of the receivership,  
25 until such time as the receivership is effectively reinstated. Plaintiffs’ discovery requests are  
26 attached as Exhibit 7. Upon review of the responses it may become necessary for Plaintiffs to  
27 depose key witnesses.

1 Plaintiffs' request for a supplemental prove-up hearing is simply to supplement, and not  
2 modify, this Court's FFCLJ through a separate order that, together with the FFCLJ, would  
3 establish the compensatory damages portion of the Court's ultimate judgment in the case.  
4 Punitive damages, of course, have not yet been resolved and should be placed on hold until the  
5 Court rules on this Motion.

### 6 III. LEGAL ARGUMENT

#### 7 A. *Good Cause Exists to Re-Open Discovery*

8 The Court has found that Plaintiffs are entitled to compensatory damages, or actual  
9 damages, which are defined as "[d]amages sufficient in amount to indemnify the injured person  
10 for the loss suffered," and "[a]n amount awarded to a complainant to compensate for a proven  
11 injury or loss; damages that repay actual losses."<sup>1</sup> This Court entered a non-final judgment  
12 against Defendants in October 2015 in favor of Plaintiffs. However, since the date of the  
13 Dismissal until the filing of this Motion, Defendants' unlawful actions persisted and continued to  
14 harm Plaintiffs. Plaintiffs have suffered greatly while this action was on appeal due to the  
15 Defendants' decision to continue its misconduct during that period – despite that the Defendants  
16 understood the Dismissal was subject to reversal. The current damages awarded by the Court are  
17 now insufficient to make Plaintiffs whole for the losses they have suffered. Had the Defendants  
18 elected not to continue their misconduct, a supplement of damages to those awarded in the  
19 FFCLJ would be unnecessary.

20 Good cause therefore exists to re-open discovery to supplement compensatory damages.  
21 This Court is still vested with the same authority under NRCP 37(b)(2), and its inherent powers,  
22 to provide complete relief as part of its sanctions orders. See, e.g., Young v. Johnny Ribeiro  
23 Bldg., 106 Nev. 88, 92, 787 P.2d 777 (1990). While complete, compensatory damages are  
24 justified under this Court's prior sanctions orders, Defendants are now also indisputably in  
25 violation of those orders and the FFCLJ. Since the Defendants could have awaited the outcome  
26 on appeal without changing the status quo, they have essentially invited and justified additional  
27

28 <sup>1</sup> *Compensatory Damages*, cross referencing *Actual Damages*, BLACK'S LAW DICTIONARY, 321 (7th ed. abr. 2000).

1 compensatory damages so that this Court can provide complete relief and compensatory damages  
2 in this action.

3 Since no final judgment has been entered in this case, and the Defendants are in active  
4 violation of the sanctions orders and FFCLJ, (a) a supplemental damages prove-up hearing under  
5 Foster and (b) additional, time-restricted discovery is appropriate.

6 It is well-known that district courts have broad discretion to control the discovery process  
7 of actions before it. See In re Adoption of a Minor Child, 118 Nev. 962, 968-69, 60 P.3d 485,  
8 489 (2002) (“Absent a clear abuse of discretion, this court will not reverse a district court’s  
9 management of discovery.”) Furthermore, this Court has authority to broaden the scope of  
10 discovery under NRCP 26(b)(2) if it determines that,

11 (i) the discovery sought is [not] unreasonably cumulative or duplicative, or is  
12 [not] obtainable from some other source that is more convenient, less  
13 burdensome, or less expensive; (ii) the party seeking discovery has [not] had  
14 ample opportunity by discovery in the action to obtain the information sought;  
15 (iii) the discovery is [not] unduly burdensome or expensive, taking into account  
the needs of the case, the amount in controversy, limitations on parties’ resources,  
and the importance of the issues at stake in the litigation.

16 Here, the discovery sought is neither duplicative nor cumulative: Plaintiffs are merely seeking to  
17 supplement their claim for compensatory damages. The only way to do so is to allow limited  
18 discovery to determine the amount of damages suffered from the Dismissal to the reinstatement of  
19 a receiver.

20 ***B. The Requested Prove-Up Hearing Would be Limited in Time and Scope,***  
21 ***and Would Supplement, Not Modify, the Court’s FFCLJ***

22 In the FFCLJ, this court already determined that Plaintiffs established their claims  
23 through substantial evidence and proved the compensatory damages they were entitled to up to  
24 that point. Accordingly, any supplemental prove-up hearing would not impact the Court’s  
25 findings in the FFCLJ or require any change to it (or the damages findings specified therein) for  
26 the time frames addressed. As such, at any supplemental prove-up hearing, Plaintiffs would only  
27 need to put on a prima facie case to support supplemental damages suffered subsequent to the  
28 date of the Dismissal. See Foster v. Dingwall, 126 Nev. 56, 227 P.3d 1042 (2010).

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Plaintiffs request that the Court hold the Defendants accountable and afford Plaintiffs complete relief under the Court's sanctions orders and FFCLJ. Complete relief is justified under the Court's prior orders and is necessary to fully redress the Defendants' misconduct. Further, since the Defendants elected not to maintain the status quo while this case was on appeal, the Supreme Court's reversal places the Defendants in active and ongoing violation of the Court's sanctions orders and the FFCLJ. This must be corrected and accounted for. The Defendants could have avoided this very situation by acting within the law, and instead have now placed the Court in the position of having to again hold them to justice. For these reasons, Plaintiffs respectfully request that the Court grant their Motion.

Pursuant to NRS § 239B.030, the undersigned does hereby affirm that the preceding document does not contain the social security number of any person.

ROBERTSON, JOHNSON,  
MILLER & WILLIAMSON  
50 West Liberty Street, Suite 600  
Reno, Nevada 89501

MOTION FOR SUPPLEMENTAL DAMAGES PROVE-UP HEARING  
PAGE 9

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**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 27<sup>th</sup> day of December, 2018, I caused to be deposited in the U.S. Mail, first-class postage fully prepaid the foregoing **MOTION FOR SUPPLEMENTAL DAMAGES PROVE-UP HEARING** with the Clerk of the Court by using the ECF system which served the following parties electronically:

H. Stan Johnson, Esq.  
Steven B. Cohen, Esq.  
Cohen-Johnson, LLC  
255 E. Warm Springs Road, Suite 100  
Las Vegas, NV 89119  
Facsimile: (702) 823-3400  
Email: [sjohnson@cohenjohnson.com](mailto:sjohnson@cohenjohnson.com)  
*Attorneys for Defendants*

Jeffrey L. Hartman, Esq.  
Hartman & Hartman  
510 W. Plumb Lane, Suite B  
Reno, NV 89509  
Facsimile: (775) 324-1818  
Email: [notices@banhkruptcyreno.com](mailto:notices@banhkruptcyreno.com)  
*Attorneys for Receiver*

I further certify that on the 27<sup>th</sup> day of December, 2018, I caused to be hand-delivered, a true and correct copy of the foregoing **MOTION FOR SUPPLEMENTAL DAMAGES PROVE-UP HEARING**, addressed to the following:

Gayle A. Kern, Esq.  
Kern & Associates, Ltd.  
5421 Kietzke Lane, Suite 200  
Reno, NV 89511  
Facsimile: (775) 324-6173  
Email: [gaylekern@kernltd.com](mailto:gaylekern@kernltd.com)  
*Attorneys for Defendants*

  
An Employee of Robertson, Johnson,  
Miller & Williamson



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## EXHIBIT INDEX

Ex. No.	Description	Pages
1	Correspondence from Defendants to Plaintiffs dated July 19, 2016 (Reconciliation)	4
2	Sample monthly rental statements from Defendants to Plaintiffs (Taylor 1769, dated July 20, 2016)	2
3	Sample monthly rental statements from Defendants to Plaintiffs (Taylor 1775, dated April 28, 2016)	4
4	Sample monthly rental statements from Defendants to Plaintiffs	9
5	HOA Written Ballot dated January 3, 2017 (Nunn)	1
6	Correspondence from Defendants to Plaintiffs dated June 5, 2017 (Special Assessment)	4
7	Plaintiffs' First Set of Post-Judgment Requests for Production of Documents	24
8	Declaration of Jarrad C. Miller, Esq. in support of Motion for Supplemental Damages Prove-Up Hearing	2

FILED  
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CV12-02222  
2022-02-23 05:54:55 PM  
Alicia L. Lerud  
Clerk of the Court  
Transaction # 8912535 : yvilorla

# Exhibit 13

IN THE SUPREME COURT OF THE STATE OF NEVADA

MEI-GSR HOLDINGS, LLC, A NEVADA  
LIMITED LIABILITY COMPANY; AM-  
GSR HOLDINGS, LLC, A NEVADA  
LIMITED LIABILITY COMPANY;  
GRAND SIERRA RESORT UNIT  
OWNERS' ASSOCIATION, A NEVADA  
NON-PROFIT ORGANIZATION; AND  
GAGE VILLAGE COMMERCIAL  
DEVELOPMENT, LLC, A NEVADA  
LIMITED LIABILITY COMPANY,

Appellants,

vs.

ALBERT THOMAS; JANE DUNLAP;  
JOHN DUNLAP; BARRY HAY; MARIE-  
ANNIE ALEXANDER AS TRUSTEE OF  
THE MARIE-ANNIE ALEXANDER  
LIVING TRUST; MELISSA  
VAGUJHELYI AND GEORGE  
VAGUJHELYI, AS CO-TRUSTEES OF  
THE GEORGE VAGUJHELYI AND  
MELISSA VAGUJHELYI 2001 FAMILY  
TRUST AGREEMENT U/T/A APRIL 13,  
2001; D'ARCY NUNN; HENRY NUNN;  
LEE VAN DER BOKKE; MADELYN  
VAN DER BOKKE; DONALD  
SCHREIFELS; ROBERT R. PEDERSON,  
INDIVIDUALLY AND AS TRUSTEE OF  
THE PEDERSON 1990 TRUST; LOU  
ANN PEDERSON, INDIVIDUALLY  
AND AS TRUSTEE OF THE  
PEDERSON 1990 TRUST; LORI  
ORDOVER; WILLIAM A. HENDERSON;  
CHRISTINE E. HENDERSON; LOREN  
D. PARKER; SUZANNE C. PARKER;  
MICHAEL IZADY; STEVEN TAKAKI;  
FARAD TORABKHAN; SAHAR  
TAVAKOL; M & Y HOLDINGS, A  
NEVADA LIMITED LIABILITY

No. 69184

**FILED**

FEB 01 2016

TRACIE K. LINDEMAN  
CLERK OF SUPREME COURT  
BY *[Signature]*  
DEPUTY CLERK

16-03301

COMPANY; JL & YL HOLDINGS, LLC,  
A NEVADA LIMITED LIABILITY  
COMPANY; SANDI RAINES; R.  
RAGHURAM; USHA RAGHURAM;  
LORI K. TOKUTOMI; GARETT TOM;  
ANITA TOM; RAMON FADRILAN;  
FAYE FADRILAN; PETER K. LEE AND  
MONICA L. LEE, AS TRUSTEES OF  
THE LEE FAMILY 2002 REVOCABLE  
TRUST; DOMINIC YIN; ELIAS  
SHAMIEH; NADINE'S REAL ESTATE  
INVESTMENTS, LLC, A NORTH  
DAKOTA LIMITED LIABILITY  
COMPANY; JEFFERY JAMES QUINN;  
BARBARA ROSE QUINN; KENNETH  
RICHE; MAXINE RICHE; NORMAN  
CHANDLER; BENTON WAN;  
TIMOTHY KAPLAN; SILKSCAPE INC.,  
A CALIFORNIA CORPORATION;  
PETER CHENG; ELISA CHENG; GREG  
A. CAMERON; TMI PROPERTY  
GROUP, LLC, A CALIFORNIA  
LIMITED LIABILITY COMPANY;  
RICHARD LUTZ; SANDRA LUTZ;  
MARY A. KOSSICK; MELVIN H.  
CHEAH; DI SHEN; AJIT GUPTA;  
SEEMA GUPTA; FREDRICK FISH;  
LISA FISH; ROBERT A. WILLIAMS;  
JACQUELIN PHAM; MAY ANN HOM,  
AS TRUSTEE OF THE MAY ANN HOM  
TRUST; MICHAEL HURLEY; DUANE  
WINDHORST; MARILYN WINDHORST;  
VINOD BHAN; ANNE BHAN; GUY P.  
BROWNE; GARTH WILLIAMS;  
PAMELA Y. ARATANI; DARLEEN  
LINDGREN; LAVERNE ROBERTS;  
DOUG MECHAM; CHRISINE  
MECHAM; KWANGSOO SON; SOO  
YEUN MOON; JOHNSON  
AKINDODUNSE; IRENE WEISS, AS  
TRUSTEE OF THE WEISS FAMILY

TRUST; PRAVESH CHOPRA; TERRY POPE; NANCY POPE; JAMES TAYLOR; RYAN TAYLOR; KI HAM; YOUNG JA CHOI; SANG DAE SOHN; KUK HYUNG, "CONNIE"; SANG "MIKE" YOO; BRETT MENMUIR, AS TRUSTEE OF THE CAYENNE TRUST; WILLIAM MINER, JR.; CHANH TRUONG; ELIZABETH ANDERS MECUA; SHEPARD MOUNTAIN, LLC, A TEXAS LIMITED LIABILITY COMPANY; ROBERT BRUNNER; AMY BRUNNER; JEFF RIOPELLE; PATRICIA M. MOLL; AND DANIEL MOLL,

Respondents.

**ORDER DISMISSING APPEAL**

This is an appeal from a default judgment. Second Judicial District Court, Washoe County; Elliott A. Sattler, Judge.

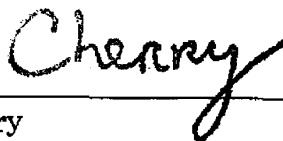
On December 22, 2015, this court entered an order to show cause directing appellants to show cause why the appeal should not be dismissed as premature. *See Lee v. GNLV Corp.*, 116 Nev. 424, 996 P.2d 416 (2000); *KDI Sylvan Pools v. Workman*, 107 Nev. 340, 810 P.2d 1217 (1991); *Rae v. All American Life & Cas. Co.*, 95 Nev. 920, 605 P.2d 196 (1979). Appellants have responded to our order and concede that the appeal is premature at this point. Accordingly, we conclude that we lack jurisdiction and we

ORDER this appeal DISMISSED.



J.

Douglas



J.

Cherry



J.

Gibbons

cc: Hon. Elliott A. Sattler, District Judge  
Lansford W. Levitt, Settlement Judge  
Lewis Roca Rothgerber Christie LLP/Las Vegas  
Cohen-Johnson LLC  
Law Offices of Mark Wray  
Robertson, Johnson, Miller & Williamson  
Washoe District Court Clerk

CERTIFIED COPY  
This document is a full, true and correct copy of  
the original on file and of record in my office.  
DATE: February 26, 1976  
Supreme Court Clerk, State of Nevada ★  
By Dan J. Williams Deputy

FILED  
Electronically  
CV12-02222  
2022-02-23 05:54:55 PM  
Alicia L. Lerud  
Clerk of the Court  
Transaction # 8912535 : yvilorla

# Exhibit 14



**IN THE SUPREME COURT OF THE STATE OF NEVADA**

ALBERT THOMAS, INDIVIDUALLY; JANE DUNLAP, INDIVIDUALLY; JOHN DUNLAP, INDIVIDUALLY; BARRY HAY, INDIVIDUALLY; MARIE-ANNE ALEXANDER, AS TRUSTEE OF THE MARIE-ANNE ALEXANDER LIVING TRUST; MELISSA VAGUJHELYI; GEORGE VAGUJHELYI, AS TRUSTEES OF THE GEORGE VAGUJHELYI AND MELISSA VAGUJHELYI 2001 FAMILY TRUST AGREEMENT U/T/A APRIL 13, 2001; D'ARCY NUNN, INDIVIDUALLY; HENRY NUNN, INDIVIDUALLY; MADELYN VAN DER BOKKE, INDIVIDUALLY; LEE VAN DER BOKKE, INDIVIDUALLY; ROBERT R. PEDERSON, INDIVIDUALLY AND AS TRUSTEE OF THE PEDERSON 1990 TRUST; LOU ANN PEDERSON, INDIVIDUALLY AND AS TRUSTEE OF THE PEDERSON 1990 TRUST; LORI ORDOVER, INDIVIDUALLY; WILLIAM A. HENDERSON, INDIVIDUALLY; CHRISTINE E. HENDERSON, INDIVIDUALLY; LOREN D. PARKER, INDIVIDUALLY; SUZANNE C. PARKER, INDIVIDUALLY; MICHAEL IZADY, INDIVIDUALLY; STEVEN TAKAKI, AS TRUSTEE OF THE STEVEN W. TAKAKI & FRANCES S. LEE REVOCABLE TRUSTEE AGREEMENT, UTD JANUARY 11, 2000; FARAD TORABKHAN, INDIVIDUALLY; SAHAR TAVAKOL, INDIVIDUALLY; M&Y HOLDINGS, LLC; JL&YL HOLDINGS, LLC; SANDI RAINES, INDIVIDUALLY; R. RAGHURAM, AS TRUSTEE OF THE RAJ AND USHA RAGHURAM LIVING TRUST DATED APRIL 25, 2001; USHA RAGHURAM, AS TRUSTEE OF THE RAJ AND USHA RAGHURAM LIVING TRUST DATED APRIL 25, 2001; LORI K. TOKUTOMI, INDIVIDUALLY; GARRET TOM, AS TRUSTEE OF THE GARRET AND ANITA TOM TRUST, DATED 5/14/2006; ANITA TOM, AS TRUSTEE OF THE GARRET AND ANITA TOM TRUST, DATED 5/14/2006; RAMON FADRILAN, INDIVIDUALLY; FAYE FADRILAN, INDIVIDUALLY; PETER K. LEE; MONICA L.

**Supreme Court No. 70498**  
District Court Case No. CV1202222

DID

LEE, AS TRUSTEES OF THE LEE FAMILY  
2002 REVOCABLE TRUST; DOMINIC YIN,  
INDIVIDUALLY; ELIAS SHAMIEH,  
INDIVIDUALLY; JEFFREY QUINN,  
INDIVIDUALLY; BARBARA ROSE QUINN,  
INDIVIDUALLY; KENNETH RICHE,  
INDIVIDUALLY; MAXINE RICHE,  
INDIVIDUALLY; NORMAN CHANDLER,  
INDIVIDUALLY; BENTON WAN,  
INDIVIDUALLY; TIMOTHY D. KAPLAN,  
INDIVIDUALLY; SILKSCAPE INC.; PETER  
CHENG, INDIVIDUALLY; ELISA CHENG,  
INDIVIDUALLY; GREG A. CAMERON,  
INDIVIDUALLY; TMI PROPERTY GROUP,  
LLC; RICHARD LUTZ, INDIVIDUALLY;  
SANDRA LUTZ, INDIVIDUALLY; MARY A.  
KOSSICK, INDIVIDUALLY; MELVIN H.  
CHEAH, INDIVIDUALLY; DI SHEN,  
INDIVIDUALLY; NADINE'S REAL ESTATE  
INVESTMENTS, LLC; AJIT GUPTA,  
INDIVIDUALLY; SEEMA GUPTA,  
INDIVIDUALLY; FREDRICK FISH,  
INDIVIDUALLY; LISA FISH, INDIVIDUALLY;  
ROBERT A. WILLIAMS, INDIVIDUALLY;  
JACQUELIN PHAM, AS MANAGER OF  
CONDOTEL 1906, LLC; MAY ANNE HOM, AS  
TRUSTEE OF THE MAY ANNE HOM TRUST;  
MICHAEL HURLEY, INDIVIDUALLY; DUANE  
WINDHORST, TRUSTEE OF DUANE  
WINDHORST TRUST U/A DTD. 01/15/2003  
AND MARILYN WINDHORST TRUST U/A  
DTD. 01/015/2003; MARILYN WINDHORST,  
AS TRUSTEE OF DUANE WINDHORST  
TRUST U/A DTD. 01/15/2003 AND MARILYN  
L. WINDHORST TRUST U/A DTD.01/15/2003;  
VINOD BHAN, INDIVIDUALLY; ANNE BHAN,  
INDIVIDUALLY; GUY P. BROWNE,  
INDIVIDUALLY; GARTH A. WILLIAMS,  
INDIVIDUALLY; PAMELA Y. ARATANI,  
INDIVIDUALLY; DARLEEN LINDGREN,  
INDIVIDUALLY; LAVERNE ROBERTS,  
INDIVIDUALLY; DOUG MECHAM,  
INDIVIDUALLY; CHRISINE MECHAM,  
INDIVIDUALLY; KWANG SOON SON,  
INDIVIDUALLY; SOO YEU MOON,  
INDIVIDUALLY; JOHNSON AKINDODUNSE,

INDIVIDUALLY; IRENE WEISS, AS TRUSTEE  
OF THE WEISS FAMILY TRUST; PRAVESH  
CHOPRA, INDIVIDUALLY; TERRY POPE,  
INDIVIDUALLY; NANCY POPE,  
INDIVIDUALLY; JAMES TAYLOR,  
INDIVIDUALLY; RYAN TAYLOR,  
INDIVIDUALLY; KI NAM CHOI,  
INDIVIDUALLY; YOUNG JA CHOI,  
INDIVIDUALLY; SANG DAE SOHN,  
INDIVIDUALLY; KUK HYUN (CONNIE) YOO,  
INDIVIDUALLY; SANG SOON (MIKE) YOO,  
INDIVIDUALLY; BRETT MENMUIR, AS  
MANAGER OF CARRERA PROPERTIES,  
LLC; WILLIAM MINER, JR., INDIVIDUALLY;  
CHANH TRUONG, INDIVIDUALLY;  
ELIZABETH ANDERS MECUA,  
INDIVIDUALLY; SHEPHERD MOUNTAIN,  
LLC; ROBERT BRUNNER, INDIVIDUALLY;  
AMY BRUNNER, INDIVIDUALLY; JEFF  
RIOPELLE, AS TRUSTEE OF THE RIOPELLE  
FAMILY TRUST; PATRICIA M. MOLL,  
INDIVIDUALLY; AND DANIEL MOLL,  
INDIVIDUALLY,

Appellants,

vs.

MEI-GSR HOLDINGS, LLC, A NEVADA  
LIMITED LIABILITY COMPANY; GRAND  
SIERRA RESORT UNIT OWNERS'  
ASSOCIATION, A NEVADA NON-PROFIT  
CORPORATION; GAGE VILLAGE  
COMMERICAL DEVELOPMENT, LLC, A  
NEVADA LIMITED LIABILITY COMPANY;  
AND AM-GSR HOLDINGS, LLC, A NEVADA  
LIMITED LIABILITY COMPANY,

Respondents.

**REMITTITUR**

TO: Jacqueline Bryant, Washoe District Court Clerk

Pursuant to the rules of this court, enclosed are the following:

Certified Copy of Opinion/Order  
Receipt for Remittitur

DATE: December 24, 2018

Elizabeth A. Brown, Clerk of Court

By: Rory Wunsch  
Deputy Clerk

cc (without enclosures):

Hon. Elliott A. Sattler, District Judge  
Robertson, Johnson, Miller & Williamson  
Lemons, Grundy & Eisenberg  
Parker & Edwards  
Leach Kern Gruchow Anderson Song/Reno  
Lewis Roca Rothgerber Christie LLP/Las Vegas

**RECEIPT FOR REMITTITUR**

Received of Elizabeth A. Brown, Clerk of the Supreme Court of the State of Nevada, the  
REMITTITUR issued in the above-entitled cause, on DEC 27 2018

  
\_\_\_\_\_  
District Court Clerk

**IN THE SUPREME COURT OF THE STATE OF NEVADA**

ALBERT THOMAS, INDIVIDUALLY; JANE DUNLAP, INDIVIDUALLY; JOHN DUNLAP, INDIVIDUALLY; BARRY HAY, INDIVIDUALLY; MARIE-ANNE ALEXANDER, AS TRUSTEE OF THE MARIE-ANNE ALEXANDER LIVING TRUST; MELISSA VAGUJHELYI; GEORGE VAGUJHELYI, AS TRUSTEES OF THE GEORGE VAGUJHELYI AND MELISSA VAGUJHELYI 2001 FAMILY TRUST AGREEMENT U/T/A APRIL 13, 2001; D'ARCY NUNN, INDIVIDUALLY; HENRY NUNN, INDIVIDUALLY; MADELYN VAN DER BOKKE, INDIVIDUALLY; LEE VAN DER BOKKE, INDIVIDUALLY; ROBERT R. PEDERSON, INDIVIDUALLY AND AS TRUSTEE OF THE PEDERSON 1990 TRUST; LOU ANN PEDERSON, INDIVIDUALLY AND AS TRUSTEE OF THE PEDERSON 1990 TRUST; LORI ORDOVER, INDIVIDUALLY; WILLIAM A. HENDERSON, INDIVIDUALLY; CHRISTINE E. HENDERSON, INDIVIDUALLY; LOREN D. PARKER, INDIVIDUALLY; SUZANNE C. PARKER, INDIVIDUALLY; MICHAEL IZADY, INDIVIDUALLY; STEVEN TAKAKI, AS TRUSTEE OF THE STEVEN W. TAKAKI & FRANCES S. LEE REVOCABLE TRUSTEE AGREEMENT, UTD JANUARY 11, 2000; FARAD TORABKHAN, INDIVIDUALLY; SAHAR TAVAKOL, INDIVIDUALLY; M&Y HOLDINGS, LLC; JL&YL HOLDINGS, LLC; SANDI RAINES, INDIVIDUALLY; R. RAGHURAM, AS TRUSTEE OF THE RAJ AND USHA RAGHURAM LIVING TRUST DATED APRIL 25, 2001; USHA RAGHURAM, AS TRUSTEE OF THE RAJ AND USHA RAGHURAM LIVING TRUST DATED APRIL 25, 2001; LORI K. TOKUTOMI, INDIVIDUALLY; GARRET TOM, AS TRUSTEE OF THE GARRET AND ANITA TOM TRUST, DATED 5/14/2006; ANITA TOM, AS TRUSTEE OF THE GARRET AND ANITA TOM TRUST, DATED 5/14/2006; RAMON FADRILAN, INDIVIDUALLY; FAYE FADRILAN, INDIVIDUALLY; PETER K. LEE; MONICA L.

**Supreme Court No. 70498**  
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INDIVIDUALLY; BENTON WAN,  
INDIVIDUALLY; TIMOTHY D. KAPLAN,  
INDIVIDUALLY; SILKSCAPE INC.; PETER  
CHENG, INDIVIDUALLY; ELISA CHENG,  
INDIVIDUALLY; GREG A. CAMERON,  
INDIVIDUALLY; TMI PROPERTY GROUP,  
LLC; RICHARD LUTZ, INDIVIDUALLY;  
SANDRA LUTZ, INDIVIDUALLY; MARY A.  
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INVESTMENTS, LLC; AJIT GUPTA,  
INDIVIDUALLY; SEEMA GUPTA,  
INDIVIDUALLY; FREDRICK FISH,  
INDIVIDUALLY; LISA FISH, INDIVIDUALLY;  
ROBERT A. WILLIAMS, INDIVIDUALLY;  
JACQUELIN PHAM, AS MANAGER OF  
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AND MARILYN WINDHORST TRUST U/A  
DTD. 01/015/2003; MARILYN WINDHORST,  
AS TRUSTEE OF DUANE WINDHORST  
TRUST U/A DTD. 01/15/2003 AND MARILYN  
L. WINDHORST TRUST U/A DTD.01/15/2003;  
VINOD BHAN, INDIVIDUALLY; ANNE BHAN,  
INDIVIDUALLY; GUY P. BROWNE,  
INDIVIDUALLY; GARTH A. WILLIAMS,  
INDIVIDUALLY; PAMELA Y. ARATANI,  
INDIVIDUALLY; DARLEEN LINDGREN,  
INDIVIDUALLY; LAVERNE ROBERTS,  
INDIVIDUALLY; DOUG MECHAM,  
INDIVIDUALLY; CHRISINE MECHAM,  
INDIVIDUALLY; KWANG SOON SON,  
INDIVIDUALLY; SOO YEU MOON,  
INDIVIDUALLY; JOHNSON AKINDODUNSE,

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OF THE WEISS FAMILY TRUST; PRAVESH  
CHOPRA, INDIVIDUALLY; TERRY POPE,  
INDIVIDUALLY; NANCY POPE,  
INDIVIDUALLY; JAMES TAYLOR,  
INDIVIDUALLY; RYAN TAYLOR,  
INDIVIDUALLY; KI NAM CHOI,  
INDIVIDUALLY; YOUNG JA CHOI,  
INDIVIDUALLY; SANG DAE SOHN,  
INDIVIDUALLY; KUK HYUN (CONNIE) YOO,  
INDIVIDUALLY; SANG SOON (MIKE) YOO,  
INDIVIDUALLY; BRETT MENMUIR, AS  
MANAGER OF CARRERA PROPERTIES,  
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CHANH TRUONG, INDIVIDUALLY;  
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INDIVIDUALLY; SHEPHERD MOUNTAIN,  
LLC; ROBERT BRUNNER, INDIVIDUALLY;  
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RIOPELLE, AS TRUSTEE OF THE RIOPELLE  
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Appellants,  
vs.  
MEI-GSR HOLDINGS, LLC, A NEVADA  
LIMITED LIABILITY COMPANY; GRAND  
SIERRA RESORT UNIT OWNERS'  
ASSOCIATION, A NEVADA NON-PROFIT  
CORPORATION; GAGE VILLAGE  
COMMERICAL DEVELOPMENT, LLC, A  
NEVADA LIMITED LIABILITY COMPANY;  
AND AM-GSR HOLDINGS, LLC, A NEVADA  
LIMITED LIABILITY COMPANY,  
Respondents.

**CLERK'S CERTIFICATE**

STATE OF NEVADA, ss.

I, Elizabeth A. Brown, the duly appointed and qualified Clerk of the Supreme Court of the State of Nevada, do hereby certify that the following is a full, true and correct copy of the Judgment in this matter.

### **JUDGMENT**

The court being fully advised in the premises and the law, it is now ordered, adjudged and decreed, as follows:

“We REVERSE the district court's order granting respondents' motion to dismiss for lack of subject matter jurisdiction AND REMAND to the district court for proceedings consistent with this order.”

Judgment, as quoted above, entered this 26th day of February, 2018.

### **JUDGMENT**

The court being fully advised in the premises and the law, it is now ordered, adjudged and decreed, as follows:

“Rehearing Denied”

Judgment, as quoted above, entered this 1st day of June, 2018.

### **JUDGMENT**

The court being fully advised in the premises and the law, it is now ordered, adjudged and decreed, as follows:

“Order Denying En Banc Reconsideration.”

Judgment, as quoted above, entered this 28th day of November, 2018.

IN WITNESS WHEREOF, I have subscribed  
my name and affixed the seal of the Supreme  
Court at my Office in Carson City, Nevada this  
December 24, 2018.

Elizabeth A. Brown, Supreme Court Clerk

By: Rory Wunsch  
Deputy Clerk





1 CODE: 2222

2 Jarrad C. Miller, Esq. (NV Bar No. 7093)  
3 Jonathan J. Tew, Esq. (NV Bar No. 11874)  
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19 Attorneys for Plaintiffs

20 **SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
21 **IN AND FOR THE COUNTY OF WASHOE**

22 ALBERT THOMAS, individually; *et al.*,

23 Plaintiffs,

24 vs.

Case No. CV12-02222  
Dept. No. OJ37

25 MEI-GSR Holdings, LLC, a Nevada limited  
26 liability company, GRAND SIERRA  
27 RESORT UNIT OWNERS' ASSOCIATION,  
28 a Nevada nonprofit corporation, GAGE  
VILLAGE COMMERCIAL  
DEVELOPMENT, LLC, a Nevada limited  
liability company; AM-GSR HOLDINGS,  
LLC, a Nevada limited liability company; and  
DOE DEFENDANTS 1 THROUGH 10,  
inclusive,

Defendants.

**APPLICATION FOR TEMPORARY RESTRAINING ORDER, AND MOTION FOR  
PRELIMINARY INJUNCTION**

1 Plaintiffs Albert Thomas *et al.*, by and through their counsel of record, the law firms of  
2 Robertson, Johnson, Miller & Williamson, and Lemons, Grundy & Eisenberg, hereby submit this  
3 Application for Temporary Restraining Order, and Motion for Preliminary Injunction  
4 (“Application”). This Application is supported by the attached memorandum of points and  
5 authorities, and the entire record of this case.

6 RESPECTFULLY SUBMITTED this 1st day of March, 2022.

7 ROBERTSON, JOHNSON,  
8 MILLER & WILLIAMSON

9 By: /s/ Jonathan Joel Tew  
10 Jarrad C. Miller, Esq.  
Jonathan J. Tew, Esq.  
11 *Attorneys for Plaintiffs*

12 **MEMORANDUM OF POINTS AND AUTHORITIES**

13 **I. INTRODUCTION**

14 No situation cries out for a temporary restraining order and injunction more than this one.  
15 As a result of the Defendants’ nefarious actions which include blatant fraud, this Court has  
16 appointed a receiver to implement compliance with the Governing Documents and preserve the  
17 Plaintiffs’ property during the pendency of this litigation. Further, the Court has ordered that the  
18 Defendants shall not do “**any act which will, or which will tend to, impair, defeat, divert,**  
19 **prevent or prejudice the preservation of the Property or the interest of the Plaintiffs in the**  
20 **Property.”** (January 15, 2015 Order at 8:2-11 (emphasis supplied).) Despite *knowing* that their  
21 conduct will irreparably harm the Plaintiffs and violate the Court’s Orders, the Defendants have  
22 noticed a meeting for March 14, 2022 to hold a vote on whether the GSRUOA should be  
23 dissolved, and by consequence, terminate the Receivership. Worse the vote – which the  
24 Defendants’ have a supermajority over – will direct the sale of Plaintiffs’ units which will be  
25 purchased by the Defendant entities controlled by Alex Meruelo (“Alex”), the principal owner of  
the Defendant entities.

26 Unfortunately, the plan to terminate the GSRUOA and sell Plaintiffs’ units is yet another  
27 flagrant indication to this Court that its orders mean nothing to the Defendants and that they hold  
28 no respect for Nevada law or the judicial process – the same pattern that has now continued for a

1 decade. The Defendants are rogue actors that have be caught red-handed committing literally  
2 thousands of separate acts of blatant fraud by renting Plaintiff owned units and not reporting  
3 and/or under reporting the revenue—**simple disgraceful theft**. (See October 9, 2015 Findings of  
4 Fact, Conclusion of Law and Judgment (“FFCLJ”) at 15:3-4 and 21:24-22:6.)

5 The Court should enter an immediate, temporary restraining order and hold a hearing on  
6 whether an injunction should issue. Given the intent of the Defendants to dissolve the GSRUOA  
7 **and sell the Plaintiffs’ units, this irreparable harm warrants an immediate restraining**  
8 **order**. The Defendants cannot simply take the property of the Plaintiffs through a unilaterally  
9 imposed sale to entities with the same common ownership and control as the Defendants. Such a  
10 result would give no meaning to the Court’s orders and the FFCLJ. Since the Plaintiffs’ property  
11 interests are unique, and there is no other remedy to stop the Defendants’ rogue actions, a TRO  
12 and injunction stopping the Defendants and the GSRUOA from violating the Court’s orders  
13 without authority and selling the Plaintiffs’ property should issue as soon as possible.

## 14 **II. FACTS**

15 On January 7, 2015 the Court issued the Order Appointing Receiver and Directing  
16 Defendants’ Compliance (“Receiver Order”). Thereunder, “[t]he Receiver is appointed for the  
17 purpose of implementing compliance, among all condominium units, including units owned by  
18 any Defendant in this action (collectively, “the Property”), with the Covenants Codes and  
19 Restrictions recorded against the condominium units, the Unit Maintenance Agreements and the  
20 original Unit Rental Agreements (“Governing Documents”). (*Id.* at 1:27 to 2:3.) The Receiver  
21 Order further dictates that the Defendants shall not do “**any act which will, or which will tend**  
22 **to, impair, defeat, divert, prevent or prejudice the preservation of the Property or the**  
23 **interest of the Plaintiffs in the Property.**” (*Id.* at 8:2-11 (emphasis supplied).)

24 The October 9, 2015 FFCLJ further dictates that “[t]he receiver will remain in place with  
25 his current authority **until this Court rules otherwise . . .**” (*Id.* at 22:22 (emphasis supplied).)  
26 The FFCLJ states that the Defendants “intend to purchase the devalued units at nominal,  
27 distressed prices when Individual Unit Owners decide to, or are effectively forced to, sell their  
28 units . . .” (*Id.* at 15:10-13.) The FFCLJ further states that: “The Court concludes that

1 [Defendants] have operated the Unit Owner's Association in a way inconsistent with the best  
2 interests of all of the unit owners. The continued management of the Unit Owner's Association  
3 by the receiver is appropriate under the circumstances of this case and will remain in effect  
4 absent additional direction from the Court." (*Id.* at 16:9-15.) The Court determined to be fact that  
5 there is one voting member for each unit of ownership under the CC&Rs and that because  
6 Defendants control more units of ownership than any other owner, other owners effectively have  
7 no control or input of the GSRUOA. (*Id.* at 11:24 to 12:8.) Defendants as a matter of fact "have  
8 used, and continue to use, their control over the Unit Owners' Association to advance the . . .  
9 [Defendants'] economic objectives to the detriment of the Individual Unit Owners." (*Id.* at 12:9-  
10 11.)

11 On or about February 28, 2022 numerous Plaintiffs received via U.S. mail the attached  
12 Agreement to Terminate Condominium Hotel, Condominium Hotel Association, and Declaration  
13 of Covenants, Conditions, Restrictions and Reservation of Easements ("Agreement to  
14 Terminate"); Agreement for Sale of Condominium Hotel Interests ("Agreement for Sale"); and  
15 Meeting of the Members ("Meeting Notice"). (*See* Exhibits 1, 2 and 3.)

16 The Meeting Notice states that "[t]he purpose is to vote on the proposed Termination and  
17 Sale of the Property . . . ." (*Id.* at 1.) The Meeting is set for March 14, 2022. (*Id.* at 1, ¶ 1.)  
18 Under New Business, the Meeting Notice states that "[i]f the hotel unit owner and at least eighty  
19 percent (80%) of the owners entitled to vote (whether in person or by proxy), vote yes, the  
20 condominium hotel shall be terminated." (*Id.* at 1 § 3(a).) Further, "[i]f the hotel unit owner and  
21 at least eighty percent (80%) of the owners entitled to vote (whether in person or by proxy), vote  
22 yes, the Declaration shall be terminated." (*Id.* at 1 § 3(b).) Further, "[i]f the hotel unit owner  
23 and at least eighty percent (80%) of the owners entitled to vote (whether in person or by proxy),  
24 vote yes, the sale is approved. Upon the sale of the units, the Association will be terminated  
25 . . . ." (*Id.* at 1 § 3(c).)

26 Under the Agreement for Sale, the condominium units would be sold to Summit Units  
27 Acquisition LLC. (*Id.* at 1.) Summit Unit Acquisitions LLC is apparently owned and control  
28 by Alex - the principal owner of the Defendant entities in this action. (*See* Exhibit 4.) Thus, the

1 Defendants' actions as demonstrated by the Agreement to Terminate, Agreement for Sale and  
2 Meeting Notice seek to violate the FFCLJ and the Receiver Order by selling the Plaintiffs'  
3 property and terminating the Unit Owners' Association.

4 **III. LEGAL ARGUMENT**

5 **A. Issuance of a Temporary Restraining Order Against Defendants is Necessary**

6 This Court is constitutionally empowered to issue injunctive relief. Nev. Const. Art 6,  
7 Sec. 6. The decision to issue this equitable remedy is within the Court's sound discretion.  
8 *Number One Rent-A-Car v. Ramada Inns, Inc.*, 94 Nev. 779, 780, 587 P.2d 1329 (1978). Under  
9 the facts of this case, the Court should award immediate injunctive relief.

10 This Court may enter an *ex parte* temporary restraining order ("TRO") without written or  
11 oral notice to the adverse party where:

- 12 (A) specific facts in an affidavit or a verified complaint clearly show that  
13 immediate and irreparable injury, loss, or damage will result to the movant before  
14 the adverse party can be heard in opposition; and  
15 (B) the movant's attorney certifies in writing any efforts made to give notice and  
16 the reasons why it should not be required.

17 NRCP 65(b)(1). In every TRO granted without notice, the Court shall file it with the Clerk's  
18 Office, indicate the date and hour of issuance, define the irreparable injury, and state why the  
19 order was granted without notice. *Id.* Any TRO granted without notice must expire by its terms  
20 in 14 days, unless the Court extends the TRO for good cause, or unless the enjoined party  
21 consents to an extension. *Id.* When a TRO is granted without notice, the motion for a  
22 preliminary injunction shall be set for hearing at the earliest possible time and take precedence  
23 over all matters except older matters of the same character. *Id.*

24 "[R]eal property and its attributes are considered unique and loss of real property rights  
25 generally results in irreparable harm." *Dixon v. Thatcher*, 103 Nev. 414, 416, 742 P.2d 1029,  
26 1030 (1987). While temporary restraining orders are extraordinary remedies, they should be  
27 granted upon such terms as are just and when the circumstances justify them. This case  
28 unquestionably justifies a temporary restraining order to stop the sale of the Plaintiffs real  
property, condominium units.

1 Here, the Plaintiffs will suffer irreparable injury, loss, or damage of the Plaintiff owned  
2 real property, condominium units.

3 **B. Issuance of a Preliminary Injunction Against Defendants is Warranted**

4 “A preliminary injunction is available if an applicant can show a likelihood of success on  
5 the merits,” and that the nonmoving party’s conduct, should it continue, “will  
6 cause irreparable harm for which compensatory damage is an inadequate remedy.” *Dangberg*  
7 *Holdings v. Douglas Co.*, 115 Nev. 129, 142, 978 P.2d 311, 319 (1999) (citing *Pickett v.*  
8 *Comanche Construction, Inc.*, 108 Nev. 422, 426, 836 P.2d 42, 44 (1992)). Injunctive relief is  
9 an extraordinary remedy, and the irreparable harm must be articulated in specific terms by the  
10 issuing order or be readily apparent elsewhere in the record. *Id.* at 144, 978 P.2d at 320.

11 The standard guiding the District Court in the exercise of its discretion can be found in  
12 NRS 33.010. *See id.* at 142, 978 P.2d at 319. Under the statute, an injunction may be granted in  
13 any one of the following cases:

- 14 1. When it shall appear by the complaint that the plaintiff is entitled to the relief  
15 demanded, and such relief or any part thereof consists in restraining the  
16 commission or continuance of the act complained of, either for a limited period or  
perpetually.
- 17 2. When it shall appear by the complaint or affidavit that the commission or  
18 continuance of some act, during the litigation, would produce great or irreparable  
19 injury to the plaintiff.
- 20 3. When it shall appear, during the litigation, that the defendant is doing or  
threatens, or is about to do, or is procuring or suffering to be done, some act in  
violation of the plaintiff’s rights respecting the subject of the action, and tending  
to render the judgment ineffectual.

21 NRS 33.010; *accord* Nev. Const. art. 6, § 6 (granting district courts power to issue injunctions).  
22 Even though SSM need only satisfy one of these circumstances, it can satisfy all three.

23 **1. An Injunction Under NRS 33.010(1)**

24 “When it shall appear by the complaint that the plaintiff is entitled to the relief demanded,  
25 and such relief or any part thereof consists in restraining the commission or continuance of the  
26 act complained of, either for a limited period or perpetually” then it is appropriate to issue an  
27 injunction. NRS 33.010(1). Thus, the two elements are (a) it shall appear by the complaint that  
28

1 the plaintiff is entitled to the relief demanded, and (b) the requested relief involves restraining the  
2 commission or continuance of the complained acts.

3 Plaintiffs already prevailed on their cause of action for a Receiver given the Defendants'  
4 attempts to usurp Plaintiffs' property, so the Plaintiffs automatically prevail here and an  
5 injunction must be issued. (*See* FFCLJ and Receiver Order.)

6 **2. An Injunction Under NRS 33.010(2)**

7 An injunction may also be issued "[w]hen it shall appear by the complaint or affidavit  
8 that the commission or continuance of some act, during the litigation, would produce great or  
9 irreparable injury to the plaintiff." NRS 33.010(2).

10 As noted above, many of the Defendants' actions are causing Plaintiffs irreparable harm  
11 and the Defendants' recent actions aim to do worse. (*See* FFCLJ, Receiver Order and Exhibits 1,  
12 2 and 3; *see also* *Dixon v. Thatcher*, 103 Nev. 414, 416, 742 P.2d 1029, 1030 (1987) (holding  
13 that "real property and its attributes are considered unique and loss of real property rights  
14 generally results in irreparable harm"); *Sobol v. Capital Mgmt. Consultants, Inc.*, 102 Nev. 444,  
15 446, 726 P.2d 335, 337 (1986) (determining that "acts committed without just cause which  
16 unreasonably interfere with a business or destroy its credit or profits, may do an irreparable  
17 injury and thus authorize issuance of an injunction").

18 Therefore, Plaintiffs are also entitled to an injunction under NRS 33.010(2).

19 **3. An Injunction Under NRS 33.010(3)**

20 An injunction should be issued "[w]hen it shall appear, during the litigation, that the  
21 defendant is doing or threatens, or is about to do, or is procuring or suffering to be done, some  
22 act in violation of the plaintiff's rights respecting the subject of the action, and tending to render  
23 the judgment ineffectual." NRS 33.010(3).

24 The Defendants are actively and willfully violating this Court's January 4, 2022 Orders,  
25 the FFCLJ, and the Receivership Order. They are therefore violating the Plaintiffs' rights and the  
26 Receiver's rights. The Court should therefore issue an injunction and sanction the Defendants  
27 with an enormous monetary sanction since they are already in default and subject to case-  
28 terminating sanctions.

1                   **4.   Plaintiffs are Suffering Irreparable Harm Without Adequate Remedy at**  
2                   **Law**

3           The Nevada Supreme Court recognizes that “real property and its attributes are  
4 considered unique and loss of real property rights generally results in irreparable harm,” *Dixon*,  
5 103 Nev. at 416, 742 P.2d at 1030, and further that “acts committed without just cause which  
6 unreasonably interfere with a business or destroy its credit or profits, may do an irreparable  
7 injury and thus authorize issuance of an injunction.” *Sobol*, 102 Nev. at 446, 726 P.2d at 337.  
8 Notably, the Court should issue an injunction if injunctive relief is “far superior” to an  
9 inadequate legal remedy. *Nev. Escrow Serv. v. Crockett*, 91 Nev. 201, 203, 533 P.2d 471, 472  
10 (1975). Finally, injunctive relief is appropriate even when the adequacy of a legal remedy is  
11 unclear. *Ripps v. Las Vegas*, 72 Nev. 135, 139, 297 P.2d 258, 259 (1956). There can be no  
12 doubt that destroying the GSRUOA and selling Plaintiffs’ real property require injunctive relief.

13           In sum, given the allegations in the Complaint which have been established as true, the  
14 Defendants’ violation of the Court’s Receiver Order, the FFCLJ, and the Court’s January 4, 2022  
15 Orders, an injunction must issue. ***The Court Need Not Weigh the Relative Hardships based on***  
16 ***Defendants’ Ongoing and Improper Conduct***

17           The equitable principle of relative hardship is only available to innocent parties who  
18 proceed without knowledge or warning that they are acting contrary to others’ rights; it does not  
19 apply to defendants who have knowledge or warning that they are acting improperly. *Gladstone*  
20 *v. Gregory*, 95 Nev. 474, 480, 596 P.2d 491, 495 (1979)

21           Here, the Court need not weigh the relative hardships of the parties should an injunction  
22 issue because Defendants have acted with full knowledge of their wrongful actions and violation  
23 of Court orders.

24           But, even if the Court were to consider the relative hardships on the parties, the relative  
25 hardships and interests clearly weigh heavily in favor of Plaintiffs and the granting of an  
26 injunction. *See Ottenheimer v. Real Estate Division*, 91 Nev. 338, 342, 535 P.2d 1284, 1285-86  
27 (1975) (holding that the district court should have granted injunctive relief because “maintaining  
28



1 the status quo pending final judgment will impose small burden on the [adverse party]”). The  
2 relative interests of the parties in this case also weigh heavily in favor of granting an injunction.

3 Defendants will not suffer any harm because as the Court-appointed receiver is charged  
4 with operating the units under the Governing Documents. (Receiver Order at 1:27 to 2:3.)

5 Indeed, the only hardships to consider are those that Plaintiffs will continue to suffer if  
6 Defendants are allowed to move forward with their inappropriate and contemptuous misconduct.

7 And those hardships are imminent.

8 **5. The Court Should Require a Nominal Bond**

9 NRCP 65(c) requires the posting of security as a prerequisite to granting a preliminary  
10 injunction “in such sum as the court deems proper.” “Despite the seemingly mandatory  
11 language, Rule 65(c) invests the district court with discretion as to the amount of security  
12 required, if any.” *Johnson v. Couturier*, 572 F.3d 1067, 1086 (9th Cir. 2009) (citations omitted).

13 The Court may waive the bond or order a nominal bond amount where, as here, the  
14 balance of hardships overwhelmingly favors the party seeking the injunction, *e.g.*, *Elliott v.*  
15 *Kiesewetter*, 98 F.3d 47, 60 (3d Cir. 1996), where there is a particularly strong likelihood that the  
16 moving party will prevail on the merits, *e.g.*, *Ticketmaster L.L.C. v. RMG Techs., Inc.*, 507 F.  
17 Supp. 2d 1096, 1116 (C.D. Cal. 2007), or where the enjoined party will suffer only minimal  
18 injury. *See, e.g., id.; Behymer-Smith v. Coral Acad. of Sci.*, 427 F. Supp. 2d 969, 974 (D. Nev.  
19 2006) (requiring a \$100 bond). All three of these factors support a nominal bond here – if any.

20 In any event, the hardships and merits analyses greatly favor Plaintiffs, thus warranting a  
21 nominal bond. Moreover, “the purpose underlying the bond requirement is to protect those  
22 enjoined from damages associated with the wrongful issuance of injunctions . . . .” *Dangberg*  
23 *Holdings Nev., LLC v. Douglas County*, 115 Nev. 129, 145, 978 P.2d 311, 321 (1999). In this  
24 case, there is little threat that an injunction will unreasonably harm or otherwise damage  
25 Defendants, monetarily or otherwise.

1 **IV. CONCLUSION**

2 For all of the above reasons, the Court should issue the proposed Temporary Restraining  
3 Order attached as Exhibit 5, and set an expedited briefing schedule for a hearing on the  
4 preliminary injunction.

5 **AFFIRMATION**

6 Pursuant to NRS § 239B.030, the undersigned does hereby affirm that the preceding  
7 document does not contain the social security number of any person.

8 RESPECTFULLY SUBMITTED this 1st day of March, 2022.

9 ROBERTSON, JOHNSON,  
10 MILLER & WILLIAMSON

11 By: /s/ Jonathan Joel Tew  
12 Jarrad C. Miller, Esq.  
13 Jonathan Joel Tew, Esq.  
14 [jarrad@nvlawyers.com](mailto:jarrad@nvlawyers.com)  
15 [jon@nvlawyers.com](mailto:jon@nvlawyers.com)  
16 Attorneys for Plaintiffs  
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1 **CERTIFICATE OF SERVICE**

2 Pursuant to NRCP 5(b), I hereby certify that I am an employee of Robertson, Johnson,  
3 Miller & Williamson, 50 West Liberty Street, Suite 600, Reno, Nevada 89501, over the age of  
4 18, and not a party within this action. I further certify that on the 1st day of March, 2022, I  
5 electronically filed the foregoing **APPLICATION FOR TEMPORARY RESTRAINING**  
6 **ORDER, AND MOTION FOR PRELIMINARY INJUNCTION** with the Clerk of the Court  
7 by using the ECF system which served the following parties electronically:

8 Daniel F. Polsenberg, Esq.  
9 Jennifer K. Hostetler, Esq.  
10 Dale Kotchka-Alanes, Esq.  
11 Lewis Roca Rothgerber Christie, LLP  
12 One East Liberty Street Suite 300  
13 Reno, NV 89501  
14 *Attorneys for Defendants*

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Reno, NV 89503  
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*Richard M. Teichner*

15 Abran Vigil, Esq.  
16 David C. McElhinney, Esq.  
17 Meruelo Group, LLC  
18 Legal Services Department  
19 5<sup>th</sup> Floor Executive Offices  
20 2535 Las Vegas Boulevard South  
21 Las Vegas, NV 89109  
22 *Attorneys for Defendants*

23 /s/ Teresa W. Stovak  
24 An Employee of Robertson, Johnson,  
25 Miller & Williamson

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**Index of Exhibits**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>	<b><u>Pages</u></b>
1	Agreement to Terminate Condominium Hotel, Condominium Hotel Association, and Declaration of Covenants, Conditions, Restrictions and Reservation of Easements	5
2	Agreement for Sale of Condominium Hotel Interests	11
3	Meeting of the Members	4
4	Nevada Secretary of State business information for Summit Units Acquisition LLC and Meruelo Investment Partners LLC	4
5	Affidavit of Jarrad C. Miller, Esq.	3
6	Proposed Temporary Restraining Order	3

EXHIBIT “1”

EXHIBIT “1”

EXHIBIT “1”

APNS: 012-211-24; 012-211-28; 012-211-36;  
012-491-01; 012-491-02; 012-491-04;  
012-491-05; 012-491-08; 012-491-12;  
012-491-13; 012-492-01 through 012-492-06;  
012-492-08; 012-492-08; 012-492-14 through  
012-492-16; 012-492-18; 012-493-01; 012-493-02;  
012-493-04 through 012-493-06

When recorded please mail to:  
Grand Sierra Resort Unit Owners Association  
c/o Associa Sierra North  
10509 Professional Circle #200  
Reno, NV 89521

The undersigned hereby affirms that this document, including any exhibits, submitted for recording does not contain the social security number of any person or persons. (Per NRS 239B.030)

**AGREEMENT TO TERMINATE CONDOMINIUM HOTEL, CONDOMINIUM HOTEL  
ASSOCIATION, AND DECLARATION OF COVENANTS, CONDITIONS,  
RESTRICTIONS AND RESERVATION OF EASEMENTS**

Condominium Hotel : Hotel-Condominiums At Grand Sierra Resort

Association : Grand Sierra Resort Unit – Owner’s Association

Declaration : Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Hotel-Condominiums at Grand Sierra Resort recorded December 15, 2006 as Document No. 3475705, Official records Washoe County, Nevada and all amendments thereto, including but not limited to the Seventh Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Easements for Hotel-Condominiums at Grand Sierra Resort recorded June 27, 2007 as Document No. 3548504 and the Ninth Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Easements for Hotel-Condominiums at Grand Sierra Resort re-recorded November 30, 2021 as Document No. 5253317.

Real Property : The legal description is included in Exhibit A attached hereto. This legal description is Exhibit A from the Declaration.

The undersigned Hotel Unit Owner and the owners of units at the Condominium Hotel representing at least eighty percent (80%) of the votes in the Association defined above (the “80% Units’ Owners”) hereby agree as follows:

1. Termination of Condominium Hotel. At a meeting conducted by the Association on March 14, 2022 (the "Meeting"), Hotel Unit Owner and 80% Units' Owners approved the termination of the Condominium Hotel. The Condominium Hotel is terminated effective upon the filing of this Agreement in the records of the Office of the County Recorder of Washoe County, State of Nevada.

2. Sale of Common Elements, Shared Components, and Units. Following termination of the Condominium Hotel, all of the common elements, shared components, and units of the Condominium Hotel shall be sold pursuant to the terms of the Agreement for Sale of Condominium Hotel Interests set forth as Exhibit B to this Agreement (the "Purchase Agreement") a copy of which was provided to all owners of units of the Condominium Hotel (collectively, the "Units' Owners") in connection with the Meeting. The Hotel Unit Owner has all powers necessary and appropriate to effect the sale and until the sale has been concluded and proceeds distributed, the Hotel Unit Owner continues in existence with all powers it had before termination.

3. Approval of Purchase Agreement. At the Meeting, Hotel Unit Owner and 80% Units' Owners approved the Purchase Agreement at the and authorized the Hotel Unit Owner, on behalf of the Units' Owners, to contract for the sale of real estate owned by the Units' Owners in the Condominium Hotel. As long as the Units' Owners hold title to the real estate, each of the Unit's Owners shall have a right of occupancy as provided in the Declaration and during that period of occupancy, each of the Units' Owners shall remain liable for all assessments, shared expenses and other obligations imposed on Units' Owners by applicable Nevada law or the Declaration.

4. Termination of Association. At the Meeting, Hotel Unit Owner and 80% of Units' Owners approved the termination of the Association. The Association defined above is terminated effective upon the filing of this Agreement in the records of the Office of the County Recorder of Washoe County, State of Nevada.

5. Termination of Declaration. The Declaration is terminated effective upon the filing of this Agreement in the records of the Office of the County Recorder of Washoe County, State of Nevada. A Rescission and Notice of Termination of the Declaration shall also be recorded on or before the date identified in Section 8 below.

6. Severability. If any provision of this Agreement is held to be invalid or unenforceable to any extent, the invalidity or unenforceability of that provision shall not affect any other provision of this Agreement so long as the essential terms of the transactions contemplated by this Agreement remain enforceable. The stricken provision or part shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision or part as is legally possible so as to effect the original intent of the parties as closely as possible. If modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this Agreement, the entire Agreement is to be held unenforceable.

7. Compliance. To the extent that any provisions of this Agreement, should be deleted, modified, or amended in order to comply with the provisions of the Declaration or Nevada

Revised Statutes, those provisions shall be deleted, modified, or amended accordingly in a self-executing manner to the same extent necessary to achieve compliance and achieve the essential purposes of this Agreement. All other terms of this Agreement shall remain in full force and effect.

8. Effectiveness of Agreement. This Agreement will be void unless it is recorded on or before December 1, 2025.

9. General Provisions. This Agreement may be executed in counterparts.

[End of Page – Signatures Follow]



EXECUTION

The parties executed this Agreement as of the date first written above.

**HOTEL UNIT OWNER:**

MEI-GSR HOLDINGS, LLC,  
a Nevada limited liability company

By: \_\_\_\_\_  
Alex Meruelo  
Manager

**80% of UNITS' OWNERS:**

AM-GSR HOLDINGS LLC  
a Nevada limited liability company

By: \_\_\_\_\_  
Alex Meruelo  
Manager

GAGE VILLAGE COMMERCIAL  
DEVELOPMENT, LLC, a California  
limited liability company

By: \_\_\_\_\_  
Alex Meruelo  
Manager

**CERTIFICATION ON NEXT PAGE**

### **Certification**

The undersigned, hereby certifies, under penalty of perjury, that this Agreement to Terminate (a) was provided to its members for action and that at least eighty percent (80%) voted in favor of termination of the Association and termination of the Declaration; (b) that the affirmative action was taken by those members whose votes are recorded in the official records of the Association, and (c) that such affirmative vote conforms with the requirements found in the Declaration.

### **ASSOCIATION:**

Grand Sierra Resort Unit-Owners Association, A  
Nevada Nonprofit Corporation

By: \_\_\_\_\_  
Richard M. Teichner, Receiver

**LOOSE NOTARIES FOLLOW EXHIBIT B**

EXHIBIT “2”

EXHIBIT “2”

EXHIBIT “2”

## AGREEMENT FOR SALE OF CONDOMINIUM HOTEL INTERESTS

This Agreement for Sale of Condominium Hotel Interests ("Agreement") is made on January 6, 2022 between:

MEI-GSR Holdings LLC ("Seller"), a Nevada limited liability company, as the Hotel Unit Owner on behalf of all owners of units (individually a "Unit's Owner" and collectively, the "Units' Owners") of the Hotel-Condominiums at Grand Sierra Resort (the "Condominium Hotel"),

and

Summit Units Acquisition LLC ("Buyer"), a Nevada limited liability company, or assignee.

### RECITALS

A. The Condominium Hotel is a "condominium hotel" as defined in the Declaration and applicable Nevada law. Seller is the Hotel Unit Owner of the Condominium Hotel and has been authorized to enter into this Agreement by affirmative vote of not less than 80% of the Units' Owners and the Hotel Unit Owner.

B. The Condominium Hotel is subject to the terms of the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Hotel-Condominiums at Grand Sierra Resort recorded December 15, 2006 as Document No. 3475705, Official records Washoe County, Nevada and all amendments thereto, including but not limited to the Seventh Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Easements for Hotel-Condominiums at Grand Sierra Resort recorded June 27, 2007 as Document No. 3548504 and the Ninth Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Easements for Hotel-Condominiums at Grand Sierra Resort re-recorded November 30, 2021 as Document No. 5253317 (as amended and restated, "Declaration").

C. The Condominium Hotel consists of approximately six-hundred and seventy-six hotel units and referred to herein as "Hotel Units" and more particularly described in Exhibit A to this Agreement) together with an undivided interest in common elements appurtenant and non-severable to each Hotel Unit (referred to herein as "Common Elements") and easements in shared components or facilities (referred to herein as "Shared Facilities") and other property incident to the Hotel Condominium ("Incidental Property"). The Hotel Units, Common Elements, Shared Facilities, and Incidental Property (collectively, the "Real Property Interests") are more particularly defined in the Declaration.

D. The Declaration provides for the creation, management, and operation of Grand Sierra Resort Unit – Owner's Association ("Association").

E. On January 6, 2022, by affirmative vote of the Hotel Unit Owner and not less than 80% of the Units' Owners, the Condominium Hotel, the Association, and the Declaration were terminated pursuant to the terms of the Agreement To Terminate Condominium Hotel, Condominium Hotel Association, And Declaration Of Covenants, Conditions, Restrictions And Reservation Of Easements dated January 6, 2022, recorded as instrument number \_\_\_\_\_ in the Office of the County Recorder of Washoe County, State of Nevada, on January, \_\_\_\_\_ 2022 ("Termination Agreement").

F. The Termination Agreement provided for the sale, pursuant to the terms of this Agreement, of all of the Real Property Interests of the Condominium Hotel following termination.

G. Upon recording of the Termination Agreement, title to the Real Estate Interests owned by Units' Owners vested, respectively, in the Hotel Unit Owner, as Trustee.

H. Upon termination:

- (1) Seller as the Hotel Unit Owner, on behalf of the Units' Owners, may contract for the sale of the Real Estate Interests owned by Units' Owners of the Condominium Hotel, (2) the contract is binding on the Units' Owners and Seller as Hotel Unit Owner once approved by Units' Owners representing at least 80 percent of the votes in the Association allocated to the residential unit owners in the Condominium Hotel and the Hotel Unit Owner, (3) title to the Real Estate Interests owned by the Units' Owners of the Condominium Hotel vests in Seller as the Hotel Unit Owner, as trustee for the Unit Owners, (4) Seller as the Hotel Unit Owner has all powers necessary and appropriate to effect the sale, and (5) proceeds of the sale must be distributed to Units' Owners and lienholders as their interests may appear;
- The interests of a Unit's Owner are the fair market values of the unit, allocated interests, and any limited Common Elements immediately before the termination, as determined by independent appraisal; and
- The proportion of interest of a Unit's Owner to that of all Units' Owners is determined by dividing the fair market value of the individual Unit and its allocated interests by the total fair market values of all the Units and their allocated interests.

H. The Seller wishes to sell, and the Buyer wishes to purchase, the Real Property Interests owned by the Units' Owners under the terms and conditions set forth in this Agreement and in compliance with applicable Nevada law.

In consideration of the mutual promises included in this Agreement, the parties agree as follows:

## SECTION 1 SALE OF REAL PROPERTY

All of the interests described below in this SECTION 1 are sometimes hereinafter collectively referred to as the "Property".

1.1. Sale of Real Property. The Seller agrees to sell, and the Buyer agrees to purchase, the Real Property, together with all structures, and fixtures ("Improvements") situated on the Real Property, and all rights, privileges, interests, and easements incident to the Real Property, including the Real Estate Interests.

1.2. Tangible Personal Property. The Seller agrees to sell, and the Buyer agrees to purchase, the Owner's right, title, and interest in the furniture, fixtures, equipment, and other tangible personal property of every kind and nature now installed, situated, or used in, on, about, or in connection with the operation and use of the Real Property and Improvements (the "Personal Property"), including, without limitation, all furniture, ranges, refrigerators, signs, draperies, carpeting, and maintenance equipment.

1.3. Intangible Personal Property. The Seller agrees to sell, and the Buyer agrees to purchase, all intangible personal property owned by the Owners and used in connection with the ownership, operation, and maintenance, of the Real Property, Improvements, and Personal Property (the "Intangible Personal Property").

## SECTION 2 PURCHASE PRICE

### 2.1. Purchase Price.

2.1.1 As consideration for the sale of the Property, the Buyer shall pay to the Seller at the Closing the total amount of seventeen million, three hundred fifty-two thousand dollars (\$17,352,000.00) (the "*Purchase Price*"). The Purchase Price is the result of an independent appraisal.

2.1.2 The Purchase Price will be allocated by APN among each Unit Owner as set forth on Exhibit B to this Agreement and as offset by any amount due any lienholders of record.

### 2.2. Earnest Money.

2.2.1 Upon the execution of this Agreement by the Seller and Buyer, the Buyer shall deliver to First Centennial Title Company (the "Title Company") one hundred thousand dollars (\$100,000.00) (the "*Earnest Money*").

2.2.2 If the sale contemplated by this Agreement is completed, the Earnest Money shall be applied against the Purchase Price. If the sale is not completed, the Earnest Money shall be paid to the Seller or refunded to the Buyer in accordance with the terms of this Agreement.

2.2.3 If any litigation arises between the Seller and Buyer regarding the Earnest Money, the Seller and Buyer shall indemnify and hold harmless the Title Company against any cost or expense that the Title Company incurs in such litigation. The Title Company's only obligation in the event of litigation is to retain the Earnest Money until a final determination of ownership has been made by a court of competent jurisdiction.

### 2.3 Special Situation Fund.

2.3.1 As consideration for those creditors holding liens on the Units, which were recorded before termination and to ensure the Buyer takes title to all Units without any encumbrances, the Buyer reserves the right to set aside an amount at the Buyer's sole discretion to satisfy remaining balances owed to creditors after appraised cost of Unit is transferred.

2.3.2 The Buyer reserves the right to deposit additional funds into the Special Situation Fund, if deemed necessary by the Buyer and to further separate the Special Situation Fund into separate identified categories to address lienholders.

2.3.3 Any proceeds left in the Special Situation Fund once all Units are conveyed to the Buyer will be returned to the Buyer.

### SECTION 3 TITLE

3.1. Title Commitment. Within five days after the date that this Agreement is executed, the Seller, at the Seller's own expense, shall deliver or cause to be delivered to the Buyer a commitment for title insurance (the "Title Commitment") issued by the Title Company and accurate, complete, and legible copies of all documents referred to in the Title Commitment. The Title Commitment shall set forth the status of the title of the Real Property and Improvements and show all liens, security interests, claims, encumbrances, easements, rights of way, encroachments, reservations, restrictions, and any other matters affecting the Real Property and Improvements (the "Encumbrances").

3.2. Uniform Commercial Code. Within five days after the date of this Agreement, the Seller, at the Seller's own expense, shall deliver or cause to be delivered to the Buyer searches of the Uniform Commercial Code records showing title to the Tangible Personal Property to be free and clear of all security interests, liens, and encumbrances.

3.3. Buyer's Objections to Title Defects. Within five days after receiving the Title Commitment and copies of documents referred in the Title Commitment, the Buyer shall give the Seller a written notice (the "Buyer's Objection Notice") of all exceptions to title to which the Buyer objects, including liens on any Hotel Unit in excess of the appraised fair market value of the Hotel Unit (the "Title Defects"). If the Buyer's Objection Notice is not timely delivered, all items reflected on the Title Commitment shall be considered to be permitted encumbrances.

3.4. Removal of Title Defects. Upon receipt by the Seller of Buyer's Objection Notice, the Seller shall immediately and diligently pursue the removal of the Title Defects. The Seller shall have thirty (30) days after receipt of notice in which to cure the Title Defects or, if the Title Defects are not readily curable within the 30-day period, then the Seller may have such additional time as the Buyer may permit in writing, in which case, the Closing Date shall, at the Buyer's option, be extended accordingly (the thirty 30-day period, as the same may be extended, referred to as the "Cure Period"). If some or all of the Title Defects can only reasonably be cured at Closing, then Seller may covenant to cure the Title Defects at Closing, subject to Buyer's reasonable consent. If Seller is unable to cure the Title Defects within the Cure Period, the Seller shall notify the Buyer of that fact prior to the expiration of the Cure Period, and the Buyer shall have the option to: (a) accept the Property subject to the Title Defects, except for those Title Defects which can be cured by the payment of money only or, with the Buyer's consent, insured through by the Title Company (which Title Defects the Seller shall discharge or insure through with the Buyer's consent prior to Closing); (b) close the transactions on those Hotel Units that are not subject to Title Defects and this Agreement shall remain in effect with respect to any Hotel Units that are subject to Title Defects until the Title Defects are discharged or insured or this Agreement is otherwise terminated by Buyer in Buyer's sole discretion or (c) declare this Agreement to be null and void and of no further force or effect, in which case, all sums paid or deposited by the Buyer shall be returned to the Buyer, and the Seller shall pay all title and escrow costs incurred under this Agreement.

### SECTION 4 INSPECTION OF PROPERTY

Buyer, having been advised of the benefits of inspections, waives the right to examine all documents relevant to the operation of the Property and physically inspect the Property to determine the feasibility, suitability, and desirability of purchasing the Property.

SECTION 5  
SELLER'S OBLIGATIONS PRIOR TO CLOSING

5.1. Operation and Maintenance of Property. During the period beginning the date this Agreement is executed and ending on the date of the Closing, the Seller shall:

5.1.1 Operate and manage the Real Property and Improvements in the usual and customary manner.

5.1.2 Keep the Real Property, Improvements, and Tangible Personal Property in good repair and condition and make any necessary repairs.

5.1.3 Notify the Buyer promptly in writing if there is any material change in the occupancy or conditions affecting the Real Property and Improvements.

5.2. Contractual Obligations. During the period beginning the date this Agreement is executed and ending on the date of the Closing, the Seller shall:

5.2.1 Comply with all mortgages, leases, and other contractual arrangements relating to the Real Property, Improvements, and Tangible Personal Property and make all payments required by such contractual arrangements; provided, however, and for avoidance of doubt, unless expressly required under applicable provisions of Nevada law, Seller does not assume obligations of Unit Owners related to any of the foregoing arrangements and nothing herein shall be construed as to restrict or abrogate in any manner the rights of creditors or lienholders of the Association or the Unit Owners under applicable Nevada law.

5.2.2 Unless the Seller has the Buyer's written permission, not negotiate or enter into any new contract or modify any existing contract that affects the use or operation of the Real Property and Improvements unless the contract can be terminated without penalty on or before the Closing.

5.2.3 Unless the Seller has the Buyer's written permission, not enter into, amend, or terminate any lease or institute any legal proceeding to enforce any lease.

5.3. Compliance with Applicable Law. During the period beginning the date this Agreement is executed and ending on the date of the Closing, the Seller shall comply with all federal, state, and local laws, ordinances, and regulations relating to the Real Property and Improvements, including the provisions of applicable Nevada law.

5.4. Buyer's Access to Real Property and Improvements. During the period beginning the date this Agreement is executed and ending on the date of the Closing, the Seller provide the Buyer and the Buyer's representatives, employees, and agents full and complete access (subject to the rights of tenants) to the Real Property and Improvements during normal business hours.

5.5. Material Changes. Seller shall notify the Buyer immediately of any material change with respect to the Property or any information furnished to the Buyer with respect to the Property.

SECTION 6  
WARRANTIES AND REPRESENTATIONS

6.1. Seller's Representations and Warranties. The Seller represents and warrants as follows:



6.1.1 Seller is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Nevada and has the power and authority to execute and carry out the terms of this Agreement.

6.1.2 The location, construction, occupancy, operation, and use of the Real Property and Improvements do not violate any applicable law or regulation of any governmental authority.

6.2. Buyer's Representations and Warranties. The Buyer represents and warrants that it is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Nevada and has the power and authority to execute and carry out the terms of this Agreement.

6.3. Survival of Representations and Warranties. The representations and warranties set forth in this SECTION 6 shall survive the Closing.

## SECTION 7 CLOSING

7.1. Time of Closing. The Seller shall convey title to the Real Property, Improvements, Tangible Personal Property, and Intangible Personal Property to the Buyer within thirty days of the recording of the Agreement to Terminate Condominium Hotel, Condominium Hotel Association and Declaration of Covenants, Conditions, Restrictions and Reservation of Easements or otherwise by agreement of the parties ("Closing"); provided, however, that the parties may mutually extend the Closing as to all or a portion of the Hotel Units, including to give effect to Buyer's election pursuant to Section 3.4 to close the transactions on those Hotel Units that are not subject to Title Defects and maintaining this Agreement in effect with respect to any Hotel Units that are subject to Title Defects until the Title Defects are discharged or insured or this Agreement is otherwise terminated by Buyer.

7.2. Instruments To Be Delivered to Buyer. At the Closing, the Seller shall deliver to the Buyer the following instruments, properly executed and acknowledged and in a form reasonably acceptable to the Buyer and Seller:

7.2.1 A General Grant Bargain Sale Deed in proper form for recording to convey to the Buyer good and indefeasible fee simple title in and to the Real Property and Improvements, subject only to permitted encumbrances.

7.2.2 A Bill of Sale conveying to the Buyer good and indefeasible title in and to the Tangible Personal Property and Intangible Personal Property free and clear of all security interest, liens, and other encumbrances.

7.2.3 An Owner's Policy of Title Insurance (the "Owner's Title Policy") issued by the Title Company. The Owner's Title Policy shall be for the amount of the Purchase Price and shall insure the Buyer's fee simple title to the Real Property, subject only to permitted encumbrances and the printed exceptions contained in the standard form of Owner's Title Policy other than the survey exception, which shall be deleted, the exception as to restrictive covenants, which shall include only permitted encumbrances.

7.2.4 The Seller's assignment of the Seller's interest in all warranties and guarantees regarding the Real Property, Improvements, Tangible Personal Property, and Intangible Personal Property.

7.2.5 Evidence satisfactory to the Buyer and the Title Company that the person or persons executing the documents at the Closing on behalf of the Seller has the power and authority to do so.

7.2.6 A Certification of Non-Foreign Status for purposes of Section 1445 of the Internal Revenue Code of 1986, as amended.

7.2.7 Such other instruments as are necessary to transfer the Real Property, Improvements, Tangible Personal Property, and Intangible Personal Property to the Buyer.

7.3. Payment of Purchase Price. At the Closing, the Buyer shall deliver the Purchase Price to the Seller for distribution to the Unit Owners in cash or immediately available funds.

7.4. Delivery of Possession of Property. At the Closing upon payment of the Purchase Price, the Seller shall deliver possession of the Real Property, Improvements, Tangible Personal Property, and Intangible Personal Property to the Buyer.

7.5. Closing Costs.

7.5.1 At the Closing, the Buyer shall pay all charges for recording the instruments conveying title to the Real Property, fifty percent (50%) of the escrow fees charged by the Title Company, and the Buyer's attorneys' fees.

7.5.2 At the Closing, the Seller shall pay the premium for the Owner's Title Policy, all charges for tax certificates, fifty percent (50%) of the escrow fees charged by the Title Company, all charges for preparing and recording any instruments required to clear the Seller's title for conveyance to the Buyer, and the Seller's attorneys' fees.

7.6. Prorated Costs. All real and personal property taxes shall be prorated to the Closing date based on the latest available tax rate and assessed valuation. All other items customarily prorated in transactions similar to the transaction contemplated by this Agreement shall be prorated to the Closing date.

## SECTION 8 RISK OF LOSS

Risk of loss until the Closing shall be borne exclusively by the Seller.

## SECTION 9 REMEDIES FOR BREACH OF AGREEMENT

9.1. Breach by Buyer. If the Buyer fails to complete the purchase contemplated by this Agreement for any reason other than pursuant to a right of termination granted to the Buyer by this Agreement, the Seller, as the Seller's exclusive remedy, may terminate this Agreement by giving the Buyer written notice, in which case the Title Company shall pay the Earnest Money to the Seller.

9.2. Breach by Seller. If the Seller fails to complete the sale contemplated by this Agreement for any reason other than a breach of this Agreement by the Buyer, the Buyer, as the Buyer's exclusive remedy, may enforce specific performance of the Seller's obligations or may terminate this Agreement by giving the Seller written notice, in which case the Title Company shall refund the Earnest Money to the Buyer.

#### SECTION 10 ASSIGNMENTS

The Buyer shall have full right to assign this Agreement to any other party or parties and, upon assumption of this Agreement by the party or parties, the Buyer shall be released from all liability hereunder. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

#### SECTION 11 NO THIRD PARTY BENEFICIARIES

Except for the indemnity provisions of Section 2.2.3 (which are intended to be for the benefit of the Title Company identified therein), the terms of this Agreement, whether express or implied, are intended solely for the benefit of the Seller and Buyer, and it is not the intention of the Seller and Buyer to confer third-party beneficiary rights upon any other person including other Unit Owners. Nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third parties to any party to this Agreement.

#### SECTION 12 NOTICES

Any notice required or permitted to be given under this Agreement must be in writing and must be delivered in person or mailed by certified mail, return receipt requested, postage prepaid, addressed to the Seller or Buyer at the following address:

Seller: MEI-GSR Holdings, LLC

2500 East Second

Reno, NV 89595

Buyer: Summit Units Acquisition LLC

2500 East Second

Reno, NV 89595

All notices personally delivered shall be effective upon receipt. All notices mailed shall be deemed to be given three (3) days after the date of mailing. The Seller or Buyer may change the address for notices by giving the other party a notice complying with this Section.

#### SECTION 13 TIME OF ESSENCE

Time is of the essence of this Agreement.

SECTION 14  
BROKERAGE FEES

The Buyer and Seller agree that the sale contemplated by this Agreement was not brought about by the efforts of any broker and neither party dealt with any broker. There shall be no brokerage fees due or paid.

SECTION 15  
ATTORNEY'S FEES

If the Seller or Buyer files a suit to enforce this Agreement or any provision included in this Agreement, the party prevailing in the action shall be entitled to recover reasonable attorney's fees fixed by a court of competent jurisdiction in addition to all other available remedies or damages.

SECTION 16  
SEVERABILITY OF PROVISIONS; COMPLIANCE

16.1. If any provision of this Agreement is held to be invalid or unenforceable to any extent, the invalidity or unenforceability of that provision shall not affect any other provision of this Agreement so long as the essential terms of the transactions contemplated by this Agreement remain enforceable. The stricken provision or part shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision or part as is legally possible so as to effect the original intent of the parties as closely as possible. If modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this Agreement, the entire Agreement is to be held unenforceable.

16.2. To the extent that any provisions of this Agreement should be deleted, modified, or amended in order to comply with the provisions of applicable Nevada law or the Declaration, those provisions shall be deleted, modified, or amended accordingly in a self-executing manner to the same extent necessary to achieve compliance and achieve the essential purposes of this Agreement. All other terms of this Agreement shall remain in full force and effect.

SECTION 17  
ENTIRE AGREEMENT

This Agreement is the entire agreement between the Seller and Buyer with respect to the sale of the Real Property, Improvements, Tangible Personal Property, and Intangible Personal Property. The Seller and Buyer have not entered into any agreements or made any representations or warranties with respect to the matters covered by this Agreement other than those made in this Agreement.

SECTION 18  
BINDING EFFECT

This Agreement shall be binding upon, and shall inure to the benefit of, the Seller and Buyer and their respective heirs, personal representatives, successors, and assigns.

SECTION 19  
AMENDMENTS

This Agreement may not be amended or modified except in a writing signed by both the Seller and the Buyer.

SECTION 20  
WAIVER OF PROVISIONS

No term, condition, or covenant of this Agreement may be deemed waived by the Seller or Buyer unless the waiver is in a writing signed by the other party. A waiver of any breach of any term, condition, or covenant of this Agreement shall not be deemed to be a waiver of any subsequent breach of that term, condition, or covenant or any breach of any other term, condition, or covenant.

SECTION 21  
GOVERNING LAW

This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Nevada without reference to the state's conflicts of laws principles.

EXECUTION

The Seller and Buyer execute this Agreement as of the date first written above.

**SELLER:**

MEI-GSR HOLDINGS, LLC,  
a Nevada limited liability company

**BUYER:**

SUMMIT UNITS ACQUISITION LLC,  
a Nevada limited liability company

By: \_\_\_\_\_  
Alex Meruelo  
Manager

By: \_\_\_\_\_  
Alex Meruelo  
Manager

EXHIBIT A  
CONDOMINIUM HOTEL

EXHIBIT “3”

EXHIBIT “3”

EXHIBIT “3”

### **MEETING OF THE MEMBERS**

The purpose of this notice and agenda is to inform you of the date, time, place and action items of the upcoming scheduled Grand Sierra Resort (GSR) Meeting of the Unit Owners Members. This Notice and Agenda has been prepared and mailed by the Hotel Unit Owner. The purpose is to vote on the proposed Termination and Sale of the Property and to talk about any items that unit owners wish to discuss. Drafted minutes of this meeting will be available to homeowners upon request 30 days after the meeting date (in electronic format at no charge to the unit's owner or, in paper format at a cost not to exceed 25 cents per page for the first 10 pages, and 10 cents per page thereafter). Any unit owner may speak to the Association or executive board, unless the executive board is meeting in executive session.

**Date & Time: Thursday, March 14, 2022 | 9:30 a.m. | Zoom**

Zoom Invite:

<https://us06web.zoom.us/j/87354371405?pwd=Z3lxeHk4L3g3OWM2SHEvdzhjSjJsdz09>

Call in via phone: 1 669 900 6833

Find your local number (<https://us06web.zoom.us/j/87354371405?pwd=Z3lxeHk4L3g3OWM2SHEvdzhjSjJsdz09>)

Meeting ID: 873 5437 1405

Passcode: 845527

### **MEMBERS' MEETING AGENDA**

#### **ACTION MAY TAKEN ON ALL ITEMS LISTED**

1. Call to Order, Introductions and Determination of Quorum - A unit's owner may record on audiotape or any other means of sound reproduction a meeting of the units' owners if the unit's owner, before recording the meeting, provides notice of his or her intent to record the meeting to the other units' owners who are in attendance at the meeting. The quorum will be determined, whether in person or by proxy. All proxies will be identified.
2. Homeowner Comments: This period is devoted to comments by units' owners regarding any matter affecting the association and discussion of those comments. Except in emergencies, no action may be taken upon a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action may be taken. A time limit per owner may be implemented.
3. New Business
  - a) Should the condominium hotel be terminated? If the hotel unit owner and at least eighty percent (80%) of the owners entitled to vote (whether in person or by proxy), vote yes, the condominium hotel shall be terminated.
  - b) Upon termination of the condominium hotel, should the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Hotel-Condominiums at Grand Sierra Resort recorded December 15, 2006 as Document No. 3475705, Official records Washoe County, Nevada and all amendments thereto, including but not limited to the Seventh Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Easements for Hotel-Condominiums at Grand Sierra Resort and the Ninth Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Easements for Hotel-Condominiums at Grand Sierra Resort (collectively "Declaration") be terminated? If the hotel unit owner and at least eighty percent (80%) of the owners entitled to vote (whether in person or by proxy), vote yes, the Declaration shall be terminated.



- c) Upon termination of the condominium hotel, should six-hundred and seventy-six Hotel Units together with an undivided interest in the Common Elements appurtenant and non-severable to each Unit as set forth and defined in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Hotel-Condominiums at Grand Sierra Resort recorded December 15, 2006 as Document No. 3475705, Official records Washoe County, Nevada and amendments thereto, the Shared Facilities Unit and all other property incident to the hotel be sold at fair market value, as determined by an independent appraiser and as detailed in the sales contract attached to the proxy. If the hotel unit owner and at least eighty percent (80%) of the owners entitled to vote (whether in person or by proxy), vote yes, the sale is approved. Upon the sale of the units, the Association will be terminated pursuant to applicable law as required.
  - d) Upon termination of the condominium hotel, should the Association be terminated? If the hotel unit owner and at least eighty percent (80%) of the owners entitled to vote (whether in person or by proxy), vote yes, the Association shall be terminated.
4. Adjournment

**GRAND SIERRA RESORT UNIT OWNERS ASSOCIATION  
SPECIAL MEMBERSHIP MEETING – March 14, 2022 at 9:30 a.m.  
LOCATION:  
Reno, NV  
REVOCABLE PROXY**

The undersigned member(s) of the Grand Sierra Resort Unit Owners Association (the "Association") hereby revoke(s) all previous proxies, acknowledges receipt of the notice of the Special Membership Meeting to be held via Zoom on March 14, 2022 at 9:30 a.m., and appoints \_\_\_\_\_ as proxy holder of the member. **(Please write the name of the person to whom you wish to assign your proxy and provide the proxy to that person so it can be used at the meeting. Your proxy may only be assigned to a member of your immediate family, a tenant of the unit's owner who resides in the condominium hotel, another unit owner, or the hotel unit owner. If your unit is owned by more than one person, each owner of the unit may vote or register protest to the casting of votes by the other owners of the unit through an executed proxy.)** By this proxy, the proxy holder shall have the power of substitution and revocation and power to use this proxy and otherwise represent the member at said meeting and any adjournment thereof in the same manner set out below. Any act the proxy holder shall take pursuant to this proxy shall have the same effect as if the member were present and so acting. This proxy shall be used for the purpose of establishing a quorum. In addition, in regard to voting on the matters specifically set forth below or on other matters not set forth below which may come before the meeting, the proxy holder is to use this proxy as follows:

The proxy holder is hereby instructed to: **(check only one)**

- ☐ ABSTAIN FROM VOTING  
☐ VOTE AND CAST THE MEMBER'S VOTE AS FOLLOWS:

1. Should the condominium hotel be terminated? If the hotel unit owner and at least eighty percent (80%) of the owners of units at the Condominium Hotel entitled to vote, vote yes, the condominium hotel shall be terminated.

\_\_\_\_\_  
YES

\_\_\_\_\_  
NO

2. Upon termination of the condominium hotel, should the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Hotel-Condominiums at Grand Sierra Resort recorded December 15, 2006 as Document No. 3475705, Official records Washoe County, Nevada and all amendments thereto, including but not limited to the Seventh Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Easements for Hotel-Condominiums at Grand Sierra Resort and the Ninth Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Easements for Hotel-Condominiums at Grand Sierra Resort (collectively "Declaration") be terminated? If the hotel unit owner and at least eighty percent (80%) of the owners entitled to vote, vote yes, the Declaration shall be terminated.

\_\_\_\_\_  
YES

\_\_\_\_\_  
NO

3. Upon termination of the hotel condominium, should six-hundred and seventy Hotel Units together with an undivided interest in the Common Elements appurtenant and non-severable to each Unit as set forth and defined in the Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Hotel-Condominiums at Grand Sierra Resort recorded December 15, 2006 as Document No. 3475705, Official records Washoe County, Nevada and amendments thereto, the Shared Facilities Unit and all other property incident to the hotel be sold at fair market value, as determined by an independent appraiser and as detailed in the sales contract attached to this proxy? If the hotel unit owner and at least eighty percent (80%) of the owners entitled to vote, vote yes, the sale is approved. Upon the sale of the units, the Association will be terminated pursuant to applicable law as required.

\_\_\_\_\_  
YES

\_\_\_\_\_  
NO

4. Upon termination of the hotel Condominium, should the Association be terminated? If the hotel unit owner and at least eighty percent (80%) of the owners entitled to vote, vote yes, the Association shall be terminated.

\_\_\_\_\_  
YES

\_\_\_\_\_  
NO

**The Special Membership Meeting may be adjourned or continued from time to time to allow the Members to cast their votes. The ballots and proxies returned for the March 14, 2022 Special Membership Meeting will be considered valid at any adjourned or continued meetings.**

\_\_\_\_\_  
Member's Signature                      Date

\_\_\_\_\_  
Member's Signature                      Date

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Property Address in Association if Different from Mailing Address

EXHIBIT “4”

EXHIBIT “4”

EXHIBIT “4”

**ENTITY INFORMATION****ENTITY INFORMATION****Entity Name:**

SUMMIT UNITS ACQUISITION LLC

**Entity Number:**

E17902142021-3

**Entity Type:**

Domestic Limited-Liability Company (86)

**Entity Status:**

Active

**Formation Date:**

09/30/2021

**NV Business ID:**

NV20212240719

**Termination Date:**

Perpetual

**Annual Report Due Date:**

9/30/2022

**Series LLC:****Restricted LLC:****REGISTERED AGENT INFORMATION**

**Name of Individual or Legal Entity:**

C T CORPORATION SYSTEM

**Status:**

Active

**CRA Agent Entity Type:****Registered Agent Type:**

Commercial Registered Agent

**NV Business ID:**

NV20191497453

**Office or Position:****Jurisdiction:**

DELAWARE

**Street Address:**

701 S CARSON ST STE 200, Carson City, NV, 89701, USA

**Mailing Address:****Individual with Authority to Act:**

MATTHEW TAYLOR

**Fictitious Website or Domain Name:****OFFICER INFORMATION**☐ **VIEW HISTORICAL DATA**

Title	Name	Address	Last Updated	Status
Manager	Meruelo Investment Partners LLC	2500 E. 2nd Street, Reno, NV, 89595, USA	09/30/2021	Active

Page 1 of 1, records 1 to 1 of 1

[Filing History](#)[Name History](#)[Mergers/Conversions](#)

**ENTITY INFORMATION****ENTITY INFORMATION****Entity Name:**

MERUELO INVESTMENT PARTNERS LLC

**Entity Number:**

E0245472014-0

**Entity Type:**

Domestic Limited-Liability Company (86)

**Entity Status:**

Active

**Formation Date:**

05/08/2014

**NV Business ID:**

NV20141314366

**Termination Date:**

Perpetual

**Annual Report Due Date:**

5/31/2022

**Series LLC:****Restricted LLC:****REGISTERED AGENT INFORMATION**

**Name of Individual or Legal Entity:**

C T CORPORATION SYSTEM

**Status:**

Active

**CRA Agent Entity Type:****Registered Agent Type:**

Commercial Registered Agent

**NV Business ID:**

NV20191497453

**Office or Position:****Jurisdiction:**

DELAWARE

**Street Address:**

701 S CARSON ST STE 200, Carson City, NV, 89701, USA

**Mailing Address:****Individual with Authority to Act:**

MATTHEW TAYLOR

**Fictitious Website or Domain Name:****OFFICER INFORMATION**☐ VIEW HISTORICAL DATA

Title	Name	Address	Last Updated	Status
Other/	Alex Meruelo	2500 E. 2nd Street, Reno, NV, 89595, USA	05/14/2021	Active

Page 1 of 1, records 1 to 1 of 1

[Filing History](#)[Name History](#)[Mergers/Conversions](#)



EXHIBIT “5”

EXHIBIT “5”

EXHIBIT “5”

1 CODE: **1520**

2 Jarrad C. Miller, Esq. (NV Bar No. 7093)  
3 Jonathan J. Tew, Esq. (NV Bar No. 11874)  
4 Briana N. Collings, Esq. (NV Bar No. 14694)  
5 Robertson, Johnson, Miller & Williamson  
6 50 West Liberty Street, Suite 600  
7 Reno, Nevada 89501  
8 (775) 329-5600  
9 [jarrad@nvlawyers.com](mailto:jarrad@nvlawyers.com)  
10 [jon@nvlawyers.com](mailto:jon@nvlawyers.com)  
11 [briana@nvlawyers.com](mailto:briana@nvlawyers.com)

12 Robert L. Eisenberg, Esq., (NV Bar No. 0950)  
13 Lemons, Grundy & Eisenberg  
14 6005 Plumas Street, Third Floor  
15 Reno, Nevada 89519  
16 Telephone: (775) 786-6868  
17 Facsimile: (775) 786-9716  
18 [rle@lge.net](mailto:rle@lge.net)

19 Attorneys for Plaintiffs

20 **SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**

21 **IN AND FOR THE COUNTY OF WASHOE**

22 ALBERT THOMAS, individually; *et al.*,

23 Plaintiffs,

24 vs.

Case No. CV12-02222  
Dept. No. OJ37

25 MEI-GSR Holdings, LLC, a Nevada limited  
26 liability company, GRAND SIERRA  
27 RESORT UNIT OWNERS' ASSOCIATION,  
28 a Nevada nonprofit corporation, GAGE  
VILLAGE COMMERCIAL  
DEVELOPMENT, LLC, a Nevada limited  
liability company; AM-GSR HOLDINGS,  
LLC, a Nevada limited liability company; and  
DOE DEFENDANTS 1 THROUGH 10,  
inclusive,

Defendants.

**AFFIDAVIT OF JARRAD MILLER**  
**IN SUPPORT OF PLAINTIFFS' EX PARTE APPLICATION FOR TEMPORARY**  
**RESTRAINING ORDER, AND MOTION FOR PRELIMINARY INJUNCTION**

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

3 I, JARRAD C. MILLER, do hereby declare as follows:

4 1. Except as otherwise stated, all matters herein are based upon my personal  
5 knowledge.

6 2. I am over the age of 18, competent to make this Affidavit, and if called to testify,  
7 my testimony will be consistent with the statements contained herein.

8 3. I am an attorney licensed to practice law in the State of Nevada.

9 4. I am a shareholder with the law firm of Robertson, Johnson, Miller & Williamson  
10 and counsel for the Plaintiffs herein.

11 5. I have read the *Ex Parte* Application for Temporary Restraining Order, and  
12 Motion for Preliminary Injunction ("TRO Application"), and know the contents thereof.

13 6. The statements made in the TRO Application are true of my own personal  
14 knowledge, except as to those matters based upon information and belief, and that as to those  
15 matters I believe them to be true.

16 7. The proposed actions of the Defendants that are the subject of the TRO  
17 Application, based upon information and belief, violates Court orders and Instructions and will  
18 cause irreparable harm for which compensatory damage is an inadequate remedy as a result of  
19 the contemplated transfer of Plaintiffs' real property interests.

20 8. The presently proposed and unauthorized meeting conflicts with numerous  
21 Receivership Orders and Instructions and is scheduled to take place in less than two weeks.  
22 Accordingly, I certify that a TRO must be issued before the Defendants have an opportunity to  
23 be heard. Notice of the TRO Application will be provided concurrently via Eflex and via email  
24 to counsel and Justice Saitta.

25 9. Attached to the TRO Application as **Exhibit 1** is a true and correct copy of the  
26 Agreement to Terminate Condominium Hotel, Condominium Hotel Association, and Declaration  
27 of Covenants, Conditions, Restrictions and Reservation of Easements.

1 10. Attached to the TRO Application as **Exhibit 2** is a true and correct copy of the  
2 Agreement for Sale of Condominium Hotel Interests.

3 11. Attached to the TRO Application as **Exhibit 3** is a true and correct copy of the  
4 Meeting of the Members.

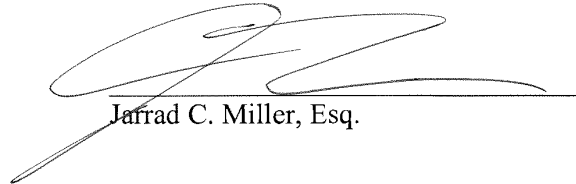
5 12. Attached to the TRO Application as **Exhibit 4** is a true and correct copy of certain  
6 pages from the Nevada Secretary of State website concerning the stated business entities.

7 I declare under penalty of perjury that the foregoing is true and correct to the best of my  
8 personal knowledge.


9 **AFFIRMATION**

10 Pursuant to NRS § 239B.030, the undersigned does hereby affirm that the preceding  
11 document does not contain the social security number of any person.

12 Executed this 1<sup>st</sup> day of March, 2022, at Reno, Nevada.

13  
14   
15 Jarrod C. Miller, Esq.  
16

17 Subscribed and sworn to before me  
18 this 1st day of March, 2022.

19   
20 Notary Public

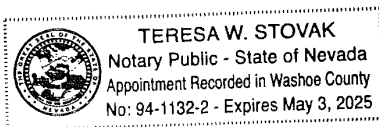


EXHIBIT “6”

EXHIBIT “6”

EXHIBIT “6”

1 CODE: 4170  
2 Jarrad C. Miller, Esq. (NV Bar No. 7093)  
3 Jonathan J. Tew, Esq. (NV Bar No. 11874)  
4 Briana N. Collings, Esq. (NV Bar No. 14694)  
5 Robertson, Johnson, Miller & Williamson  
6 50 West Liberty Street, Suite 600  
7 Reno, Nevada 89501  
8 (775) 329-5600  
9 [jarrad@nvlawyers.com](mailto:jarrad@nvlawyers.com)  
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11 [briana@nvlawyers.com](mailto:briana@nvlawyers.com)

12 Robert L. Eisenberg, Esq., (NV Bar No. 0950)  
13 Lemons, Grundy & Eisenberg  
14 6005 Plumas Street, Third Floor  
15 Reno, Nevada 89519  
16 Telephone: (775) 786-6868  
17 Facsimile: (775) 786-9716  
18 [rle@lge.net](mailto:rle@lge.net)

19 Attorneys for Plaintiffs

20 **SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**

21 **IN AND FOR THE COUNTY OF WASHOE**

22 ALBERT THOMAS, individually; *et al.*,

23 Plaintiffs,

24 vs.

Case No. CV12-02222  
Dept. No. OJ37

25 MEI-GSR Holdings, LLC, a Nevada limited  
26 liability company, GRAND SIERRA  
27 RESORT UNIT OWNERS' ASSOCIATION,  
28 a Nevada nonprofit corporation, GAGE  
29 VILLAGE COMMERCIAL  
30 DEVELOPMENT, LLC, a Nevada limited  
31 liability company; AM-GSR HOLDINGS,  
32 LLC, a Nevada limited liability company; and  
33 DOE DEFENDANTS 1 THROUGH 10,  
34 inclusive,

35 Defendants.

36 **[Proposed] TEMPORARY RESTRAINING ORDER**

37 The Court has read and considered the legal memoranda and exhibits in support of the *Ex*  
38 *Parte* Application for Temporary Restraining Order and Motion for Preliminary Injunction

Robertson, Johnson,  
Miller & Williamson  
50 West Liberty Street,  
Suite 600  
Reno, Nevada 89501

1 (“TRO Application”). Pursuant to N.R.S. 33.010 and N.R.C.P. 65, and for good cause  
2 appearing, the Court hereby finds as follows:

3 1. Plaintiffs own certain condominium units with the Grand Sierra Resort Unit  
4 Owners’ Association (“GSRUOA”).

5 2. A receiver has been appointed over the GSRUOA. “The Receiver is appointed  
6 for the purpose of implementing compliance, among all condominium units, including units  
7 owned by any Defendant in this action (collectively, “the Property”), with the Covenants Codes  
8 and Restrictions recorded against the condominium units, the Unit Maintenance Agreements and  
9 the original Unit Rental Agreements (“Governing Documents”).” (January 7, 2015 Order at 1:27  
10 to 2:3.) The Order further dictates that the Defendants shall not do “any act which will, or  
11 which will tend to, impair, defeat, divert, prevent or prejudice the preservation of the Property or  
12 the interest of the Plaintiffs in the Property.” (*Id.* at 8:2-11.)

13 3. On or about February 28, 2022, numerous Plaintiffs received via U.S. mail sent  
14 from the Defendants an Agreement to Terminate Condominium Hotel, Condominium Hotel  
15 Association, and Declaration of Covenants, Conditions, Restrictions and Reservation of  
16 Easements (“Agreement to Terminate”); Agreement for Sale of Condominium Hotel Interests  
17 (“Agreement for Sale”); Meeting of the Members (“Meeting Notice”). The Meeting Notice states  
18 that “[t]he purpose is to vote on the proposed Termination and Sale of the Property . . . .” (*Id.* at  
19 1.) The Meeting is set for March 14, 2022. (*Id.* at 1 ¶ 1.) Under New Business, the Meeting  
20 Notice states that “[i]f the hotel unit owner and at least eighty percent (80%) of the owners  
21 entitled to vote (whether in person or by proxy), vote yes, the condominium hotel shall be  
22 terminated.” (*Id.* at 1 § 3(a).) Further, “[i]f the hotel unit owner and at least eighty percent (80%)  
23 of the owners entitled to vote (whether in person or by proxy), vote yes, the Declaration shall be  
24 terminated.” (*Id.* at 1 § 3(b).) Further, “[i]f the hotel unit owner and at least eighty percent  
25 (80%) of the owners entitled to vote (whether in person or by proxy), vote yes, the sale is  
26 approved. Upon the sale of the units, the Association will be terminated . . . .” (*Id.* at 1 § 3(c).)

27 4. Defendants’ proposed action under the Agreement to Terminate, Agreement for  
28 Sale and/or Meeting Notice would harm the Plaintiffs’ real property interest and conflicts with

1 this Court's appointment of a receiver, orders concerning the receivership (including the Court's  
2 January 4, 2022 Orders), and this Court's October 9, 2015 Findings of Fact, Conclusion of Law  
3 and Judgment ("FFCLJ").

4 5. Given that this dispute involves alleged harm to real property and to the rights of  
5 certain parties under the Governing Documents which is threatened by the Defendants' proposed  
6 actions, the law deems these injuries to be irreparable. *See, e.g., Dixon v. Thatcher*, 103 Nev.  
7 414, 416, 742 P.2d 1029, 1030 (1987); *Dangberg Holdings, L.L.C. v. Douglas County and its*  
8 *Bd. of County Com'rs*, 115 Nev. 129, 143, 978 P.2d 311, 319 (1999).

9 6. Because the Application was filed via the Court's eFlex filing system, the  
10 Defendants were in fact provided with immediate notice of the TRO Application and thus this  
11 Order is being issued only after prior notice to the Defendants.

12 Therefore, IT IS HEREBY ORDERED THAT the Defendants are directed to refrain  
13 from proceeding with the meeting scheduled for March 14, 2022 and/or seeking to terminate the  
14 GSRUOA or sell or transfer the subject condominium units.

15 IT IS FURTHER ORDERED THAT this Temporary Restraining Order will expire upon  
16 the conclusion of the hearing for a preliminary injunction, which the parties shall schedule with  
17 this Court to occur no later than fourteen (14) days after the Court issues the requested  
18 Temporary Restraining Order.

19 IT IS FURTHER ORDERED THAT this Temporary Restraining Order shall be effective  
20 upon the Plaintiffs' filing of a surety bond in the amount of \_\_\_\_\_.

21 DATED: This \_\_\_\_\_ day of March, 2022, at \_\_\_\_:\_\_\_\_.m.  
22  
23

24 \_\_\_\_\_  
DISTRICT JUDGE  
25  
26  
27  
28



1 **2490**

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11 **IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
12 **IN AND FOR THE COUNTY OF WASHOE**

14 ALBERT THOMAS, et. al.,

15 Plaintiff(s),

16 v.

17 MEI-GSR HOLDINGS, LLC., a Nevada  
18 Limited Liability Company, AM-GSR  
19 Holdings, LLC., a Nevada Limited Liability  
20 Company, GRAND SIERRA RESORT UNIT  
21 OWNERS' ASSOCIATION, a Nevada  
22 Nonprofit Corporation, GAGE VILLAGE  
COMMERCIAL DEVELOPMENT, LLC., a  
Nevada Limited Liability Company, and DOES  
I-X inclusive,

Defendant(s).

Case No. CV12-02222

Dept. No.: 10

**OPPOSITION TO MOTION FOR  
PRELIMINARY INJUNCTION**

23 Defendants MEI-GSR Holdings, LLC, AM-GSR Holdings, LLC, and Gage Village  
24 Commercial Development, LLC oppose Plaintiffs' Motion for TRO and Preliminary Injunction.  
25 This opposition is based upon the following points and authorities attached hereto and all  
26 pleadings and papers on file herein.

27 DATED this 17th day of March, 2022.

1  
2 **POINTS AND AUTHORITIES**

3 **I. SUMMARY OF ARGUMENT**

4 Plaintiffs', as unit owners, obtained property subject to CC&Rs. Those CC&Rs are  
5 covenants that are incorporated within each unit owners' deed. Covenants, as opposed to mere  
6 contractual promises, are specifically enforceable. Each unit owner covenanted, via the CC&Rs,  
7 that unit owners can a) call a meeting of unit owners and 2) vote to terminate the Unit Owners  
8 Association and the Hotel Condominium arrangement. Such a meeting and vote have been called  
9 to order; Plaintiffs, as unit owners, are violating their covenant by blocking the meeting,  
10 preventing the vote and allowing these injunctive proceedings to continue. Since a covenant is  
11 specifically enforceable, Plaintiffs lack any likelihood of success on the merits and the TRO must  
12 be dissolved with no injunction to be issued.

13 Moreover, beyond specifically enforceable covenants, Defendant unit owners have a  
14 statutory entitlement to call a meeting and vote upon termination of the unit owners association  
15 and the hotel condominium arrangement. Plaintiff unit owners have not asserted in their complaint  
16 any claim to nullify this legislative enactment or to rescind covenants. And even if they did, they  
17 cannot meet the extraordinary burdens required to obtain such first-time-in-the-universe type of  
18 relief. Therefore, their requested relief is beyond the scope of this lawsuit, and even if wrongly  
19 entertained, cannot be granted as a matter of law.

20 **II. PROCEDURAL BACKGROUND**

21 Plaintiffs' filed their operative complaint in 2012 and never pleaded a claim for injunctive  
22 relief, or any predicate legal claim to rescind, modify, strike, amend, or otherwise render  
23 inoperable the CC&Rs or the ownership deeds in which those Covenants, Conditions, and  
24 Restrictions are incorporated. Yet, on March 1, 2022, well after both the 5 year rule and 3 year  
25 rule lapsed and required dismissal of this decade-old action (*Defendants Motion to Dismiss*  
26 *Pursuant to* NRCP 41(e)), Plaintiffs filed their Application for Temporary Restraining Order, and  
27 Motion for Preliminary Injunction, ("Motion"). Plaintiffs sought a Temporary Restraining Order  
28

1 and the scheduling of a Preliminary Injunction Hearing in order to enjoin and prevent unit  
2 owners—which would include non-parties to this litigation—from exercising their rights under the  
3 CC&Rs and Nevada statutes which allowed them to meet and cast their votes whether or not to  
4 terminate the GSRUOA and sell the Property. On March 10, 2022, the parties received notice  
5 from the Court that the matter was set for hearing for the following day, March 11, 2022. The  
6 matter proceeded to hearing as scheduled on Plaintiffs’ Application for Temporary Restraining  
7 Order. At that hearing Plaintiffs argued that allowing the unit owners to meet and cast their votes  
8 to terminate the GSRUOA and force a sale of their units would impair, defeat, divert, prevent or  
9 prejudice the preservation of the Plaintiffs’ interest in the Property (their condominium units) and  
10 result in their irreparable harm.<sup>1</sup>

11 In opposition to Plaintiffs’ Application for Temporary Restraining Order, Defendants  
12 presented evidence to the Court that the 7<sup>th</sup> Amended CC&Rs, (one of the Governing Documents)  
13 expressly allowed for the sale of the Property as set forth in section 9.1, pages 48 and 49 of the  
14 CC&Rs.<sup>2</sup> Defendants presented evidence that the CC&Rs are incorporated into each one of the  
15 Plaintiffs Deeds and title to their Units, thereby constituting deed restrictions or exceptions that  
16 define the scope of Plaintiffs’ interest in the Property.<sup>3</sup> Defendants offered into evidence, without  
17 objection, the Purchase and Sale Agreement signed by all of the original purchasers of the units,  
18 including Plaintiffs who were original purchasers of their units.<sup>4</sup>

19 In their Purchase and Sales Agreements, Plaintiff unit owners acknowledged, in writing, that  
20 (1) prior to closing, the Seller would cause the CC&Rs to be recorded; (2) that Purchasers had  
21 received a copy of the CC&Rs prior to closing; (3) that from and after closing, Purchasers would  
22 comply with the provisions of and perform all the obligations imposed on Purchasers as unit  
23 owners by Nevada law and the CC&Rs; (4) that **Purchasers acknowledged and agreed that**  
24 **their purchased unit was at all times subject to the terms and conditions of the CC&Rs;** and  
25

---

26 <sup>1</sup> Plaintiffs offered oral argument but presented no evidence during the hearing.

27 <sup>2</sup> The 7<sup>th</sup> Amended CC&Rs, section 9.1 was offered at the hearing, as Hearing Exhibit 2 and the same was admitted  
28 into evidence without objection.

<sup>3</sup> The legal description of the Plaintiffs’ units, depicted in Hearing Exhibit 4, was offered and admitted into evidence  
without objection.

<sup>4</sup> The Purchase and Sale Agreement, Hearing Exhibit 1, was offered and admitted into evidence without objection.

1 (5) that at the closing Seller shall convey to Purchasers title to the Unit Ownership by Grant Deed,  
2 subject to various "Permitted Exceptions", including the CC&Rs, including all amendments and  
3 exhibits thereto. (Exhibit 1: pgs. 6, 7 and 8).

4 In addition to the Purchase and Sale Agreement, (Hearing Exhibit 1); Relevant excerpts from  
5 the 7<sup>th</sup> Amended CC&Rs, (Hearing Exhibit 2) and the legal descriptions of the Units, (Hearing  
6 Exhibit 4), Defendants offered into evidence, as Hearing Exhibit 3, the provisions of NRS Chapter  
7 116, of the Common-Interest Ownership (Uniform Act). The same was admitted into evidence  
8 without objection and it clearly reflects the right of common-interest community unit owners, such  
9 as Plaintiffs and Defendants, to meet and cast their vote to terminate the community and to enter  
10 an agreement that allows for the mandatory sale of the units for fair market value following said  
11 termination. This can be done without involvement of the Unit Owners Association or its  
12 governing board. In other words, the right of unit owners to vote to terminate the Unit Owners  
13 Association is a covenanted right within every single real estate ownership deed upon which  
14 Plaintiffs base their interest. Plaintiffs' operative complaint did not seek to rescind, revise, or  
15 modify their covenanted rights embodied within their ownership deeds. A covenant must be  
16 specifically performed, therefore, Plaintiffs' motion must be denied.

17 Having presented this evidence to the Court that clearly established Defendants' right to allow  
18 the vote to terminate the GSRUOA and sell the units, Defendants urged the Court to deny  
19 Plaintiffs Application for Temporary Restraining Order as it was unlikely Plaintiffs would prevail  
20 in the merits. The Court rejected Defendants request and instead granted the Plaintiffs  
21 Application and issued the Temporary Restraining Order, however, the Court did not articulate its  
22 legal basis for doing so. At the time of preparation of this Opposition, while Defendants have  
23 received a draft proposed order prepared by Plaintiffs' counsel, the same has not yet been executed  
24 and entered by the Court. As a result, Defendants are not yet certain of the legal basis, if any,  
25 relied upon by the Court to support its issuance of the Temporary Restraining Order. Defendants  
26 therefore expressly reserve the right to supplement this Opposition to include any additional points  
27 and authorities to address and distinguish any legal basis articulated in the Temporary Restraining  
28 Order, once the same has been filed by the Court.

1       **III.    RELEVANT FACTS:**

2           In 2005, the prior owners (Grand Sierra Operating Corporation) of the Grand Sierra Resort  
3 (hereafter “GSR”), developed a program whereby 670 hotel rooms would be sold to private  
4 owners as condominiums. The Bylaws of the Grand Sierra Resort Unit-Owners’ Association  
5 (hereafter GSRUOA) were adopted in 2006, and the 7<sup>th</sup> Amended CC&Rs were adopted and  
6 recorded June 27, 2007. **Exhibits 1 and 2.** Grand Sierra Operating Corp. was the “Declarant,”  
7 which submitted “the Property, as herein defined, to the provisions of the Uniform Common-  
8 Interest Ownership Act of the State of Nevada,” and NRS 116. **Exhibit 1.** The Bylaws  
9 specifically state:  
10

11                       *5.3 Special Meetings of the Unit Owners.* Special meetings of the Units’ Owners  
12 may be called by the President, a majority of the Board, or by at least 10 percent of  
13 the Voting Members of the Association....the Board **shall set the date** for the  
14 special meeting so that the special meeting is held not less than 15 days or more  
15 than 60 days after the date” on which the request for meeting is received. “The  
16 notice of special meeting shall be given as provided in section 5.4 of these  
17 Bylaws...”

18       **Exhibit 2, p. 2.**

19           Each purchaser of a Unit in the GSRUOA was provided the Condominium CC&Rs, and all  
20 exhibits thereto. **Exhibit 3, p. 9.** Each purchaser of a condominium Unit was required to  
21 “acknowledge that the Seller will appoint officers and directors of the Condominium  
22 Association...and Purchaser expressly waives all objections to such dealings and transactions and  
23 hereby ratifies” that Seller will be acting on behalf of the Condominium Association. “The  
24 Condominium Associations’s role in the governance of the Condominium will be minimal, as  
25 many of the items typically considered common elements in other condominium projects are  
26 designated as Shared Facilities and owned entirely by the Shared Facilities Unit Owner,  
27 which...shall be the Declarant.” **Exhibit 3, p. 17.** The Purchaser of each condominium Unit at  
28 the GSR also signed a “Receipt for Governing Documents”:

1 ON THIS DAY, THE UNDERSIGNED PURCHASER ACKNOWLEDGES  
2 RECEIPT OF THE GOVERNING DOCUMENTS FOR THE PURCHASED IN  
3 THE CONDOMINIUM. PURCHASER ACKNOWLEDGES THAT THE  
4 GOVERNING DOCUMENTS RECEIVED INCLUDE THE PUBLIC OFFERING  
5 STATEMENT AND ALL ATTACHMENTS; THE CC&RS; THE UNIT-OWNER  
6 ASSOCIATION BYLAWS; AND THE UNIT MAINTENANCE AGREEMENT.

7 **Exhibit 3, exhibit K-1.**

8 Each Purchaser also signed an acknowledgement that no Seller, employee, agent or other  
9 person “ever at any time a) suggested, stated or implied that the Purchased Unit, if placed by  
10 Purchaser in any Hotel rental program would earn a profit from such rental program, b) suggested,  
11 stated, implied or provided any financial records...which information could in any way cause  
12 Purchaser to conclude that it would derive a profit by participating in any rental program...”

13 **Exhibit 3, exhibit L-1.** The Purchasers also signed a limitation of liability and an express waiver  
14 of consequential damages stating in bold type:

15 **NOTWITHSTANDING ANYTHING HEREIN OR BY LAW TO THE**  
16 **CONTRARY, GRAND SIERRA SHALL NOT BE LIABLE TO OWNER**  
17 **FOR ANY CONSEQUENTIAL LOSSES OR DAMAGES, INCLUDING BUT**  
18 **NOT LIMITED TO LOSS OF USE, ECONOMIC LOSSES, BUSINESS**  
19 **INTERRUPTION...LOST PROFITS, WHETHER SUCH CLAIMS ARISE**  
20 **IN CONTRACT, TORT, STRICT LIABILITY, WARRANTY, EQUITY,**  
21 **BREACH OF THE COVENANT OF FAIR DEALING, OR OTHERWISE...**

22 **Exhibit 3, p. B-5.** In addition, both the real estate agents and the Purchasers acknowledged that  
23 “Units are not suitable as an investment for persons seeking primarily rental income.” **Exhibit 4,**  
24 **p. 1.**

25 On or about April 1, 2011, the current owners and operators of the GSR, Defendants Gage  
26 Village LLC, AM-GSR Holdings LLC and MEI-GSR Holdings, LLC purchased the GSR, which  
27 was then bank-owned by JP Morgan Chase. The current Defendants began charging fees allowed  
28 by the 7<sup>th</sup> Amended CC&Rs, which were recorded June 27, 2007, well before the current owners  
purchased the property in April, 2011. **Exhibit 5.**

When the current owners purchased the GSR in 2011, multiple Unit Owners were not used  
to paying any fees or expenses associated with their Units as the costs and expenses were not  
enforced when the property was bank-owned for at least 2 years. These Unit Owners sued the GSR

1 on August 27, 2012, alleging 12 causes of action: 1) Petition for Appointment of a Receiver over  
2 the GSR Unit Owners Association; 2) Intentional and/or Negligent Misrepresentation as to  
3 Defendant MEI-GSR; 3) Breach of Contract as to MEI-GSR; 4) Quasi-Contract/Equitable Contract  
4 as to Defendant MEI-GSR; 5) Breach of the Implied Covenant of Good Faith and Fair Dealing as  
5 to Defendant MEI-GSR; 6) Consumer Fraud/Nevada Deceptive Trade Practices as to Defendant  
6 MEI-GSR; 7) Declaratory Relief as to Defendant MEI-GSR; 8) Conversion as to MEI-GSR; 9)  
7 Demand for Accounting as to MEI-GSR and GSR UOA; 10) Specific Performance pursuant to NRS  
8 116.112, Unconscionable Agreement; 11) Unjust Enrichment against Defendant Gage Village; 12)  
9 Tortious Interference with contract and/or prospective business advantage as to Defendants MEI-  
10 GSR and Gage Village. **Exhibit 6.**

11 Plaintiffs filed their first amended complaint on September 10, 2012, with the identical  
12 causes of action. The Defendants filed an answer, affirmative defenses and counterclaims on  
13 November 21, 2012. Plaintiffs filed a second amended complaint on March 26, 2013. **Exhibit 7.**

14 On October 23, 2013, Judge Elliot Sattler, Department 10, struck the counterclaim of the  
15 Defendants as a sanction for the conduct of GSR's then lawyer who was later suspended from the  
16 practice of law due to substance abuse issues. **Exhibit 8.** The Court entered an order granting  
17 Plaintiffs' motion for case-terminating sanctions on October 3, 2014, which struck Defendants  
18 answer. A default was entered against Defendants on November 26, 2014. **Exhibit 9.**

19 The Court conducted a hearing on damages on March 23, 2015, wherein the Plaintiffs put  
20 on one witness, their "hired expert" Craig Greene, and no Plaintiff testified. Defendants were only  
21 allowed limited cross-examination and no evidence. On October, 2015, the Court filed Order  
22 prepared by the Plaintiffs, which awarded Plaintiffs money damages under 9 categories: 1)  
23 Underpaid revenue; 2) Rental of units with no rental agreement; 3) discounting of owners rooms  
24 without credits; 4) discounting of rooms with credits; 5) comped rooms; 6) preferential rotation  
25 system; 7) improperly calculated and assessed hotel fees; 8) improperly collected assessments and  
26 9) reserve funding. **Exhibit 10.** The Court did not identify the damages that it was awarded to  
27 individual Plaintiffs, and this matter was never certified as a class action. In addition, the Court  
28 never attributed any damages to the individual claims set forth in the Second Amended Complaint.

1 It also bears repeating that the Defendants have been prevented from presenting evidence or  
2 asserting any defenses to the allegations in the case as a result of a default judgment. **Exhibit 9.**

3 While the Court found that the approximately 93 Plaintiffs were entitled to more than \$8  
4 million in compensatory damages, and to certain non-monetary relief, it is evident from the  
5 Second Amended Complaint that multiple claims are mutually exclusive, and there is no way to  
6 tell which claims or which Plaintiffs are entitled to relief. In fact, some named Plaintiffs were  
7 deceased at the time of the hearing, including the named Plaintiff Albert Thomas. Despite certain  
8 Plaintiffs being deceased and approximately 16 others no longer owning their property, all  
9 Plaintiffs were awarded damages in the FFCL&J. **Exhibit 11.**

10 The case has proceeded in the Courts for approximately 10 years, and in November, 2021,  
11 the President, the Board of the UOA and more than 80% of the Unit Owners requested Special  
12 Meeting of the Unit Owners pursuant to the Bylaws, Sec. 5.3, which as set forth above, states the  
13 Board “shall” set the date for the meeting upon not less than or more than 60 days. **Exhibits 2**  
14 **and 12.** The Special Meeting was to vote on termination and sale of the Condominium Program  
15 as set forth in Section 9.1 of the CC&Rs. Although only 15 days’ notice was required, the UOA  
16 provided more than 30 days’ notice and set the special meeting for January 6, 2022. **Exhibit 13.**  
17 The notice requirements pursuant to Sec. 5.4 of the Bylaws are extensive, and title reports for all  
18 Units were required to be pulled at great expense, and all first deed of trust holders were notified  
19 of the meeting regarding termination and sale, as required. **Exhibit 12.** On January 6, there were  
20 to be two meetings pursuant to the Ninth Amended CC&Rs: one for the Unit owners to approve  
21 the sale and termination of the Association, and a second meeting for the Board of Directors to  
22 approve the sale and appraisal. **Exhibit 13.**

23 On December 22, 2021, the Plaintiffs provided the notice documents to Stefanie Sharp,  
24 attorney for the Receiver Richard Teichner, stating that the “GSR is seeking to terminate the  
25 HOA. We intend to file an emergency motion concerning the impropriety of the actions  
26 referenced in the documents; nonetheless, we write to inquire if the Receiver authorized the  
27 dissemination of the attached.” **Exhibit 14.** The Receiver, through Stefanie Sharp was clear that  
28 they would not allow the meeting to go forward, and then on January 4, 2022, 7 orders were filed



1 that were prepared by the Plaintiffs in this matter. One order struck the 9<sup>th</sup> Amended CC&Rs and  
2 another stated that the Receiver had supplanted the Board of Directors for the UOA. **Exhibit 15.**

3 Also on January 6, 2022, counsel for Defendants addressed the Receiver and his counsel  
4 about the Unit Owner meeting that was scheduled for earlier that day. **Exhibit 16.** Defendants'  
5 counsel stated:

6 ...While we do not believe that the vote of the Unit Owner membership has been  
7 addressed in, or would be a violation of, any of the January 4, 2022, Orders, out of an  
8 abundance of caution and in good faith, we postponed the meeting while we continue to  
9 read and absorb the content and scope of the seven Orders. While I remain of the opinion  
10 that none of the seven Orders give the Receiver power the prevent a meeting and vote of  
11 the Unit Owner membership, I thought it, nonetheless, appropriate to reach out to both of  
12 you to request your cooperation and that you not object to our rescheduling the  
13 meeting...The attached mailer was prepared in line with the CC&Rs and NRS 116 and  
14 NRS 116B. It gave 30 days (15 is required) for a meeting of the Unit Owner membership  
15 to vote on the termination procedure provided for in the Governing Documents and  
16 Nevada Revised Statutes. We would like to get this matter back on calendar and we  
17 request your cooperation and providing us with available dates in January or February to  
18 assure your availability and for the purpose of resetting the Unit Owner membership  
19 meeting and casting votes. We believe that it is very important that the Members be  
20 permitted to exercise their right to vote on termination as provided for in both the  
21 Governing Documents and the Nevada Revised Statutes...

22 **Exhibit 16.**

23 Instead of complying with the Bylaws and CC&Rs, which state that the special meeting  
24 **shall** be set, by the president, the Board or 10% or the Unit Members, the lawyer for the Receiver  
25 responded:

26 ...The Board of Directors of the GSRUOA has no authority over the Association or its  
27 agents and cannot call any meetings. The orders also prohibit your client from taking any  
28 actions which interfere with the ability of the Receiver to perform his duties, which include  
maintaining the status quo. Any attempt by your clients or the current Board of Directors  
(who have no authority) to hold a meeting of the GSRUOA Board or its members to  
terminate the condominium hotel, sell the units or take any other action is in direct  
violation of the orders. If you attempt to take any such actions, the Receiver will notify the  
Court and proceed with any other actions he deems necessary or appropriate pursuant to  
the authority granted to him under the orders.

29 **Exhibit 16.**

30 Counsel for Defendants responded:

31 Whether I agree with the Court's rationale to invalidate the 9<sup>th</sup> Amended CC&Rs and  
32 return to the 7<sup>th</sup> Amended CC&Rs, and how it arrived at that decision, is not relevant to  
33 this discussion. Regardless of whether we look to the 7<sup>th</sup> or 9<sup>th</sup> Amended CC&Rs, both

1 versions of the CC&Rs and Nevada law applicable to both versions, provide that a  
2 common-interest community (NRS Chapter 116) or condominium hotel (Chapter 116B)  
3 may be terminated by agreement of unit owners to whom at least 80% of the votes in the  
4 association are allocated. That vote is not a function of the UOA. It is solely a function of  
5 the vote of the unit owners. In his role as a neutral agent and not an agent for either party,  
6 I believe it is as important for the Receiver to consider and take steps to protect the  
7 property interests not only for the Plaintiffs but for the Defendants as well and the  
8 Defendants ability to exercise their contractual rights under the Governing Documents and  
9 in accordance with Nevada Law is a fundamental property interest of Defendants that the  
10 Receiver has a duty to protect. I find this a particularly compelling duty of the Receiver  
11 since we all agree that the Receiver is appointed for the purpose of implementing  
12 compliance, among all Unit Owners, with the Governing Documents....Please direct me to  
13 the language in any one or more of the 7 orders that you believe allow the Receiver to  
14 ignore, amend or modify this contractual provision in the Governing Documents and  
15 impair the legal right of the Units Owners to cast their vote whether or not to terminate the  
16 common interest community. Thank you...

17 **Exhibit 16.** The lawyer for the Receiver responded that she does not think further  
18 “communication on this matter would be productive.” **Exhibit 16.**

19 Because the Receiver refused to set the special meeting of the Unit Owners when more  
20 than 10% of the Unit Owners (in fact, more than 80% of the Unit Owners) requested it, and would  
21 not even provide a date or get the Court involved, the Unit Owners set their own meeting for  
22 March 14, 2022, with proper notice to all Unit Owners and the deed of trust holders pursuant to  
23 the Bylaws, Sec. 5.4. **Exhibit 2.**

24 On March 1, 2022, Plaintiffs filed an application for TRO and motion for preliminary  
25 injunction to stop to properly noticed special meeting of the Unit Owners pursuant to the Bylaws,  
26 NRS 116 and the 7<sup>th</sup> Amended CC&Rs. On March 11, 2022, this Court held a hearing and entered  
27 a TRO, preventing the Unit Owners from holding a meeting and voting at the properly noticed  
28 meeting set for March 14, 2022. The hearing on the preliminary injunction is scheduled before  
Senior Judge Nancy Saitta on March 25, 2022.

#### 29 **IV. LAW AND ANALYSIS**

##### 30 **1. The Applicable CC&Rs, Bylaws, Statutes and Case Law Allow Termination and Sale.**

1 Pursuant to this Court's Order of January 4, 2022, the 9<sup>th</sup> Amended CC&Rs were stricken  
2 and the 7<sup>th</sup> Amended CC&Rs are in effect. **Exhibit 17.** The 7<sup>th</sup> Amended CC&Rs provide in  
3 pertinent part:

4 9.1 At a meeting duly called for such purpose and open to attendance by all Unit  
5 Owners, the Unit Owners by affirmative vote of Unit Owners who own eighty  
6 percent (80%) or more in the aggregate of the entire percentage ownership interest  
7 in the Common Elements may elect to sell the Property as a whole. Within ten (10)  
8 days after the date of the meeting at which such sale is approved, the Board shall  
9 give written notice of such action to each First Mortgagee. Such action shall be  
binding upon all Unit Owners, and it shall thereupon become the duty of every Unit  
Owner to execute and deliver such instruments and to perform all acts as in manner  
and form may be necessary to effect such sale.

10 **Exhibit 1.**

11 As the Nevada Supreme Court stated in *Boulder Oaks Community Ass'n v. B & J Andrews*  
12 *Enterprises, LLC*, 125 Nev. 397, 215 P.3d 27 (2009), because this case involves a "common-  
13 interest community, it is governed by NRS Chapter 116, which is Nevada's codification of the  
14 Uniform Common-Interest Ownership Act (UCIOA). *Id.* 125 Nev. at 399. *Boulder Oaks* involved  
15 an amendment of CC&Rs in a common interest community. The district court judge granted a  
16 preliminary injunction, but the Nevada Supreme Court reversed, holding that because the record  
17 demonstrates that the Association received the requisite number of votes to amend the CC&Rs  
18 (67%), the Court concluded that Respondent did not have a reasonable likelihood of success on  
19 the merits in the case below. The Nevada Supreme Court concluded that the amendment was  
20 proper and the Association should not have been enjoined from enforcing it. *Id.* In the present  
21 case, the 7<sup>th</sup> Amended CC&Rs Sec. 9.1 allows for termination and sale of the condominiums upon  
22 the affirmative vote of 80% of Unit Owners. **Exhibit 1, p. 48.** As of the time of the writing of  
23 this motion the aggregate percentage of affirmative vote to sell the entire condominium Property  
24 (670 Units) to another entity is 550 Units out of 670 Units. **Exhibit 18.** 550 Units represents  
25 more than 82% of the aggregate of the entire ownership percentage, well in excess of the 80%  
26  
27  
28

1 required by the CC&Rs. The Unit Owners representing more than 80% of all Unit Owners have  
2 been trying to set this matter for a meeting and vote since November, 2021. **Exhibit 12.** The vote  
3 and the notice provisions were proper pursuant to Sec. 5.3 and 5.4 of the Bylaws, the CC&Rs and  
4 NRS 116, which states in pertinent part:

5  
6 NRS 116.2118 Termination of common-interest community.

- 7 1. ...a common-interest community may be terminated only by agreement of  
8 units' owners to whom at least 80 percent of the votes in the association are  
9 allocated, or any larger percentage the declaration specifies...  
10 2. An agreement to terminate must be evidenced by the execution of an agreement  
11 to terminate, or ratifications thereof, in the same manner as a deed, by the  
12 requisite number of units' owners...  
13 5. The association, on behalf of the units' owners, may contract for the sale of  
14 real estate in a common-interest community, but the contract is not binding on  
15 the units' owners until approved pursuant to subsections 1 and 2...

16 NRS 116.21185 provides that "the respective interests of units' owners are the fair market  
17 values of their units, allocated interests, and any limited common elements immediately before the  
18 termination determined by one or more independent appraisers..."

19 The Board of the Association selected William Kimmel as the appraiser in October, 2021,  
20 and he conducted a full appraisal of all Units. **Exhibit 12.** Plaintiffs argue that they are entitled to  
21 a preliminary injunction because the termination of the condominium program by more than 82%  
22 of the Unit Owners "will cause irreparable harm for which compensatory damages is an  
23 inadequate remedy." *Motion, p. 6, ll. 6.* It is important to note that this is not a situation where  
24 compensatory damage is an "inadequate remedy," because the remedy for a minority  
25 condominium owner when 80% or more vote to terminate or sell is set forth in both the CC&Rs  
26 and NRS 116.21185: they are required to effectuate the sale of their units for fair market value as  
27 determined by the independent appraisal selected by the board of the UOA. This means money  
28 damages are adequate.

1           When a person buys a property in a common-interest community, the CC&Rs “become a  
2 part of the title to property.” NRS 116.41095(2). By law a person buying a property subject to  
3 CC&Rs must receive a notice which states that “by purchasing a property encumbered by CC&Rs,  
4 you are agreeing to limitations that could affect your lifestyle and freedom of choice,” and that the  
5 CC&Rs “bind you and every future owner of the property whether or not you have read them or  
6 had them explained to you.” NRS 116.41095(1); *U.S. Home Corporation v. Michael Ballesteros*  
7 *Trust*, 134 Nev. 180 (2018). In fact, the purchasers in the GSRUOA, signed the warning and  
8 acknowledged that their title is subject to the CC&Rs in the purchase agreements. **Exhibits 3-4.**

10           By purchasing a Unit within a common interest community, the buyer manifests  
11 acceptance of the CC&Rs. *Id.* 134 Nev. at 183. “It comes as no surprise that courts have  
12 described recorded declarations as contracts and enforced them as such.” *Id.* The premise that  
13 CC&Rs impose contractual obligations on both sides makes it clear that all parties are bound by  
14 Sec. 9.1 and the provisions of NRS 116 which state that 80% or more of the aggregate unit owners  
15 may exercise their right to sell or terminate, and that the special meeting for such purpose “shall”  
16 be set upon the request of 10% or more of the Unit Owners. The Unit Owners’ purchase  
17 agreements show that they received the CC&Rs when they purchased their Units pursuant to the  
18 strict notice provisions set forth in Nevada law. NRS 116.4101-4109. The Plaintiffs do not  
19 dispute that they received the CC&Rs when they purchased, along with the information statements  
20 required by NRS 116.41095. The safeguards in NRS 116.4101-4109 “ensure that a person who  
21 buys a home in a common-interest community will abide by the CC&Rs and can fairly expect that  
22 others in community will do so too.” *U.S. Home, supra*, 134 Nev. at 186. The overriding  
23 purpose of CC&Rs is to have common areas and units “with stable uses and amenities that protect  
24 the purchasers’ investments and expectations.” *Id.*

1           It is important to note that the purchasers of the GSRUOA units knew that their “Property”  
2 was the condominium unit and the limited common area, subject and governed by CC&Rs.  
3 Although CC&Rs “are not conventional two-party contracts, they create contractual obligations  
4 that bind the parties subject to them.” *Id at 192*. The rules of construction governing the  
5 interpretation of contracts apply to the interpretation of restrictive covenants for real property.  
6 *Horizons at Seven Hills v. Ikon Holdings*, 132 Nev. 362, 373 P.3d 66 (2016). Here, Plaintiffs  
7 property interest was always restricted and limited by the CC&Rs, which all Unit Owners,  
8 Plaintiffs and Defendants alike, acknowledged upon purchase.

10           The rules governing construction of restrictive covenants which impose restrictions on the  
11 use of real property are the same as those applicable to contracts, that is, the words must be given  
12 their “plain, ordinary and popular meaning.” *Tompkins v. Buttrum Const. Co. of NV*, 99 Nev. 142,  
13 659 P.2d 865 (1983). As long as the original purpose of the covenants can be accomplished, the  
14 covenants stand. *Id, citing Western Land Co. v. Truskolaski*, 88 Nev. 200, 205, 495 P.2d 624  
15 (1972). Restrictive covenants run with the land, and all property owners are required to comply  
16 with the plain meaning of the restrictions. *Id*.

18           2. Preliminary Injunction Must Be Denied In This Case.

19           NRS 33.010(1) authorizes an injunction when “it appears from the complaint that the  
20 plaintiff is entitled to the relief requested and at least part of the relief consists of restraining the  
21 challenged act.” *University and Community College System of Nevada v. Nevadans for Sound*  
22 *Government*, 120 Nev. 712, 721, 100 P.3d 179, 187 (2004). Here, the Plaintiffs complaint does not  
23 set forth that it is entitled to the relief requested, nor is there any request for any relief restraining  
24 any other unit owners from exercising its rights to terminate and sell pursuant to the express terms  
25 of the 7<sup>th</sup> Amended CC&Rs and NRS 116.2118. **Exhibits 6-7.**

1 Before Plaintiffs can obtain a preliminary injunction they have the burden to show 1) a  
2 likelihood of success on the merits; and 2) a reasonable probability that the non-moving party's  
3 conduct, if allowed to continue, will cause irreparable harm for which compensatory damages is  
4 an inadequate remedy. *Id. At 721, citing Dangberg Holdings*, 115 Nev. at 142-143, 978 P.2d at  
5 319. In *Boulder Oaks, supra*, 125 Nev. at 409, note 6, the Nevada Supreme Court stated that  
6 where a party does not have a reasonable likelihood of success on the merits, it is not necessary to  
7 reach the issue of whether a party would suffer irreparable harm. In the present case, as in  
8 *Boulder Oaks, supra*, the conduct complained about was expressly allowed by the CC&Rs so the  
9 Nevada Supreme Court found no likelihood of success on the merits. Here, the owners of 550  
10 Units out of the total 670 Units wish to exercise their vote to sell and terminate which is expressly  
11 allowed by NRS 116.2118 and the 7<sup>th</sup> Amended CC&Rs. **Exhibit 1.**

12  
13  
14 Plaintiffs argue that "real property and its attributes are considered unique and loss of real  
15 property rights generally results in irreparable harm," *Motion for Preliminary Injunction, p. 8, ll.*  
16 5-8. This Court should not even get to the question of irreparable harm because Plaintiffs are  
17 unable to show that they have a likelihood of success in enjoining Defendants conduct that is  
18 specifically authorized by statute and the CC&Rs. As set forth above, the Plaintiffs took title to  
19 their property subject to the CC&Rs, and the CC&Rs in this case, recorded in 2007, before either  
20 Plaintiffs or Defendants purchased any interest in the property, control. These CC&Rs have  
21 always stated that any owner who owns "80 percent (80%) or more in the aggregate...may elect to  
22 sell the Property as a whole..." **Exhibit 1.** In addition, NRS 116.2118 clearly states that a  
23 common-interest community may be terminated only by the agreement of units' owners to whom  
24 at least 80 percent of the votes in the association are allocated..."

25  
26 Moreover, restrictive covenants are specifically enforceable and to nullify them, Plaintiffs  
27 must show that conditions to the real property itself have changed "so fundamental[ly] as to thwart  
28

1 the original purpose of the restriction”. *Gladstone v. Gregory*, 95 Nev. 474, 478, 596 P.2d 491,  
2 494 (1979)(internal citations omitted). As the Nevada Supreme Court holds, Plaintiffs must show  
3 that property conditions have changed so much that the covenant would have no appreciable value  
4 to other property owners (including non-party unit owners) and that it is oppressive or inequitable  
5 to enforce the restriction. *Id.* (internal citations omitted). Here, it cannot be—as a matter of law—  
6 oppressive or inequitable to enforce a covenant that each unit owner agreed to in their purchase  
7 and sale documents, that they agreed to embody and incorporate within their ownership deeds, and  
8 that is separately embodied within recorded CC&Rs that govern their ownership interest. Aside  
9 from that factor, the Plaintiffs cannot show that property conditions have so fundamentally  
10 changed that enforcing the CC&Rs thwart the original purpose of the covenant. Here, Plaintiffs  
11 have interests within a much larger condominium resort that they do not own, and for which a  
12 large portion of its existence is to provide gaming. The 80%-plus unit owner is an affiliate of the  
13 unrestricted gaming licensee that provides gaming, and the hotel-condominium arrangement has  
14 always been subject to the likelihood that someone could buy 80% of the units, terminate the  
15 hotel-condominium arrangement, and then just operate a hotel. That is why the termination  
16 provisions exist both in statute and in the CC&Rs, and that purpose for the covenant allowing a  
17 vote and termination has not changed.

20 It is ironic that at page 8: 17-20 of their Motion, Plaintiffs cite to *Gladstone v. Gregory*, for  
21 a proposition of law that serves to defeat, not support, their claim, to wit, “Further, the equitable  
22 principle of relative hardship is available only to innocent parties who proceed without knowledge  
23 or warning that they are acting contrary to others’ vested property rights... Where one takes land  
24 with notice of restrictions, equity and good conscience will not permit that person to act in  
25 violation thereof”. *Id.*, 95 Nev. 474, 480. Here, Plaintiffs proceeded with their Application for  
26 TRO and Motion for Preliminary Injunction with full knowledge and warning that the CC&Rs that  
27  
28



1 define and limit their property interests, allow for the exact conduct they are seeking to enforce.  
2 Plaintiffs purchased their units with actual or constructive notice that the CC&Rs and the  
3 restrictions contained therein defined and controlled the extent of their property interests. It  
4 follows, therefore, that the equitable principle of relative hardship is not available to Plaintiffs.  
5

6 Plaintiffs also cannot show that they would suffer irreparable harm for which  
7 compensatory damages would not suffice. “Irreparable harm” is an injury for which  
8 compensatory damage is an inadequate remedy. *Excellent Cmty Mgmt. v. Gilmore*, 131 Nev 347,  
9 353, 351 P.3d 720, 723 (2015), citing *Dixon v. Thatcher*, 103 Nev. 414, 415, 742 P.2d 1029, 1029  
10 (1987). Irreparable harm is not automatic and ultimately depends on the underlying facts of the  
11 case. *Id.* 131 Nev. at 353. In this case, the Defendants have not breached the CC&Rs, in fact it is  
12 the Plaintiffs and the Receiver that are refusing to enforce the express terms of the Governing  
13 Documents and allow a vote of the unit owners to proceed, despite that Bylaws stating that the  
14 President, Board or 10% of Units Owners “shall” be entitled to a meeting in 15-60 days. **Exhibit**  
15 **2.**  
16

17 Plaintiffs and the Receiver continually argue that the “status quo” requires Defendants to  
18 be enjoined from exercising its rights. However, this argument is misplaced. A preliminary  
19 injunction and even a receivership is “a provisional remedy, the purpose of which is to preserve  
20 status quo and to prevent irreparable loss of rights prior to final disposition of the litigation.”  
21

22 *Napa Valley Publishing Co. v. City of Calistoga*, 225 F. Supp.2d 1176, 1180 (2002);

23 The issue with respect to irreparable injury is whether, if the preliminary injunction  
24 is denied, the plaintiff can be made whole should it prove victorious at trial, i.e.  
25 whether the loss or deprivation pending trial is irreparable. The loss of money is  
26 the classic example of an interim loss that is fully remediable after  
27 trial...Irreparability of injury pending trial turns on the nature of the loss and the  
28 ability of the court to make the plaintiff whole...it does not necessarily turn on the  
meritoriousness of the plaintiffs’ legal claim.

1 *Id. At 1181*. In this case, the loss threatened is Property (condominium unit) which Plaintiffs  
2 purchased subject to the CC&Rs. The CC&Rs have always stated that Plaintiffs would be entitled  
3 to fair market value, a compensable and measurable amount of money, if an owner with 80% or  
4 more decided to sell. **Exhibit 1**. At this point, the grant or denial of an injunction does not impact  
5 Plaintiffs' judgment (notwithstanding the 5- and 3- year-rules and appellate issues which should  
6 result in outright dismissal of the entire case and affirmance of that dismissal); Plaintiff obtains  
7 their compensation for their unit in dollars. Plaintiffs property interest that was ALWAYS limited  
8 by the CC&Rs and the fact that 80% could terminate it in exchange for fair market value indicates  
9 that there is a clear remedy which was previously agreed to by every Plaintiff in this case.  
10 **Exhibits 1, 3, & 4**. Plaintiffs are not being "stripped" of their property rights because they already  
11 agreed that their title is restricted by the CC&Rs, which set forth this express remedy.  
12

13  
14 In *Direct Grading & Paving, LLC. v. Eighth Judicial Dist. Court*, 137 Nev.Adv.Op.31,  
15 491 P.3d 13 (2021), the Nevada Supreme Court made clear that a provisional remedy is a  
16 "temporary remedy awarded before judgment and pending an action's disposition, such as a  
17 temporary restraining order, a preliminary injunction, a ..receivership...that is intended to  
18 maintain the status quo by protecting a person's safety or preserving property." *Id. At 17*. This  
19 "status quo" argument is supposed to be "temporary" and not appropriate when an action has been  
20 going on for 10 years. The Plaintiffs' judgment is not going away immediately, but the  
21 Receivership that has gone on for approximately 7 years and cost more than \$500,000, without  
22 calculations on the amounts owed, must come to an end by the express terms of the Governing  
23 Documents and Statutes.  
24

25 The final analysis with respect to a preliminary injunction is a weighing of the parties'  
26 potential hardships. *Independent Asphalt Consultants, Inc. v. Studebaker*, 126 Nev. 722, 367 P.3d  
27 781 (2010). Plaintiffs also fail to satisfy this factor. Defendants own 550 condominium units, and  
28

1 have relied on the CC&Rs, and all the covenants and restricts contained therein. **Exhibit 12.**  
2 Plaintiffs have a condominium unit, and they have a clear money remedy if the injunction is  
3 denied, and they also have a money judgment that is in place from the default judgment in 2015.  
4 Plaintiffs continually state that the Defendants are “bad, evil, nefarious” and the list of derogatory  
5 adjectives goes on and on...It doesn’t matter at this point that Plaintiffs have not and cannot prove  
6 any of their allegations, Plaintiffs will receive “fair market value” as set forth in the NRS and  
7 CC&Rs, and Defendants must come up with more than Seventeen million dollars to buy all 670  
8 units, even the 550 Defendants already own. If this injunction is granted, Defendants property  
9 rights that are also subject to the CC&Rs and Nevada Statutes would be completely abrogated  
10 based upon a legal fiction. Being forced to stay in a Unit Rental Agreement, Unit Maintenance  
11 Agreement, and other contracts with Plaintiffs that defame the GSR at every opportunity and do  
12 not pay their fair share of expenses, underscores that the balance of hardships weighs in favor of  
13 Defendants.  
14

15  
16 3. Costs of the Restraining Order and Actions of Plaintiffs and Receiver.

17 As this Court is aware, the Defendants spent in excess of \$26,000.00 pulling the title  
18 reports, obtaining the third-party guarantees, noticing all parties of the meeting on January 6,  
19 2022, including all deed of trust holders. **Exhibit 12.** Defendants have also incurred in excess of  
20 \$11,000.00 in preparing and sending out the mailings for March 14, 2022. As set forth above, the  
21 bylaws, CC&Rs and NRS 116.2118 allow these actions, which have been wrongfully prevented  
22 by the Plaintiffs and the Receiver.  
23

24 NRS 116.3102 clearly sets forth the powers of unit-owners’ associations (UOA) and the  
25 limitations, and it is clear that the Receiver as appointed over the UOA only has authority over the  
26 common expenses unless he has other powers “conferred by the declaration or bylaws,” which he  
27 has not. The wrongful prevention of allowing the unit owners to vote, has significantly impinged  
28

1 upon Defendants rights and been extremely costly. Upon denial of Plaintiffs' Motion for  
2 Preliminary Injunction, Defendants will, by separate motion, request an award of attorneys' fees  
3 and costs, requesting therein that the Receiver and/or the Plaintiffs immediately reimburse  
4 Defendants for attorneys' fees and costs they incurred in opposing the Application for Temporary  
5 Restraining Order and Motion for Preliminary Injunction, including but not limited to the  
6 \$37,000.00 in costs they have incurred in attempting to bring this matter to a proper vote, in order  
7 that they can use those funds to pay for another proper mailing in April, 2022. **Exhibit 12.** In the  
8 interim, Defendants request this Court's order that Plaintiffs' \$50,000 bond remain posted with the  
9 clerk of the court and available to Defendants to satisfy, in whole or in part, any award of fees and  
10 costs issued by this Court.  
11

12 **4. If an Injunction Does Issue, it must be supported by an increased bond**  
13

14 Per Rule 65(c), an injunction must be supported by a bond that is sufficient to pay the costs  
15 and damages suffered by the defendant unit owners. Here, the restrained activity is the valid  
16 exercise of a termination of a hotel condominium arrangement, as allowed by covenants and  
17 statute and that is a specifically enforceable covenant under existing law. While this exercise of a  
18 specifically enforceable covenanted right is itself irreparable harm, the closing of the transaction is  
19 estimated to be approximately \$17,352,000.00 which provides a fair market value measure of  
20 units that would be purchased. **Exhibit 12.** Although money in that transaction would flow to the  
21 plaintiffs upon closing, the defendant unit owners would obtain the real property value in that  
22 same amount, plus additional value in obtaining those units unencumbered by other ownership or  
23 any restrictive covenants. As such, a fair value for the transaction to be restrained, and the  
24 resulting damages, is a 10% premium over the fair market value, which should require a bond in  
25 the amount of \$19 million to be posted.  
26  
27  
28

1       **CONCLUSION:**

2  
3           Based upon the foregoing, Defendants respectfully request that the Plaintiffs motion for  
4 preliminary injunction be denied in its entirety, and this Court order that Defendants be allowed to  
5 properly notice the meeting at the earliest available date in April, 2022, in order that the unit  
6 owners can exercise their right to vote on termination and sale. In addition, Defendants reserve  
7 their right to request, by way of separate motion, an award of attorneys' fees and costs including  
8 but not limited to an immediate reimbursement of \$37,000.00 in costs which Plaintiffs have  
9 caused Defendants to suffer by their having wrongfully enjoined the right of unit owners to meet  
10 and cast their vote.  
11

12  
13 DATED this 17th day of March, 2022.

14       /s/ David C. McElhinney, Esq.  
15       ABRAN VIGIL, ESQ.  
16       Nevada Bar No. 7548  
17       ANN HALL, ESQ.  
18       Nevada Bar No. 5447  
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24       2535 Las Vegas Boulevard South  
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26       Attorneys for Defendants  
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28

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**AFFIRMATION**  
**Pursuant to NRS 239B.030**

The undersigned does hereby affirm that this document does not contain the social security number of any person.

RESPECTFULLY SUBMITTED this March 17, 2022.

/s/ David C. McElhinney, Esq.  
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2535 Las Vegas Boulevard South  
Las Vegas, NV 89109  
Attorneys for Defendants

1 1360

2 CERTIFICATE OF SERVICE

3 Pursuant to NRCP 5(b), I certify that I am employed in County of Clark, State of Nevada  
4 and, on this date, March 17, 2022 I deposited for mailing with the United States Postal Service,  
5 and served by electronic mail, a true copy of the attached document addressed to:

6 G. David Robertson, Esq., SBN 1001  
Jarrad C. Miller, Esq., SBN 7093  
7 Jonathan J. Tew, Esq., SBN 11874  
Briana N. Collings, Esq. SBN 14694  
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6005 Plumas Street, Third Floor  
Reno, Nevada 89519  
15 *Attorney for Plaintiffs*

16 Further, I certify that on the March 17, 2022, I electronically filed the foregoing with the  
17 Clerk of the Court electronic filing system, which will send notice of electronic filings to all  
18 persons registered to receive electronic service via the Court's electronic filing and service system.  
19 DATED this March 17, 2022



20  
21 Iliana Godoy

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CV12-02222  
2022-03-17 05:01:35 PM  
Alicia L. Lerud  
Clerk of the Court  
Transaction # 8953058 : yviloria

# Exhibit 1

5-25-08  
**DOC # 3548504**  
06/27/2007 02:44:03 PM  
Requested By  
GRAND SIERRA RESORT  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$147.00 RPTT: \$0.00  
Page 1 of 109

**WHEN RECORDED RETURN TO:**

R. Shawn Oliphant, Esq.  
Fahrendorf, Vioria, Oliphant & Oster, LLP  
327 California Avenue  
Reno, Nevada 89509  
(775) 348-9999



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(Space above line for Recorder's use only)

**SEVENTH AMENDMENT TO CONDOMINIUM  
DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS AND  
RESERVATIONS OF EASEMENTS  
FOR**

**HOTEL-CONDOMINIUMS AT  
GRAND SIERRA RESORT**  
(A Nevada Common-Interest Community)

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**THIS DECLARATION** is made and entered into by Grand Sierra Operating Corp., a Nevada corporation (the "Declarant");

**WITNESSETH:**

**WHEREAS**, the Declarant holds legal title to the parcel of real estate situated in the City of Reno, County of Washoe, Nevada (hereinafter called the "Parcel") and legally described on Exhibit A attached hereto and by this reference made a part hereof; and

**WHEREAS**, the Declarant desires and intends by this Declaration to submit the Property, as hereinafter defined, to the provisions of the Uniform Common-Interest Ownership Act of the State of Nevada, as amended from time to time (hereinafter called the "Act"), as a Condominium within the meaning of the Act, situated within the County of Washoe; and is further desirous of establishing, for its own benefit and that of all future owners or occupants of the Property, and each part thereof, certain easements and rights in, over and upon the Property and certain mutually beneficial restrictions and obligations with respect to the use and maintenance thereof; and

**WHEREAS**, the Declarant desires and intends for the Condominium to be owned and operated as a mixed use hotel condominium property; and

**WHEREAS**, the Declarant reserves various developmental rights and special Declarant's rights, as set forth below in detail, including the right to annex additional mixed use real estate into the Condominium, which may include additional buildings or portions thereof containing any combination of Unit types described herein, and if such additional mixed use elements are annexed, Declarant reserves the right to restrict voting rights appurtenant to the Units to matters involving the building or buildings containing said units and/or to issues of concern to particular Unit types.

**WHEREAS**, the Common Elements of the Condominium will not include exterior wall facades and finishes, the Building roof(s), lobby space, front desk areas, office space, housekeeping closets, elevators, stairways or corridors, or portions of certain mechanical and operating systems which serve the Condominium Property. Such facilities are located within the "Shared Facilities Unit" (defined below) or within the remainder portion of the Parcel (defined below), which Shared Facilities Unit and remainder parcel and the additions, alterations, betterments and improvements thereto initially shall be owned, operated, decorated, maintained, repaired and replaced by the Declarant, and each Unit Owner shall pay directly to the Declarant their respective pro-rata share of certain costs of such ownership, operation, decoration, maintenance, repair and replacement, as more fully provided herein. The Declarant also will make certain portions of the Shared Facilities Unit defined herein as the "Public Shared Facilities" available to the Unit Owners for use in day-to-day Hotel operations as more fully provided herein; and

**WHEREAS**, the name of the Condominium shall be the "Hotel-Condominiums at Grand Sierra Resort "; and

**WHEREAS**, the Declarant desires and intends that the several owners, mortgagees, occupants, and other persons acquiring any interest in the Property shall at all times enjoy the

benefits of, and shall at all times hold their interests subject to, the rights, easements, privileges, and restrictions hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the cooperative aspect of ownership and to facilitate the proper administration of such Property and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants contained in this Declaration shall run with and burden the Parcel and all Persons having or acquiring any right, title or interest in the Parcel, or any part thereof, and their successive owners, heirs, successors, and assigns, and shall be enforceable as covenants running with the land and/or equitable servitudes.

**NOW, THEREFORE,** the Declarant, as the legal title holder of the Parcel, and for the purposes above set forth; **DECLARES AS FOLLOWS:**

## **ARTICLE 1**

### **DEFINITIONS**

For the purpose of brevity and clarity, certain words and terms used in this Declaration are defined as follows:

**Association.** Grand Sierra Resort Unit-Owners' Association, a Nevada nonprofit corporation.

**Additional Parcel.** All or any portion of the Future Expansion Parcel, as designated on the Plat, that hereafter may be submitted to the Act pursuant to the provisions of Article 11 of this Declaration, including the New Construction Units.

**Allocated Interests.** The undivided interests in the common elements, the liabilities for common expenses, and votes in the Association.

**Board.** The persons determined pursuant to the Bylaws and Article 5 hereof who are vested with the authority and responsibility of administering the Association.

**Building.** The existing building located on the Parcel that will contain certain Units, as shown by the survey depicting the respective floors of the Building.

**Bylaws.** The provisions for the administration of the Association, as the same may be from time to time duly amended.

**Commercial Unit.** The Units designated as Commercial Units on the Plat (or any amendment thereto), as a part of the Property, and any additional Commercial Units established pursuant to this Declaration, not to exceed 1,000 total Commercial Units. Subject to the conversion right set forth in Section 7.1(n) below, the term "Commercial Unit" shall specifically exclude the Hotel Units, Residential Units, and Shared Facilities Units.

**Commercial Unit Owner.** The Unit Owner or Owners, from time to time, of the Commercial Units.



**Common Elements.** All portions of the Condominium Property except the Units, more specifically described in Section 3.1 hereof. The Shared Facilities Unit is a Unit and shall not constitute a portion of the Common Elements. The Condominium has been established in such a manner as to minimize Common Elements. There are no limited common elements within the Property.

**Common Expenses.** Expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves. The Common Expenses are distinct from and are in addition to the Shared Facility Expenses and the Hotel Expenses.

**Condominium Property.** A portion of the real property and space within the Parcel, the improvements and structures erected, constructed or contained therein, thereon or thereunder, the easements, rights and appurtenances belonging thereto, and the fixtures, intended for the mutual use, benefit or enjoyment of the Owners, that is hereby or hereafter submitted and subjected to the provisions of this Declaration and to the Act from time to time.

**Declarant.** Grand Sierra Operating Corp., a Nevada corporation, and its successors and assigns.

**Declaration.** This instrument, by which the Property is submitted to the provisions of the Act, including such amendments, if any, to this instrument as may from time to time be adopted pursuant to the terms hereof.

**FF&E.** As defined in Section 4.5(b)(i) below, and in each Purchase and Sale Agreement.

**Future Expansion Parcel.** The parcel and tract of real estate legally described on Exhibit C attached hereto and made a part hereof.

**Hotel.** The existing hotel formerly known as the Reno Hilton®, consisting of approximately 1995 guest rooms, ten restaurants, a casino, spa, approximately 200,000 square feet of meeting and convention space, and related facilities and out parcels. Hilton® is a registered trademark of Hilton Hospitality, Inc., an affiliate of Hilton Hotels Corporation. The Declarant and Hilton have not, and do not intend to, negotiate a management agreement to manage the Hotel or the Property.

**Hotel Expenses.** As defined in Section 6.10 below. The Hotel Expenses include the Hotel Reserve, and are distinct from and in addition to the Shared Facilities Expenses and the Common Expenses.

**Hotel Reserve.** As defined in Section 6.10(b) below.

**Hotel Guest.** A transient guest of the Hotel, which may include Unit Owners of Hotel Units.

**Hotel Management Company.** The management company, its successors in interest or assigns, engaged by the Declarant in its sole and absolute discretion, to manage the day-to-day operations of the Hotel and perform such other functions as may be specified in the management agreement between the Declarant and such Hotel Management Company.



**Hotel Unit.** A part of the Property more specifically described in Article 2, designed and furnished for use as a full-service hotel room which may be occupied by the Unit Owner or, in the sole discretion of the Unit Owner, which may be used from time to time by the Unit Owner and other Occupants, as transient guests, as more fully described in Section 7.1(a), or such other uses permitted by this Declaration if the Unit is an Unsold Unit; but specifically excluding any Commercial Unit, Residential Unit, and Shared Facilities Unit. The Declarant reserves the right to create a maximum of 8,000 Hotel Units pursuant to the provisions of this Declaration.

**Hotel Unit Maintenance Program.** The mandatory program pursuant to which the Hotel Management Company provides certain services (including, without limitation, reception desk staffing, in-room services, guest processing services, housekeeping services, Hotel Unit inspection, repair and maintenance services, and other services), all as more particularly described in the Unit Maintenance Agreement between each Unit Owner of a Hotel Unit and the Hotel Management Company.

**Majority of the Unit Owners.** Those Unit Owners, without regard to their number, who own more than fifty percent (50%) in the aggregate of the entire undivided ownership interest in the Common Elements. Any specified percentage of the Unit Owners shall mean those Unit Owners who, in the aggregate, own such specified percentage of the entire undivided ownership interest in the Common Elements.

**New Construction Units.** Those certain new mixed-use construction condominium units the Declarant may construct, as designated on the Plat, which may consist of additional Commercial Units, Hotel Units, Residential Units, Shared Facilities Units, or any combination thereof, and that, if constructed, the Declarant intends to restrict voting rights pertaining thereto as provided herein, and intends to submit such Units to the Act as a part of the Future Expansion Parcel upon completion of construction of such Units.

**Occupant.** Person or Persons, other than a Unit Owner, in possession of a Unit, including, without limitation, transient Hotel Guests.

**Parcel.** The entire tract of real estate described in the first Recital of this Declaration.

**Parking Area.** That part of the project consisting of parking spaces and elements appurtenant thereto provided for parking passenger vehicles, and not comprising any portion of the Property.

**Person.** A natural individual, corporation, partnership, limited liability company, trustee or other legal entity capable of holding title to real property.

**Plat.** The plats of survey of the Parcel, and all of the Units in the Property submitted to the provisions of the Act, said Plat being attached hereto as Exhibit A and made a part hereof and recorded as part of this Declaration, and as amended from time to time in accordance with the provisions of Article 11 of this Declaration.

**Private Shared Facilities.** Those portions of the Shared Facilities Unit that are reserved for exclusive use and access by the Shared Facilities Unit Owner, the Hotel Management Company (to the extent authorized by the Shared Facilities Unit Owner) and their respective

permittees, and which are not subject to the Public Shared Facilities Easement. The Private Shared Facilities shall include, without limitation, any and all of the following components to the extent located within the Condominium Property: (i) structural components, including without limitation, any and all exterior walls and finishes, roof trusses, roof support elements, and insulation; (ii) utility, mechanical, electrical, telephonic, telecommunications, plumbing and other systems, including, without limitation, wires, conduits, pipes, ducts, panels, pumps, antennae, satellite dishes, transformers, computers, controls, control centers, cables, mechanical equipment areas, utility rooms, water heaters, and other apparatus used in the delivery of utility, mechanical, telephonic, telecommunications, television, internet, electrical, plumbing and/or other services; (iii) heating, ventilating and air conditioning systems, including, without limitation, air handlers, ducts, condensers, fans, water towers and other apparatus used in the delivery of HVAC services; (iv) passenger and freight elevator motors and cables, systems and/or equipment used in the operation of the passenger and freight elevators (but not including the space contained within the passenger elevator shafts and cars used solely for service to the Condominium Property, which shall be part of the Common Elements); (v) trash rooms, trash chutes and any and all trash collection and/or disposal systems; (vi) housekeeping closets and facilities; (vii) Building security and life safety systems and monitoring systems; and (xi) any other portion of the Shared Facilities Unit not expressly made a part of the Public Shared Facilities or not expressly made subject to the Public Shared Facilities Easement.

**Project.** The larger mixed-use, mixed-ownership complex of which the Property is a part, including the balance of the Hotel, the Retail Property, the Public Parking Property, the out parcels and all other property comprising a portion of the Building or the larger mixed-use Parcel of which the Property is a part.

**Property.** Those portions of the land, property and space contained within the Parcel, the improvements and structures erected, constructed or contained therein or thereon (including portions of the Building), and the easements, rights and appurtenances belonging thereto, and the fixtures and equipment intended for the mutual use, benefit or enjoyment of the Unit Owners, as hereinafter defined and as described on Exhibit A attached hereto, comprising the Condominium, and submitted to the provisions of the Act pursuant to this Declaration. The Property shall include such portions of the Future Expansion Parcel as may from time to time be included within the Condominium and submitted to the provisions of the Act in accordance with the provisions of this Declaration, but only upon such submission.

**Public Parking Property.** That portion of the above-ground parking facilities located adjacent to the Building that is open to the general public for the parking of passenger vehicles, together with certain entrance and exit ramps, gates, driveways, and other related facilities. The Public Parking Property is located within the Project but does not comprise any portion of the Property.

**Public Shared Facilities.** That portion of the Shared Facilities Unit, located within the Condominium Property, that is subject to the Public Shared Facilities Easement for access and use by the Hotel Management Company and the Unit Owners.

**Public Shared Facilities Easement.** The easement rights over the Public Shared Facilities and Future Expansion Parcel granted to the Declarant, the Association, the Hotel

Management Company, and the Unit Owners, as more fully described in Section 4.3(e) below. The Public Shared Facilities Easement shall include, without limitation, use of (i) certain stairways, corridors, hallways, entrances and exits; and (ii) all passenger elevator cabs servicing the Condominium Property.

**Residential Unit.** A part of the Property more specifically described in Article 2, designed, constructed and furnished for use as a residential condominium, and not necessarily available for use by transient guests or bearing the appearance of a hotel room; but specifically excluding any Commercial Unit, Hotel Unit, and Shared Facilities Unit. The Declarant reserves the right to create a maximum of 8,000 Residential Units pursuant to the provisions of this Declaration.

**Retail Property.** The existing retail concourse located within the Building, and certain ancillary facilities related thereto. The Retail Property is located within the Project, and in general is subject to developmental rights as more particularly described on the plan of development, but does not comprise any portion of the Property unless and until an amended declaration is recorded by the Declarant incorporating all or any portion of the Retail Property within the Condominium Property.

**Shared Facilities Expenses.** As defined in Section 6.9 below. The Shared Facilities Expenses include the Shared Facilities Reserve, and are distinct from and in addition to the Hotel Expenses and the Common Expenses.

**Shared Facilities Reserve.** As defined in Section 6.9(b) below.

**Shared Facilities Unit.** All portions of the Property identified on the Plat attached hereto as Exhibit A, labeled as a portion of a "Shared Facilities Unit," and all portions of the Property identified in Section 2.1(b) of this Declaration as being a part of a "Shared Facilities Unit," including all additions, alterations, betterments and improvements thereto, thereupon or thereunder, including, without limitation, the following components to the extent located within the Condominium Property: (i) exterior and interior wall finishes, the Building facade, roof trusses, roof support elements, and insulation; (ii) stairways, entrances and exits; (iii) utility, mechanical, electrical, telephonic, telecommunications, plumbing and other systems, including, without limitation, wires, conduits, pipes, ducts, panels, pumps, antennae, satellite dishes, transformers, computers, controls, control centers, cables, mechanical equipment areas, utility rooms, water heaters serving multiple units and other apparatus used in the delivery of the utility, mechanical, telephonic, telecommunications, television, Internet, electrical, plumbing and/or other services; (iv) heating, ventilating and air conditioning systems, including, without limitation, air handlers, flues, ducts, shafts, conduits, condensers, fans, generators, water towers and other apparatus used in the delivery of HVAC services; (v) all passenger and freight elevator shaft components, elevator cabs, elevator motors and cables, systems and/or equipment used in the operation of the passenger and freight elevators (but not including the space contained within the passenger elevator shafts and cars used solely for service to the Condominium Property, which shall be part of the Common Elements); (vi) trash rooms, trash chutes and any and all trash collection and/or disposal systems; (vii) any desk areas, office space, concierge areas, bell desks and other Hotel operations areas located within the Condominium Property; (viii) housekeeping closets and facilities; and (ix) Building security and life safety systems and

monitoring systems. The initial Shared Facilities Unit is comprised of both the Public Shared Facilities (which are shared and used by all Unit Owners and Hotel Guests, and subject to certain easement rights in the Declarant, the Association, the Hotel Management Company, and the Unit Owners) and the Private Shared Facilities, which are used exclusively by the Owner of the Shared Facilities Unit, the Hotel Management Company (to the extent authorized by the Owner of the Shared Facilities Unit) and their respective permittees. The existing Shared Facilities Unit will be owned initially by the Declarant, and may be transferred or conveyed by Declarant to any Person, including, without limitation, any affiliate, parent or subsidiary of Declarant. The Declarant reserves the right to create a maximum of 100 Shared Facilities Units pursuant to the provisions of this Declaration.

**Unit.** A part of the Property more specifically described in Article 2. Except as otherwise provided herein, the term "Unit" shall be deemed to include a Hotel Unit, a Residential Unit, a Shared Facilities Unit or a Commercial Unit, as the case may be, designated for use by the Unit Owner and Occupants of such Unit.

**Unit Maintenance Agreement.** The agreement that each Unit Owner of a Hotel Unit must enter into with the Hotel Management Company (and to which each Unit Owner of a Hotel Unit must remain a party) for so long as such Unit Owner owns a Hotel Unit in the Condominium, in the then-current form promulgated from time to time by the Hotel Management Company. By entering into the Unit Maintenance Agreement, the Unit Owner enrolls such Unit Owner's Hotel Unit in the Hotel Unit Maintenance Program, establishing the terms and conditions for the participation of a Unit Owner and Hotel Unit in the Hotel Unit Maintenance Program, and the services which will be provided to the Unit Owner by the Hotel Management Company.

**Unit Owner.** The person or persons whose estates or interests, individually or collectively, aggregate fee simple absolute ownership of a Unit Ownership.

**Unit Ownership.** A part of the Property consisting of one Unit and its undivided interest in the Common Elements and other allocated interests appurtenant thereto.

**Unsold Unit.** Those Units initially offered for sale by Declarant which are owned by Declarant and have not yet been sold, and legal title has not yet been conveyed, to an unrelated Person.

**Voting Member.** One person with respect to each Unit Ownership, designated pursuant to Section 5.3, who shall be entitled to vote at any meeting or in any election.

## ARTICLE 2

### UNITS

#### **2.1 Description and Ownership.**

- (a) All Units are delineated on the Plat and listed on Exhibit B.



(b) The Hotel Units consist of the space enclosed and bounded by the horizontal and vertical planes set forth in the delineation thereof on Exhibit A, and exclude the following: all physical real property, including fixtures, located within such horizontal and vertical planes, including but not limited to walls, floors, ceilings, and all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof, all interior partitions, bearing walls, bearing columns, and doors, all shutters, awnings, window boxes, doorsteps, stoops, pads and mounts for heating and air conditioning systems, pipes, ducts, flues, chutes, conduits, wires, and other utility, heating, cooling or ventilation systems or equipment located within such Unit (anything herein to the contrary notwithstanding). The Hotel Units also do not include structural components of the Building, the term "structural components" including structural columns or pipes, wires, conduits, ducts, flues, shafts, and private or public utility lines running through the Unit and forming a part of any system serving the Unit or more than the Unit, or any components of communication or cable television systems, if any, located in the Unit, whether or not any such items shall be located in the floors, ceilings or perimeter or interior walls of the Unit, or within the horizontal and vertical planes set forth in the description of any Unit on Exhibit A. The description of each Unit within this Declaration shall consist of the identifying number or symbol of such Unit as shown on Exhibit A. Every deed, lease, mortgage or other instrument may legally describe a Unit by the name of the common-interest community, the file number and book or other information to show where the Declaration is recorded, the county in which the common-interest community is located, and the identifying number or symbol of the Unit as shown on Exhibit A, and every such description shall be deemed good and sufficient for all purposes. All tangible real property excluded from the Hotel Units under this subsection, and contained within the Property, shall be included within the Shared Facilities Unit.

(c) Except as provided by the Act or as provided elsewhere herein, no Unit Owner shall, by deed, plat, court decree or otherwise, subdivide or in any other manner cause such Unit Owner's Unit to be separated into any tracts or parcels different from the whole Unit as shown on Exhibit A. Notwithstanding the foregoing, and notwithstanding anything else to the contrary contained in this Declaration, in accordance with and pursuant to Nevada Revised Statutes "NRS" 116.2111(1)(c), 116.2112 and 116.2113, Residential Unit Owners may, at their own expense, subdivide or combine Units owned by such Residential Unit Owners and locate or relocate Common Elements affected or required thereby, subject to approval by the Board (which approval shall not be unreasonably withheld, conditioned or delayed) all as more fully described below. In accordance with the Act, in connection with such subdivision or combination of such Unit(s), the Allocated Interests allocated to such Unit(s) may be re-allocated or adjusted by amendment to this Declaration in the manner specified in the Act. Any Residential Unit Owner desiring to combine or subdivide Unit(s) in accordance herewith shall make written application to the Board with accompanying drawings identifying the proposed subdivision or combination of Units. Such drawings shall be prepared by an architectural or surveying firm selected by or reasonably acceptable to the Board. The Board shall have a period of thirty (30) days from the date of such submission to consider the proposed subdivision or combination of Unit(s), at which time the Board shall render its approval or disapproval of such proposal. If the Board approves such proposal, upon the Board rendering such approval either the Unit Owner or the Board (at the Board's sole discretion, and in either case at the Residential Unit Owner's sole cost and expense) shall cause to be prepared a proposed form of amendment to this Declaration with a proposed amendment to the Plat attached hereto (amending those Plat

sheets identifying the Units and Common Elements affected by such proposed subdivision or combination of Units) prepared by a licensed Nevada land surveyor in accordance with the Plat requirements set forth in the Act and consistent with the Plat appended to the recorded Declaration. Within thirty (30) days after the Board's receipt of such proposed form of amendment to this Declaration and proposed amendment to the Plat, the Board shall deliver to such Unit Owner its proposed revisions to the proposed amendment to this Declaration and the Plat, if any. Upon the Board's review and approval of a satisfactory amendment to this Declaration and the Plat pursuant to this subsection, the Board shall execute and deliver for recordation (at such Unit Owner's sole cost and expense) such amendment and amended Plat sheets, and such documents shall be executed and recorded in accordance with NRS 116.2112 or 116.2113.

(d) Reserved.

(e) Reserved.

**2.2 Certain Structures Not Constituting Part of a Unit.** Except as a tenant in common with all other Unit Owners, and except for the Unit Owner of the Shared Facilities Unit, no Unit Owner shall own any structural components of the Building, including structural columns or pipes, wires, conduits, ducts, flues, shafts, or public utility lines running through that Unit Owner's Unit and forming a part of any system serving that Unit or any other Unit Owner's Unit, or any components of communication systems or cable television systems, if any, located in that Unit Owner's Unit, whether or not any such items shall be located in the floors, ceilings or perimeter or interior walls of the Unit, or within the horizontal and vertical planes set forth in the description of such Unit on Exhibit A.

**2.3 Shared Facilities Unit.** The Shared Facilities Unit includes both the Public Shared Facilities (to which the Unit Owners of the Hotel Units and the Commercial Units, the Association and the Hotel Guests have certain ingress, egress, access and other easement rights as more particularly described in Section 4.3(e) below) and the Private Shared Facilities, which are reserved for the exclusive use and access by the Owner of the Shared Facilities Unit, the Hotel Management Company (to the extent authorized by the Owner of the Shared Facilities Unit) and their respective permittees. In consideration of the various easement and other rights being granted to the Unit Owners of the Hotel Units, the Unit Owners of the Residential Units, the Unit Owners of the Commercial Units, the Association, and the Hotel Guests, and in consideration of the functional importance of the Shared Facilities Unit in connection with the operation of the Hotel, all Unit Owners other than the Unit Owner of the Shared Facilities Unit shall be obligated to pay to the Unit Owner of the Shared Facilities Unit each Unit Owner's proportionate share of the Shared Facilities Expenses as and when described in Section 6.9 below. The Declarant, as Owner of the Shared facilities Unit, or the successor Unit Owner of the Shared Facilities Unit, shall have the right, from time to time, to expand, alter, relocate, withdraw and/or eliminate portions of the Shared Facilities Unit, create additional Shared Facilities Units, subdivide any Shared Facilities Unit, and reallocate the Allocated Interests to conform to any such changes, without obtaining the consent or approval of the Association, the Board, any Unit Owner or the Hotel Management Company, and to record any and all amendments to this Declaration to effectuate such expansion, alteration, relocation, withdrawal and/or elimination; provided, however, that in the reasonable opinion of the Declarant or any

successor Unit Owner of the Shared Facilities Unit any portions of the Shared Facilities Unit withdrawn shall not materially adversely affect the Unit Owners or Hotel Guests with respect to pedestrian ingress, egress and access to and from the Condominium Property, the adjoining public street, the Hotel Units, the Residential Units, and the Commercial Units, or otherwise materially adversely affect business operations in the Hotel. In furtherance of the foregoing, the Declarant, as the initial Unit Owner of the Shared Facilities Unit, also reserves the absolute right at any time, and from time to time, for itself and any successor Unit Owner of the Shared Facilities Unit, to construct additional facilities upon the Property and to determine whether same shall be deemed a portion of the Shared Facilities Unit. In furtherance of the foregoing, a power coupled with an interest is hereby granted to the Declarant, and its respective successors, assigns, agents and designees, and each of them singly without the other's concurrence, as attorney-in-fact to do or cause the foregoing to be done. The acceptance of each deed, mortgage, trust deed or other instrument with respect to a Unit Ownership shall be deemed a grant of such power to each of said attorneys-in-fact, an acknowledgment of a consent to such power, and shall be deemed to reserve to each of said attorneys-in-fact the power to record any and all such supplements. This power granted to said attorneys-in-fact shall run with and burden the Parcel and all Persons having or acquiring any right, title or interest in the Parcel, or any part thereof, and their successive owners and assigns, and shall be enforceable as a covenant running with the land and/or equitable servitude.

**2.4 Real Estate Taxes.** It is understood that real estate taxes are to be separately taxed to each Unit Owner for that Unit Owner's Unit and its corresponding percentage of ownership in the Common Elements as provided in the Act.

### ARTICLE 3

#### COMMON ELEMENTS

**3.1 Description.** The Condominium has been established in such a manner as to minimize Common Elements. There are no limited common elements within the Property. The Common Elements shall consist of the space contained within the passenger elevator shafts and cars exclusively servicing the Condominium Property, and a portion of the space contained within the hallways of the Condominium Property, as described on Exhibit A.

**3.2 Ownership of Common Elements.** Each Unit Owner shall be entitled to the percentage of ownership in the Common Elements and Common Expenses allocated to the respective Unit owned by such Unit Owner, as set forth in Exhibit B attached hereto. The percentages of ownership interests set forth in Exhibit B have been computed and determined in accordance with the Act, and shall remain constant and shall not be changed, except as specifically permitted under the Act and this Declaration, without unanimous written consent of all Unit Owners and all First Mortgagees (as hereinafter defined in Section 10.1 hereof). Said ownership interest in the Common Elements and other Allocated Interests shall be an undivided interest, and the Common Elements and other Allocated Interests shall be owned by the Unit Owners as tenants in common in accordance with their respective percentages of ownership. The ownership of each Unit shall not be conveyed separately from the percentage of ownership in the Common Elements and other Allocated Interests corresponding to said Unit. The undivided percentage of ownership in the Common Elements and other Allocated Interests



corresponding to any Unit shall always be deemed conveyed or encumbered with any conveyance or encumbrance of that Unit, even though the legal description in the instrument conveying or encumbering said Unit may refer only to that Unit.

#### ARTICLE 4

##### **GENERAL PROVISIONS AS TO UNITS AND COMMON ELEMENTS**

**4.1 Submission of Property to the Act.** The Property is hereby submitted to the provisions of the Uniform Common-Interest Ownership Act of the State of Nevada.

**4.2 No Severance of Ownership.** No Unit Owner shall execute any deed, mortgage, lease or other instrument affecting title to such Unit Owner's Unit Ownership without including therein both such Unit Owner's interest in the Unit and such Unit Owner's corresponding percentage of ownership in the Common Elements and other Allocated Interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage, lease or other instrument purporting to convey a Unit Owner's interest in the Unit without conveying the Unit Owner's percentage of ownership in the Common Elements and other Allocated Interests shall be deemed and taken to include the interest so omitted even though the latter is not expressly mentioned or described therein. Any such deed, mortgage, lease or other instrument purporting to convey a Unit Owner's percentage of ownership in any Allocated Interest without conveying the Unit Owner's interest in the Unit is void.

##### **4.3 Easements.**

(a) **Encroachments.** In the event that (i) by reason of the construction, repair, settlement or shifting of the Building or any other improvements, any part of the Common Elements encroaches or shall hereafter encroach upon any part of any Unit, or any part of any Unit encroaches or shall hereafter encroach upon any part of the Common Elements, or any other Unit; or (ii) by reason of the design or construction of any Unit, it shall be necessary or advantageous to a Unit Owner to use or occupy any portion of the Common Elements for any reasonable use appurtenant to said Unit, which will not unreasonably interfere with the use or enjoyment of the Common Elements by any other Unit Owner; or (iii) by reason of the design or construction of utility and ventilation systems, any mains, pipes, ducts or conduits serving more than one Unit encroach or shall hereafter encroach upon any part of any Unit; then in any such case, valid easements for maintenance of such encroachment and for such use of the Common Elements hereby are established and shall exist for the benefit of such Unit, or the Common Elements, as the case may be, so long as such reason for use exists and as all or any part of the Building shall remain standing; provided, however, that in no event shall a valid easement for any encroachment or use of the Common Elements be created in favor of any Unit Owner if such encroachment or use is detrimental to or interferes with the reasonable use and enjoyment of the Property by any other Unit Owner or has been created by the Unit Owner or such Unit Owner's agent through intentional or willful conduct.

(b) **Easements for Utilities and Commercial Entertainment.** SBC, AT&T, Sierra Pacific Power Company, the City of Reno, Truckee Meadows Water Authority, and all other existing and future suppliers of utilities serving the Property and any person providing cable



television or other similar entertainment services to any Unit Owners or to the Property, are hereby granted the right to install, lay, construct, operate, maintain, renew, repair or replace, conduits, cables, pipes and wires and other equipment into, over, under, along and on any portion of the Common Elements and any Unit for the purpose of providing the Property, any Additional Parcel or the Future Expansion Parcel with utility, cable television and entertainment services, together with the reasonable right of ingress to and egress from the Property for said purpose; and the Declarant, Board or Association may hereafter grant other or additional easements for utility, cable television or entertainment purposes (which may include premium movie channels and pay-per-view service) and for other purposes including such easements as the Declarant or Owner of the Shared Facilities Unit may from time to time request including, but not limited to, such easements as may be required to construct, keep and maintain improvements upon the Common Elements and the Public Shared Facilities, for the benefit of the Property, over, under, along and on any portion of said Common Elements and the Public Shared Facilities, and each Unit Owner hereby grants the Board, Shared Facilities Unit Owner, or Declarant, as appropriate, an irrevocable power of attorney to execute, acknowledge and record for and in the name of such Unit Owner, such instruments as may be necessary to effectuate the foregoing (provided that with respect to all easements granted hereby or pursuant hereto, no Unit Owner shall be deprived of, or be subjected to material interference with, the use of such Unit Owner's Unit, other than reasonably and temporarily). Each mortgagee of a Unit shall be deemed to consent to and be subordinate to any easement granted herein and also grants such power of attorney to the Board, Shared Facilities Unit Owner, or Declarant, as appropriate, to effectuate the foregoing. Easements are also hereby declared and granted to the Declarant, Board and Association and to the suppliers of utilities or cable television or entertainment lines described above in this paragraph to install, lay, operate, maintain, repair and replace any pipes, wire, ducts, conduits, cables, public utility lines, entertainment lines, components of the communications systems, if any, or structural components, which may run through the walls forming the outer boarder of a Unit and which constitute portions of the Shared Facilities Unit.

The Declarant hereby reserves to itself and the Association, and their respective successors and assigns, the right, without notice to, or the consent of, any Unit Owner or mortgagee of a Unit Ownership: (i) to record a supplement to the Plat showing the location of any or all of such utility or commercial entertainment conduits, pipes, electrical wiring, transformers and switching apparatus and other equipment (or such other equipment and facilities described in subparagraphs (iv) and (v) of Section 4.3(c) below) "as built," and (ii) to record, from time to time, additional supplements, showing additions, modifications and deletions to any or all of such conduits, pipes, electrical wiring, transformers and switching apparatus and other equipment. When the location of the easement to any such utility or other entity is shown by any supplement or additional supplement to the Plat as aforesaid, the easement granted by this Section 4.3(b) to such utility or other entity shall be limited to the area or areas located within ten (10) feet on either side of the equipment of such utility or other entity shown on such supplement or additional supplement or such other area designated in the supplement by the Declarant or Association. A power coupled with an interest is hereby granted to the Declarant and the Association, acting by and through their respective duly authorized officers, their respective successors, assigns, agents and designees, and each of them singly without the other's concurrence, as attorney-in-fact to do or cause the foregoing to be done. The acceptance of each deed, mortgage, trust deed or other instrument with respect to a Unit Ownership shall be deemed a grant of such power to each of said attorneys-in-fact, an

acknowledgment of a consent to such power, and shall be deemed to reserve to each of said attorneys-in-fact the power to record any and all such supplements.

(c) **Blanket Easement in Favor of Declarant and Other Parties.** The right of the Unit Owners to use and possess the Common Elements as set forth in Section 4.4(a) hereof shall be subject to a blanket easement over the Common Elements (including those now or hereafter located on any Additional Parcel) in favor of the Declarant, the Shared Facilities Unit Owner, and their respective representatives (including the Hotel Management Company), agents, associates, employees, contractors, subcontractors, tenants, successors and assigns, for the purpose of (i) access and ingress to and egress from the Property, the Shared Facilities Unit, the New Construction Units and the Future Expansion Parcel, or any part thereof, (ii) construction, installation, repair, replacement and restoration of utilities, buildings, landscaping and any other improvements on the Parcel, the Shared Facilities Unit, the New Construction Units and the Future Expansion Parcel, or any part thereof, including the right to restrict and regulate access to the Common Elements and the Shared Facilities Unit for the purposes of completing construction of the Building, Common Elements or Units in the Building, and performing any and all construction activities in combining, subdividing, altering and/or modifying any Unsold Unit, (iii) the installation and maintenance of signs advertising the Units on the Parcel and the Future Expansion Parcel or any part thereof, as well as signs advertising and/or providing directions to the Spa, the Retail Property, meeting facilities, the casino, the restaurants and any other portion of the Building having the right to place signage on the Property pursuant to and in accordance with this Declaration and signs directing potential purchasers to the sales office and models erected in connection with such Units and other components of the Project and for such purposes as described in Section 7.1(k) hereof, (iv) the construction, installation, maintenance, repair, replacement, refurbishment and restoration of the Shared Facilities Unit (or any portion thereof) and the Units; (v) the construction, installation, maintenance, repair, replacement and restoration of internet, fiber optic, high speed data transmission and other telecommunication facilities, and all such power supplies and equipment related thereto, and the installation, maintenance, repair, replacement and restoration of all necessary wires, cables, ducts and other ancillary facilities related thereto; and (vi) any other construction, installation, maintenance, repair, replacement, refurbishment, restoration or other activities related to the development of the Future Expansion Parcel or any part thereof. The foregoing easements in favor of the Declarant and the Shared Facilities Unit Owner shall continue until such time as the rights of Declarant to submit Additional Parcels to the Act have expired and the Declarant no longer holds legal title to, or the beneficial interest in any trust holding legal title to, any Unit Ownerships, at which time such easements shall cease and be of no further force and effect without the necessity of any further action. With respect to the easement rights reserved in subparagraphs (iv), (v) and (vi) above, all as more particularly described in this Declaration, Declarant reserves such perpetual easement rights for itself, the Shared Facilities Unit Owner, and their respective successors and assigns, and such easements shall remain in full force and effect at all times during which this Declaration is in force and effect.

(d) **Easement in Favor of Association and Hotel Management Company.** A blanket easement over the Property, and for maintenance of the FF&E installed in any Unit, is hereby granted in favor of the Association, the Hotel Management Company and the manager or managing agent for the Property and the Project for the purpose of exercising its rights and performing its duties under this Declaration. This easement is also intended to benefit the

employees of the Hotel Management Company and of the service companies engaged by the Hotel Management Company to perform services necessary or desirable in connection with the Unit Maintenance Agreement or any of the services described in this Declaration required for the use, occupancy and maintenance of a Unit or the Common Elements. The authorized representatives of the Declarant, Association, or Board, or of the Hotel Management Company or the manager or managing agent for the Property and the Project, and any suppliers of services or utilities or water to the Property, shall be entitled to reasonable access to, over and through the individual Units as may be required in connection with the operation, maintenance, repairs, or replacements of or to the Common Elements, the Shared Facilities Unit or any FF&E, appliances, equipment, facilities or fixtures affecting or serving any Unit or the Common Elements, or to service and take readings of any utility meters located within or serving a Unit.

(e) **Public Shared Facilities Easement.** Subject to the restrictions and conditions contained in this Declaration, the Hotel Management Company, the Association, the Unit Owners of the Hotel Units, Residential Units, and the Commercial Units, shall have the following perpetual easements over, across, upon and through the Shared Facilities Unit, the Common Elements, and the Future Expansion Parcel (and Occupants and Hotel Guests shall have a corresponding revocable license to use the Public Shared Facilities to the extent of the following easements), subject to the right reserved by the Declarant for the benefit of itself, the Owner of the Shared Facilities Unit, the Hotel Management Company and their successors and assigns to modify the following components, and designate and modify from time to time the locations in ways that do not permanently adversely affect the easement rights granted in this subsection:

- (i) A non-exclusive easement for reasonable ingress, egress and access over and across, without limitation, walkways, hallways, corridors, the Hotel lobby, elevators and stairways which provide access to and from the Hotel Units, the Residential Units, and the Commercial Units, including an easement for reasonable pedestrian access on, over, upon, and across those pedestrian accessways located outside the Hotel Building that Declarant designates from time to time as being for the use of the Condominium Property. Declarant reserves the right to designate and relocate such pedestrian accessways, so long as any designation or relocation provides the Condominium Property with reasonable access to and from one or more of the public roads and/or sidewalks adjacent to the Parcel. Declarant also reserves the right to grant easements to others to use the same pedestrian accessways for the benefit of other portions of the Parcel.
- (ii) A non-exclusive easement for the continued existence of and service from any of the following components or facilities which are located within the Shared Facilities Unit and/or Parcel, and which serve the Common Elements, the Hotel Units, the Residential Units, or the Commercial Units, or existence of and service from reasonably equivalent components or facilities:

- (A) utility, mechanical, electrical, telephonic, telecommunications, plumbing and other systems, including, without limitation, all wires, conduits, pipes, ducts, panels, pumps, antennae, satellite dishes, transformers, computers, controls, control centers, cables, mechanical equipment areas, utility rooms, water heaters serving multiple units and other apparatus used in the delivery of the utility, mechanical, telephonic, telecommunications, television, internet, electrical, plumbing and/or other services to the Condominium Property;
  - (B) any and all structural components of the improvements, including without limitation, all footings, foundations, exterior walls and finishes, roof, roof trusses, roof support elements, and insulation; and
  - (C) all heating, ventilating, and air conditioning systems, including, without limitation, risers, compressors, air handlers, ducts, condensers; fans, generators, chillers, water towers and other apparatus used in the delivery of HVAC services to the Condominium Property.
- (iii) A non-exclusive easement to use the loading area and to have access between the loading area and the Hotel Units, Residential Units, and Commercial Units; subject at all times to such rules and regulations, restrictions, scheduling requirements, fees, costs and use charges as may be adopted or imposed from time to time by the Declarant, or by the Shared Facilities Unit Owner if such areas hereafter are made part of the Shared Facilities Unit.
  - (iv) A non-exclusive easement to use and enjoy portions of the Shared Facilities Unit which from time to time are made available by the Owner of the Shared Facilities Unit for use by the Unit Owners of the Hotel Units, Residential Units and Commercial Units and the Hotel Guests, subject to such rules and regulations, restrictions, scheduling requirements, fees, costs and use charges as may be adopted or imposed from time to time by the Shared Facilities Unit Owner, including, without limitation, each Unit Owner's proportionate share of the Shared Facilities Expenses as more particularly described in Section 6.9 below.

(f) **Declarant's Right to Enter.** The Declarant hereby reserves to itself, the Owner of the Shared Facilities Unit, the Hotel Management Company, their respective successors and assigns, and any of their agents or permittees, the right to enter upon any portion of the Property for purposes of: (i) abating any nuisance; (ii) carrying out the rights of the Declarant, the Owner of the Shared Facilities Unit, or the Hotel Management Company to perform maintenance, repairs or other acts; and (iii) exercising any of the rights reserved to or



conferred upon the Declarant, the Owner of the Shared Facilities Unit, or the Hotel Management Company, hereunder, or under applicable laws.

(g) **Easements to Run with Land.** All easements and rights described in this Declaration are easements running with the land and, so long as the Property is subject to the provisions of this Declaration, such easements shall be perpetual in nature, shall remain in full force and effect (except where early termination is otherwise provided in this Declaration) and shall inure to the benefit of and be binding on Declarant and its respective successors and assigns, and any Unit Owner, purchaser, mortgagee and other person having an interest in the Property, or any part or portion thereof, and their respective successors and assigns. Reference in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, to the easements and rights described in this Article, or described in any other part of this Declaration, shall be sufficient to create and reserve such easements and rights to respective grantees, mortgagees and trustees of such Unit Ownerships as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents.

#### **4.4 Use of the Common Elements and Public Shared Facilities.**

(a) **General.** Subject to the provisions of this Declaration, each Unit Owner shall have the nonexclusive right to use the Common Elements and the Public Shared Facilities in common with the other Unit Owners, as may be required for the purpose of ingress and egress to, and use, occupancy and enjoyment of, the respective Unit Ownership owned by such Unit Owner, and such other incidental uses as are permitted by this Declaration. Such rights to use the Common Elements, and the Public Shared Facilities, shall be subject to and be governed by the provisions of the Act, this Declaration, and any rules and regulations adopted by the Association, the Shared Facilities Unit Owner, or the Declarant. In addition, the Association shall have the authority to lease, grant licenses or concessions, or grant easements with respect to parts of the Common Elements, subject to the provisions of this Declaration and the Bylaws and any rights reserved to Declarant hereunder. All income derived by the Association from leases, licenses, concessions or other sources shall be held and used for the benefit of the members of the Association, pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

(b) **Disclaimer of Bailee Liability.** Notwithstanding anything to the contrary contained in this Declaration, neither the Board, the Association, any Unit Owner, the Declarant, the Hotel Management Company nor their respective members, managers, officers, directors, agents, employees or representatives shall be considered a bailee of any personal property stored in the Common Elements or Shared Facilities Unit, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence.

#### **4.5 Maintenance, Repairs and Replacements.**

(a) **By the Association.** The cost of maintenance, repairs, and replacements of the Common Elements, shall be provided by the Association acting by and through the Board as part of the Common Expenses, subject to the Bylaws or rules and regulations of the Association.

(b) **By the Unit Owner.** Except as otherwise provided in paragraph (a) above or paragraph (c) below, each Unit Owner (except for the Unit Owner of the Shared Facilities Unit) shall be responsible for, at his or her own expense, all costs and expenses associated with all of the following items, to be installed and maintained as provided in this Declaration or the Unit Maintenance Agreement:

- (i) To the extent not provided as part of the services pursuant to the Unit Maintenance Agreement described in Section 7.1(a) below, all of the furnishing, decorating and equipping of such Unit Owner's Unit in a manner suitable to meet the standard established by the Hotel Management Company for Hotel accommodations, including furniture, decor items, towels, linens, color televisions, clocks, radio, drapes, other entertainment or electrical equipment, and other window treatments and decorative accessories (collectively, the "FF&E"). In order to maintain the standards of the Property, the quality of the decor, furniture, furnishings and maintenance of Hotel Units are subject to ongoing review by the Declarant and the Hotel Management Company. Unit Owners will not be permitted to vary, add to, remove or change the FF&E in a Hotel Unit. All FF&E installed in a Unit, subject to replacement of such FF&E as otherwise expressly provided, shall be conveyed along with the Unit upon any subsequent sale or transfer of the Unit. The FF&E shall be installed initially in each Hotel Unit by the Declarant in accordance with each Unit Owner's Purchase Agreement with the Declarant and any existing or new FF&E must be replaced, repaired or refurbished as deemed necessary by the Declarant or the Hotel Management Company, as the case maybe, from time to time, at the expense of such Unit Owner. In each instance that the Declarant or the Hotel Management Company, as the case may be, makes a determination that the FF&E is in need of replacement (for purposes of replacing FF&E due to wear and tear, age or to perform general refurbishment or renovation of the Units), each Unit Owner of a Hotel Unit will be required to participate in each such FF&E replacement program and to pay for such Unit Owner's share of the costs of such FF&E replacement program, the costs for which will be assessed against each Hotel Unit based on either a unit-by-unit actual cost basis, a percentage interest basis, a square footage basis or such other reasonable cost allocation as the Declarant or the Hotel Management Company, as the case may be, shall determine. If a Hotel Unit does not comply with the Hotel Management Company's standards, and the Unit Owner does not perform the work or purchase the items recommended or required by the Hotel Management Company with reasonable promptness under the circumstances, the Declarant or the Hotel Management Company may perform such work or purchase such items at the expense of such Unit Owner. The Declarant or the Hotel Management Company may also perform

such work or purchase such items at the expense of the Unit Owner owning such Hotel Unit without any prior notice to the Unit Owner in the event of an emergency, or at any time if requested by any Unit Owner for such Unit Owner's Hotel Unit. The decision of the Declarant or the Hotel Management Company, as the case may be, as it relates to compliance or non-compliance with the above FF&E provisions, shall be conclusive and binding upon Unit Owners. In the event of a dispute concerning the compliance or non-compliance of a Hotel Unit or its decor, adornment, furnishings or FF&E with the standards of the Hotel or the need for repair or replacement, the decision of the Declarant shall be binding upon all parties to the dispute.

- (ii) Subject to compliance with the obligations set forth in Section 4.5(b)(i) above, and, to the extent not provided as part of the services pursuant to the Unit Maintenance Agreement described in Section 7.1(a) below, all of the maintenance, repairs and replacements within a Unit Owner's Unit, all interior and exterior doors appurtenant thereto (including, without limitation, hallway doors and locking mechanisms and components), all screens, if any, and all internal installations of such Unit such as lighting fixtures and other electrical fixtures and plumbing and any portion of any other utility service facilities located within the Unit.
- (iii) Subject to compliance with the obligations set forth in Section 4.5(b)(i) above, and, to the extent not provided as part of the services pursuant to the Unit Maintenance Agreement described in Section 7.1(a) below, all of the decorating associated with such Unit Owner's Unit (initially and thereafter from time to time), including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps and other furnishings and interior decorating (including the FF&E). Each Unit Owner shall maintain the interior surfaces of the common walls and the interior surfaces of the vertical perimeter walls, floors and ceiling of such Unit Owner's Unit in good condition at his or her sole expense as may be required from time to time. The interior surfaces of all windows forming part of a perimeter wall of a Unit shall be cleaned or washed by and at the expense of each respective Unit Owner. The use of and the covering of the interior surfaces of such windows, whether by draperies, shades, or other items visible on the exterior of the Building, shall be subject to the FF&E requirements of the Declarant and the Hotel Management Company as may be imposed or Amended from time to time.

(c) **First-Class Hotel Condition.** Each Unit and all portions of the Common Elements shall be maintained (a) at a level of service and quality generally considered to be first

class and equal to or better than the level of service and quality prevailing from time to time at other full-service hotels in Northern Nevada, taking into account the size, location and character of the Property, and (b) shall be managed in a prudent and efficient manner reasonably calculated to protect and preserve the assets that comprise the Hotel, within the discretion of Declarant. In addition, the public areas of the Project and those areas which are exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Project, by: (A) the Association, with respect to such parts of the Project required to be maintained by it; (B) the Hotel Management Company, on behalf of each Unit Owner, with respect to the windows and shades, Venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to such Unit Owner's Unit; and (C) the Shared Facilities Unit Owner and its successors and assigns as to the Public Shared Facilities. To promote a consistent appearance of the Hotel from the outside, the Hotel Management Company, on behalf of each Unit Owner, will install and maintain in such Unit Owner's Unit window treatments and backings which conform to any specifications (including color) promulgated by the Hotel Management Company. As with the decision to replace or refurbish FF&E located within individual Units in accordance with Section 4.5(b)(i) above, furnishings, fixtures, equipment and facilities adorning or servicing the Public Shared Facilities or property outside of the Condominium Property (including, without limitation: lobby and front desk/concierge/reception area furnishings, fixtures, equipment and facilities; corridor and hallway furnishings, fixtures, equipment and facilities; elevator furnishings, fixtures, equipment and facilities; flooring materials; wallpaper; paint; furniture; carpeting; fixtures; lighting; equipment; and decor items; and any portion of the Building becoming a portion of the Public Shared Facilities pursuant to Declarant's right to annex all or a portion of the Future Expansion Parcel under Article 11 hereof) (collectively, the "Building FF&E") must be replaced, repaired or refurbished as deemed necessary by the Declarant or the Hotel Management Company, as the case may be, at the expense of the Unit Owners, and in each instance that the Declarant or the Hotel Management Company, as the case may be, makes a determination that such Building FF&E is in need of replacement (for purposes of replacing Building FF&E due to wear and tear, age or to perform general refurbishment or renovation of the Condominium), each Unit Owner will be required to participate in each such Building FF&E replacement program and to pay for such Unit Owner's share of the costs of such Building FF&E replacement program, the costs for which will be assessed against each Hotel Unit based on either a unit-by-unit actual cost basis, a percentage interest basis, a square footage basis or such other reasonable cost allocation as the Declarant or the Hotel Management Company, as the case may be, shall determine. The decision of the Declarant or the Hotel Management Company, as the case may be, as it relates to the above Building FF&E replacement provisions, shall be conclusive and binding on Unit Owners. In the event of a dispute concerning the replacement or refurbishment of the Building FF&E, the decision of the Declarant shall be binding upon all parties to the dispute.

(d) **Insurance Proceeds.** In the event that any repair or replacement to the Common Elements is made necessary by reason of any act or occurrence for which insurance is maintained by the Board pursuant to Section 5.7 hereof and for which insurance proceeds are available as provided in Section 8.1 hereof, the Association, at its expense to the extent of such proceeds, and subject to Section 4.6 hereof, shall be responsible for the repair or replacement of such Common Elements, which repair may be effected by the Hotel Management Company on its behalf.



(e) **Nature of Obligation.** Nothing herein contained shall be construed to impose a contractual liability upon the Association for maintenance, repair and replacement of the Common Elements or the Units or any portion or parts thereof. Likewise, nothing contained herein shall be construed to impose a contractual liability upon the Declarant, Shared Facilities Unit Owner, or Hotel Management Company for maintenance, repair and replacement of the Shared Facilities Unit, or any portion thereof or of property outside of the Condominium Property. The respective obligations of the Association and Unit Owners set forth in this Declaration shall not be limited, discharged or postponed by reason of the fact that any such maintenance, repair or replacement is required to cure a latent or patent defect in material or workmanship in the refurbishment of the Project, nor because they may become entitled to proceeds under policies of insurance. In addition, and notwithstanding anything hereinabove to the contrary, no Unit Owner shall have a claim against the Declarant, Shared Facilities Unit Owner, Hotel Management Company, Board or Association for any work ordinarily the responsibility of a Person other than the Unit Owner, but which the Unit Owner himself has performed or paid for, unless the same shall have been agreed to in advance by the Board, Association, Shared Facilities Unit Owner, Hotel Management Company, or the Declarant.

(f) **Declarant's Lien Rights.** In the event that the Declarant or the Hotel Management Company performs any of the work required to be performed by a Unit Owner in accordance with this Section 4.5 as a result of the Unit Owner's failure to comply with the requirements of this Declaration or other governing documents, and the Unit Owner fails to promptly reimburse the Declarant or the Hotel Management Company, as the case may be, for the costs of performing such work, the Declarant or the Hotel Management Company (as the case may be) shall impose a charge on such Unit Owner in the maximum amount of any sums due from such Unit Owner, including the amount of any attorney's fees & costs incurred in enforcing the obligations contained herein, which sum shall be a lien upon the Unit Ownership of the defaulting Unit Owner, subject to the recordation of a notice of lien, and foreclosure of such lien by sale of the Unit Ownership under substantially the same procedure provided to the Association in NRS Chapter 116 for the foreclosure of liens for assessments; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit Owner. Except as hereinafter provided, the lien provided for in this Section 4.5(f) shall not be affected by any transfer of title to the Unit Ownership. Where title to the Unit Ownership is transferred pursuant to a decree of foreclosure or by deed or assignment in lieu of foreclosure, such transfer of title shall, to the extent permitted by law, extinguish the lien described in this Section 4.5(f) for any sums which became due prior to (i) the date of the transfer of title or (ii) the date on which the transferee comes into possession of the Unit Ownership, whichever occurs first.

**4.6 Negligence of Unit Owner.** If, due to the willful misconduct or negligent act or omission of a Unit Owner, or of a member of such Unit Owner's family or of a guest or other authorized occupant, tenant or visitor of such Unit Owner, damage shall be caused to the Common Elements or to a Unit, or maintenance, repairs or replacements shall be required which would otherwise be charged as a Common Expense, Shared Facilities Expense, or maintenance expense, then such Unit Owner shall pay an assessment in the amount required to repair such damage and perform such maintenance and replacements as may be determined by the Shared Facilities Unit Owner, as it relates solely to damage or maintenance to the Shared Facilities Unit or FF&E, or giving rise to a Shared Facilities Expense, or otherwise as may be determined by the

Board, and such assessment shall be a lien upon the Unit Ownership of the Unit Owner, subject to foreclosure pursuant to the provisions of Section 4.5(f) or as otherwise permitted by law.

**4.7 Joint Facilities.** To the extent that equipment, facilities and fixtures within any Unit or Units shall be connected to similar equipment, facilities or fixtures affecting or serving other Units or the Common Elements, then the use thereof by the individual Unit Owner shall be in all respects reasonable as it affects the other Unit Owners.

**4.8 Additions, Alterations or Improvements.**

(a) The Board may authorize and assess as a Common Expense the cost of the additions, alterations, or improvements to the Common Elements. The cost of any such work to the Common Elements may be paid out of a special assessment.

(b) Except as otherwise provided in Section 7.1(a) hereof, no additions, alterations or improvements shall be made by a Unit Owner other than the Owner of the Shared Facilities Unit (1) to any part of the Common Elements; (2) to any Hotel Unit, to any Residential Unit, or the Shared Facilities Unit (except for such additions, alterations or improvements made by the Unit Owner of the Shared Facilities Unit); and (3) to such Unit Owner's own Unit where such work alters the wall or partition, configuration, ceiling, perimeter doors or windows, floor load or otherwise affects the structure or finishes surrounding the Hotel Unit or increases the cost of insurance required to be carried by the Board or Declarant hereunder, or violates any provision of this Declaration or the Unit Maintenance Agreement for such Hotel Unit regarding the appearance, furnishing or decor of a Hotel Unit in conformity with the first-class hotel aesthetic requirements promulgated by the Hotel Management Company from time to time, without the prior written consent of the Hotel Management Company, or as to the Common Elements, the Board. Any addition, alteration or improvement of a Unit by the Unit Owner, other than the owner of the Shared Facilities Unit, which shall affect the structure of the Unit or the Common Elements shall, further, conform with structural or engineering drawings prepared or reviewed and approved by an architectural or engineering firm selected by the Hotel Management Company, as to Units, or by the Board, as to Common Elements. The cost of such drawings or review and approval shall be paid by the Unit Owner. The Board (or, as it relates to a Unit, the Hotel Management Company) may (but shall not be required to) condition its consent to the making of an addition, alteration or improvement by a Unit Owner under this Section 4.8(b) upon the Unit Owner's agreement either (i) to be solely responsible for the maintenance of such addition, alteration or improvement, subject to such standards as the Board (or, as it relates to a Unit, the Hotel Management Company) may from time to time set, or (ii) to pay to the Association (or, as it relates to a Unit, the Hotel Management Company) from time to time the additional costs of maintenance or insurance as a result of the addition, alteration or improvement. If an addition, alteration or improvement is made by a Unit Owner, other than the Owner of the Shared Facilities Unit, without the prior written consent of the Board (or, as it relates to a Unit, the Hotel Management Company), then the Board or Hotel Management Company, as appropriate, may, in its discretion, take any of the following actions, which actions shall not be exclusive of any other remedies available to the Board:

(1) Require the Unit Owner to remove the addition, alteration or improvement and restore the property to its original condition, all at the Unit Owner's expense; or

(2) If the Unit Owner refuses or fails to properly perform the work required under (1), the Board (or, as it relates to a Unit, the Hotel Management Company) may cause such work to be done and may charge the Unit Owner for the cost thereof as determined by the Board (or, as it relates to a Unit, the Hotel Management Company); or

(3) Ratify the action taken by the Unit Owner, and the Board (or, as it relates to a Unit, the Hotel Management Company) may (but shall not be required to) condition such ratification upon the same conditions which it may impose upon the giving of its prior consent under this Section.

(c) Except to the extent prohibited by law, Declarant or its Designee and the respective successors in interest or assigns of Declarant or its Designee (the term "Designee" refers to any affiliate of Declarant or the Hotel Management Company ) shall have the right, at any time and from time to time, without prior notice and without the vote or consent of the Board or any other Unit Owner or any mortgagee, to: (i) make alterations, additions or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon the Unsold Units and the Shared Facilities Unit (including changing furnishings, decor and FF&E therein); (ii) change the layout of, or number of rooms in, any Unsold Unit from time to time; (iii) change the size and/or number of Unsold Units by subdividing one or more such Units into two or more separate Units, combining separate Unsold Units (including those resulting from a subdivision or combination or otherwise) into one or more Units, and/or altering any boundary walls between any Unsold Units; (iv) if appropriate, reapportion among the Unsold Units affected by any such change in size or number pursuant to the preceding clause (iii), their percentage interests in the Allocated Interests; provided, however, that any such alteration, addition, improvement, change, reapportionment or redesignation shall not cause the Property or any portion thereof to not comply with any laws, ordinances and regulations of any governmental authorities having jurisdiction (including, without limitation, building codes, zoning ordinances and regulations of the City of Reno). The provisions of this Article 4 may not be added to, amended, modified or deleted without the prior written consent of Declarant or its Designees, or their respective successors in interest or assigns.

**4.9 Cable Television System.** Each Hotel Unit has been equipped with at least one outlet activated for connection to the cable television system serving the Project, which outlet and systems are integral parts of the Shared Facilities Unit. Additional outlets for connection to the cable television system are obtainable only from the Hotel Management Company and may be installed only by the firm or individual authorized by the Hotel Management Company to make such installation, with the prior approval of the Hotel Management Company and the payment of any required additional fees. Unit Owners and Occupants are prohibited from making any modifications to or tampering with said outlet and from making any connections to the cable television system, and the Hotel Management Company may charge any Unit Owner with the cost of locating and removing any unauthorized connections thereto and of repairing any modifications thereto. Notwithstanding anything to the contrary contained herein, the Declarant



hereby expressly reserves the right (for itself and for the Hotel Management Company) to charge any Unit Owner who wishes to subscribe to premium programming or pay-per-view service provided through such cable television system a usage charge based on such rates as Declarant or the Hotel Management Company, as the case may be, may promulgate from time to time. To the extent permitted by applicable law, Declarant's (and the Hotel Management Company's) right to impose such charges shall continue until Declarant no longer owns title to any Unit and, thereafter, the assignee of Declarant's interests in the Shared Facilities Unit (or the Hotel Management Company at the direction of such assignee) shall have any rights of the Declarant with regard to the imposition and collection of any such use charges.

**4.10 Street and Utilities Dedication.** At a meeting called for such purpose, two-thirds (2/3) or more of the Unit Owners may elect to dedicate a portion of the Common Elements to a public body for use as, or in connection with, a street or utility.

**4.11 Parking Area.** The Parking Area includes all surface parking spaces in the Project and certain elements appurtenant thereto. The Parking Area is located within the Project but does not comprise any portion of the Condominium Property. The Declarant may allocate or assign for use, spaces owned or controlled by it. Further the Declarant may prescribe such rules and regulations with respect to the Parking Area as it may deem fit. The Declarant may in its sole discretion elect to sell, assign, transfer or otherwise hypothecate any or all of the Parking Area and the spaces contained therein to any third party, and no other Unit Owner shall have any claim any proceeds of any such transaction.

## ARTICLE 5

### ADMINISTRATION

**5.1 Administration of Association.** The direction and administration of the Association shall be vested in a board of directors (herein sometimes referred to as the "Board"). The Board initially shall consist of one (1) person, and the Declarant shall have the right to designate and select the person who shall serve as the sole member of the Board (herein sometimes referred to as "Board Member"), or to exercise the powers of the Board itself, as provided in the Act. Except for Board Members designated by the Declarant, each Member of the Board shall be one of the Unit Owners, or in the event a Unit Owner is not a natural person, a representative of a Unit Owner as provided in the Bylaws and in the Act. If a director fails to meet such qualifications during such director's term, he or she shall thereupon cease to be a director, and his or her place on the Board shall be deemed vacant.

**5.2 Association.** The Association has been, or will be, formed as a nonprofit corporation under Chapter 82 of the Nevada Revised Statutes, and for the purposes and having the powers prescribed in the Act; and having the name GRAND SIERRA RESORT UNIT-OWNERS' ASSOCIATION, and shall be the governing body for all of the Unit Owners for the maintenance, repair, replacement, administration and operation of the Common Elements. The Board shall be deemed to be the "Executive Board" for the Unit Owners referred to in the Act. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the use and benefit of Unit Owners in accordance with the provisions contained herein. Each Unit Owner shall be a member of the

Association so long as he or she shall be a Unit Owner, and such membership shall automatically terminate when he or she ceases to be a Unit Owner, and upon the voluntary or involuntary transfer of his or her ownership interest the transferee thereof shall likewise succeed to such membership in the Association. The Association shall have one class of membership.

### **5.3 Voting Rights.**

(a) There shall be one Voting Member for each Unit Ownership, including the Commercial Units, Residential Units and Shared Facilities Unit. Such Voting Member may be the Unit Owner or one of the group composed of all the owners of a Unit Ownership, or be some person designated by such Unit Owner or Unit Owners or such Unit Owner's or Unit Owners' duly authorized attorney-in-fact to act as proxy on his, her or their behalf, as provided in the Bylaws. Subject to the Declarant's special Declarant's rights reserved herein, any or all such Unit Owners may be present at any open meeting and, furthermore, may vote or take any other action as a Voting Member to the extent provided in Section 5.3(b) hereof. The person(s) designated by the Declarant with respect to any Unit Ownership owned by the Declarant shall also have the right to vote at any meetings of the Association or Board for so long as the Declarant shall own one or more Units. The total number of votes of all Voting Members shall be one hundred (100). Subject to the Declarant's special Declarant's rights reserved herein, in all elections for members of the Board and in all other actions requiring a vote of the members of the Association, each Unit Owner or group of Unit Owners shall be entitled to the number of votes equal to the total of the percentage of ownership in the Common Elements applicable to his, hers or their Unit Ownership as set forth in Exhibit B.

(b) In the event the Voting Member is other than the Unit Owner, is not present at a meeting of the Association and has not voted by proxy, then if the Unit Owner is present at a meeting of the Association, such Owner shall be entitled to cast all of the votes allocated to the Unit. In the event the ownership of a Unit is composed of multiple owners and the Voting Member is not present and has not voted by proxy, then if only one of the multiple owners of a Unit is present, such owner shall be entitled to cast all of the votes allocated to that Unit Ownership. In the event more than one owner of a Unit Ownership is present, but not the Voting Member, who has not voted by proxy, the votes allocated to that Unit Ownership may be cast only in accordance with the agreement of a majority in interest of the group of owners comprising the Unit Owner who are present. Majority agreement shall be deemed to have occurred if any one of the multiple owners casts the votes allocated to that Unit Ownership without protest being made promptly to the person presiding over the meeting by any of the other owners of the Unit Ownership.

**5.4 Meetings.** Meetings of the Unit Owners and of the Board shall be held at the Property or at such other place in the City of Reno, Nevada, as may be designated from time to time by the Board.

**5.5 Board of Directors.** The initial Board designated by the Declarant pursuant to Section 5.1 hereof shall consist of one (1) director. The Declarant shall have the right to designate and replace the person who shall serve as the sole member of the Board, or to exercise the powers of the Board itself, as provided in the Act. Within sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created from time to time, a Board

member shall be elected by Unit Owners other than the Declarant, pursuant to the procedure for electing Directors set forth in the Bylaws. Upon election of the first Board member not designated by the Declarant, the number of Board positions shall increase to three (3), and the remaining two (2) positions on the new Board shall be designated by the Declarant. Prior to the date on which the period of Declarant's control of the Association terminates, the Declarant shall have the right to designate and replace the two persons designated by the Declarant to serve on the Board. Not later than the date on which the period of Declarant's control of the Association terminates, all three Board members shall be elected by the Unit Owners pursuant to the procedure for electing directors set forth in the Bylaws. In all elections for Members of the Board, votes shall be tabulated pursuant to Section 5.3(a) above, and the candidates receiving the highest number of votes with respect to the number of offices to be filled shall be deemed to be elected. Any candidate for election to the Board, and such candidate's representative, shall have the right to be present at the counting of ballots at such election. All elected members of the Board shall be elected at large. At a meeting to be held no later than sixty (60) days after the date the Declarant has sold and delivered its deed for at least seventy-five percent (75%) of the Unit Ownerships, secret ballots for the election of all three (3) members of the Board from among the Unit Owners shall be opened and counted. All elected Board members shall serve for a term of one (1) year each. The Unit Owners owning at least two-thirds (2/3) of the Unit Ownerships may from time to time at any annual or special meeting increase or decrease the term of office of Board members, provided that the terms of at least one-third (1/3) of the persons on the Board shall expire annually. Except as otherwise provided in this Declaration, the Board shall act by majority vote of those present at its meetings when a quorum exists. A majority of the total number of Members on the Board shall constitute a quorum. Any member of the Board may succeed himself or herself.

(a) The Declarant may appoint all officers during the period of Declarant's control. The term of office for each officer shall be until such officer's successor shall be duly elected or appointed and qualified, pursuant hereto and pursuant to the Bylaws. Officers shall serve at the will of the Board. Any officer may succeed himself or herself.

(b) Within sixty (60) days after the date the Declarant has sold and delivered its deed for at least seventy-five percent (75%) of the Unit Ownerships, the Declarant shall deliver to the Board the following:

(1) All original documents as recorded or filed pertaining to the Property, its administration, and the Association, such as this Declaration, Articles of Incorporation for the Association, other condominium instruments, annual reports, a minute book containing the minutes of any meetings held by the Association and any rules and regulations governing the Property, contracts, leases, or other agreements entered into by the Association. If any original documents are unavailable, copies may be provided if certified by affidavit of the Declarant, or an officer or agent of the Declarant, as being a complete copy of the actual document recorded or filed;

(2) A detailed accounting by the Declarant, setting forth the source and nature of receipts and expenditures in connection with the management,

maintenance and operation of the Property and copies of all insurance policies and a list of any loans or advances to the Association which are outstanding;

(3) Any Association funds on hand, or control of the accounts containing such funds, which shall have been at all times segregated from any other funds of the Declarant;

(4) A schedule of all real or personal property, equipment and fixtures owned by the Association, including documents such as invoices or bills of sale, if available, evidencing transfer of title to such property, warranties, if any, for all real and personal property and equipment, deeds, title insurance policies, and all tax bills;

(5) A list of all litigation, administrative actions and arbitrations involving the Association, any notices of governmental bodies involving actions taken or which may be taken by the Association, engineering and architectural drawings and specifications as approved by any governmental authority, all other documents filed with any other governmental authority, all governmental certificates, correspondence involving enforcement of any Association requirements, copies of any documents relating to disputes involving Unit Owners and originals of all documents relating to everything listed in this subparagraph; and

(6) All other materials and information prescribed by the Act.

**5.6 General Powers of the Board.** The Board shall have the following general powers:

(a) The Board or its agents, upon reasonable notice, may enter any Unit when necessary in connection with any maintenance, repair or replacement or construction for which the Board is responsible or to make emergency repairs as may be necessary to prevent damage to the Common Elements.

(b) The Board shall have the power and duty to provide for the designation, hiring, and removal of employees and other personnel, including lawyers and accountants, engineers or architects, to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the Common Elements, and to delegate any such powers to a manager or managing agent (and any such employees or other personnel as may be employees of the managing agent).

(c) The Board shall have the power to exercise all other powers and duties of the Board or Unit Owners as a group referred to in this Declaration or the Act. More specifically, the Board shall exercise for the Association all powers, duties and authority vested in it by law or this Declaration except for such powers, duties and authority reserved thereby to the members of the Association. The powers and duties of the Board shall include, but shall not be limited to, the following matters:



- (i) Operation, care, upkeep, maintenance, replacement and improvement of the Common Elements in a neat and orderly manner and as necessary or desirable for the operation of the Condominium as a first-class hotel condominium as determined by the First-Class hotel standard established by the Declarant and the Hotel Management Company;
- (ii) Preparation, adoption and distribution of the annual budget for the Association;
- (iii) Levying of assessments for Common Expenses and collection thereof from Unit Owners and expenditure of amounts collected;
- (iv) Borrowing funds;
- (v) Employment and dismissal of the personnel necessary or advisable for the maintenance and operation of the Common Elements;
- (vi) Obtaining adequate and appropriate kinds of insurance;
- (vii) Purchasing and receiving conveyances of Unit Ownerships and owning, conveying, mortgaging, encumbering, leasing and otherwise dealing with Unit Ownerships conveyed to or purchased by it;
- (viii) Promulgation and amendment of rules and regulations covering the details of the operation and use of the Common Elements;
- (ix) Keeping of detailed, accurate records of the receipts and expenditures affecting the use of the Common Elements and operation of the Association;
- (x) To have access to each Unit from time to time as may be necessary for the maintenance, repair or replacement of any Common Elements therein or accessible therefrom, or for making repairs therein necessary to prevent damage to the Common Elements;
- (xi) Pay real property taxes, special assessments, and any other special taxes or charges of the State of Nevada or of any political subdivision thereof, or other lawful taxing or assessing body, which are authorized, by law to be assessed and levied upon the real property of the Condominium and are not payable by Unit Owners directly;
- (xii) Impose charges for late payments of a Unit Owner's proportionate share of the Common Expenses, or any other expenses lawfully agreed upon, and after notice and an opportunity to be heard, levy reasonable fines for violation of this Declaration and rules and



regulations of the Association, pursuant to the procedures prescribed by the Act;

- (xiii) By a majority vote of the entire Board, assign the Association's right to future income from Common Expenses or other sources, and mortgage or pledge substantially all of the remaining assets of the Association;
- (xiv) Record the granting of an easement pursuant to the provisions of Section 4.3 hereof and any instruments required elsewhere in this Declaration; and
- (xv) Except to the extent limited by this Declaration and the Act, the Board shall have the power and duty to exercise the rights of, and perform all of the covenants and obligations imposed upon, the Association or the Unit Owners and to execute any and all instruments required pursuant thereto.

(d) Subject to the provisions of Section 4.6 and Section 6.8 hereof, the Board, for the benefit of all the Unit Owners, shall acquire and shall pay as Common Expenses, the following:

- (i) Operating expenses of the Common Elements, including utility services to the extent not separately metered or charged as Shared Facilities Expenses or Hotel Expenses;
- (ii) Services of any person or firm to act on behalf of the Unit Owners in connection with real estate taxes and special assessments on the Unit Ownerships, and in connection with any other matter where the respective interests of the Unit Owners are deemed by the Board to be similar and nonadverse to each other;
- (iii) Maintenance, repair, and replacement of the Common Elements;
- (iv) Any other materials, supplies, utilities, equipment, labor, services, maintenance, repairs or structural alterations which the Board is required to secure or pay for pursuant to the terms of this Declaration or the Bylaws;
- (v) Any amount necessary to discharge or bond around any mechanics' lien or other encumbrance levied against the Common Elements. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it or bonding around said lien, in the discretion of the Board, and any costs incurred by the Board by reason of said lien or liens shall be specifically assessed to said Unit Owners.

(e) Prior to the election by the Voting Members of the first elected member of the Board, the Declarant shall, subject to the terms of this Declaration and the Act, have the

authority to lease or to grant licenses, concessions, easements, leases and contracts with respect to any part of the Common Elements, all upon such terms as the Declarant deems appropriate. Upon election of the first elected member of the Board, and thereafter, the Board by a vote of at least two-thirds (2/3) of the persons on the Board shall have the same authority as aforesaid.

(f) The Board shall have the power to bid for and purchase any Unit Ownership at a sale pursuant to a mortgage foreclosure, or a foreclosure of a lien for Common Expenses under the Act, or at a sale pursuant to an order of direction of a court, or other involuntary sale, upon the prior consent or approval of Voting Members representing not less than two-thirds (2/3) of the total votes.

(g) The Association shall have no authority to forebear the payment of assessments by any Unit Owner, except as part of the settlement of an arbitration or court action.

### **5.7 Insurance.**

(a) The Board shall have the authority to and shall obtain not later than the time of the first conveyance of a Unit to a person other than a Declarant, and maintain insurance for the Association and/or Property as follows:

- (i) Commercial General Liability insurance insuring against claims and liabilities arising in connection with the ownership, existence, use or management of the Property, hazards of premises/operation, products and completed operations, contractual liability, personal injury liability, independent contractors and other extensions as deemed necessary by the Board. Such insurance shall provide limits of liability as deemed desirable by the Board, but in no event for less than One Million Dollars (\$1,000,000.00) with respect to each occurrence and Five Million Dollars (\$5,000,000) in aggregate coverage. Such policy shall be endorsed to cover cross-liability claims of one insured against the other, and shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner on account of the negligent acts of the Association or another Unit Owner. Such insurance coverage shall insure the Board, the Association, the management agent, and their respective directors, officers, managers, members, partners, employees and agents and all persons acting as agents. The Declarant must be included as an additional insured in its capacity as a Unit Owner, manager, Board member or officer. The Unit Owners must be included as additional insured parties but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Shared Facilities Unit, their Units and the Common Elements. The insurance must include coverage for medical payments.

- (ii) A crime policy, with fidelity bond, insuring the Association, the Board, the Unit Owners, the management agent, if any, and its employees who control or disburse funds of the Association, and the Declarant in its capacity as a Unit Owner and Board member, against loss of funds as a result of the fraudulent or dishonest acts of any employee of the Association or its management company or of any other person handling the funds of the Association, the Board or the Unit Owners in such amounts as the Board shall deem necessary but not less than Five Hundred Thousand Dollars (\$500,000). Such policy shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. Such policy and bond shall provide that they may not be canceled for non-payment of any premiums without at least ten (10) days' prior written notice to the Board.
- (iii) Directors and Officers Liability insurance in such amounts as the Board shall determine to be reasonable. Directors and Officers Liability coverage must cover actions taken by the Board and officers in their official capacity as Directors and officers, for liability asserted against them whether or not the Association has the authority to indemnify them against such liability and expenses, provided that no financial arrangement made may provide protection for a person adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable for intentional misconduct, fraud or a knowing violation of law, except with respect to advancement of expenses or indemnification ordered by a court, or as otherwise provided by this Declaration or the Bylaws of the Association.
- (iv) As a separate physical damage insurance policy for the Condominium is not reasonably available, the Association, and all Unit Owners by category, shall be named as additional insureds on a physical damage insurance policy for the Building that shall be maintained by the Declarant. Such policy shall provide for insurance, after application of any deductibles, in an amount not less than eighty percent (80%) of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date; exclusive of land, excavations, foundations and other items normally excluded from property policies. The Association and all Unit Owners shall reimburse the Declarant for a portion of the costs of such policy, pursuant to the formula set forth in Exhibit B. Any deductible under such policy, payable for a loss related to the Condominium, shall be paid by the Association as a Common Expense in the proportion that the loss of Condominium property bears to the total loss.

- (v) Such other insurance in such forms and amounts as the Board shall deem desirable.

The premiums for this insurance and bond, except as otherwise provided in this Section 5.7, shall be Common Expenses. The Board may, in the case of a claim for damage to a Unit or the Common Elements, (x) pay the deductible amount as a Common Expense, (y) after notice and an opportunity for a hearing, assess the deductible amount against the Unit Owners who caused the damage or from whose Units the damage or cause of loss originated, or (z) require the Unit Owners of the Units affected to pay the deductible amount.

(b) All insurance provided for in this Section 5.7 shall be effected under valid and enforceable policies issued by insurance companies authorized and licensed to transact business in the State of Nevada, or authorized surplus lines carriers, and holding a current Policyholder's Alphabetic and Financial Size Category Rating of not less than A-/VIII according to Best's Insurance Reports - International Edition or a substantially equivalent rating from a nationally-recognized insurance rating service, or such lower rating as may be prudent given the cost and availability of insurance coverages at a given time. All such policies shall provide a minimum of ten (10) days advance written notice to the Board (on behalf of the Association) if such policy is to be canceled or not renewed.

(c) All policies of insurance of the character described in Section 5.7(a)(i): (i) shall be without contribution as respects other such policies of insurance carried individually by the Unit Owners, whether such other insurance covers their respective Units or the additions and improvements made by such Unit Owners to their respective Unit; (ii) shall provide that no act or omission by any Unit's owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; (iii) shall contain an endorsement to the effect that such policy shall not be terminated for nonpayment of premiums without at least ten (10) days' prior written notice to the Board. Notwithstanding the issuance of standard mortgage clause endorsements under the policies of insurance of the character described in Section 5.7(a)(i), any losses under such policy shall be payable, and all insurance proceeds recovered thereunder shall be applied and disbursed, in accordance with the provisions of this Declaration.

(d) Insurance Policies carried pursuant to this Section 5.7 shall include each of the following provisions: (1) each Unit Owner, and secured party (including; without limitation, any First Mortgagee), if applicable is an insured person under the policy with respect to liability arising out of the Unit Owner's interest in the Common Elements or membership in the Association; (2) the insurer waives its right to subrogation under the policy against any Unit Owner or members of the Unit Owner's household or other Occupants; the Association; members of the Board; the Declarant; the management company and their respective employees and agents; and (3) the Unit Owner waives his or her right to subrogation against the Association and the Board.

(e) The Association, for the benefit of the Unit Owners and the First Mortgagee of each Unit Ownership, shall pay the premiums and obtain a binder on the policies of insurance described in Sections 5.7(a)(i), (ii), (iii), and (v), at least fifteen (15) days prior to the expiration



date of the respective policies, and upon written request therefor, shall notify the First Mortgagee of each Unit Ownership of such payment within ten (10) days after the date on which payment is made.

(f) As specified in Sections 5.7(a)(i) and (iv), the Association will obtain a policy of commercial general liability insurance, and the Declarant will obtain a policy of physical damage insurance, in which the Unit Owners by category are named as additional insureds with respect to their Units, the Shared Facilities Unit, and the Common Elements, and the Unit Owners will be required to pay assessments to the Association and reimburse the Declarant for their proportionate share of the coverage provided under such policies of insurance. The policies obtained by the Association and/or the Declarant covering the Unit Owners will be upon such terms, including deductibles and retentions, covered losses and exclusions, term and price, as the Association and/or the Declarant shall determine, in their sole discretion. Any Unit Owner who desires additional coverage for their Unit, including reduced deductibles or increased retentions or additional covered losses, shall be required to obtain his or her own policy of insurance. The Association and/or the Declarant will annually provide to the Unit Owners a description of insurance coverage applicable to the Unit Owners, and will provide a copy of such insurance policies upon request. If the Association or the Declarant determines that it will modify the terms of the coverage of Unit Owners on any policy of commercial general liability or physical damage insurance, the Association or the Declarant will provide at least thirty (30) days' prior written notice to each Unit Owner in order to allow such Unit Owner to obtain additional coverage. Except as otherwise procured by the Association pursuant to Section 5.7, each Unit Owner shall be responsible for physical damage insurance on any additions, alterations, improvements and betterments to such Unit Owner's Unit (whether installed by such Unit Owner or any prior Unit Owner or whether originally in such Unit) to the extent not covered by the policies of insurance obtained by the Declarant for the benefit of all Unit Owners. Any policy of insurance carried by a Unit Owner shall be without contribution with respect to the policies of insurance obtained by the Association or Declarant for the benefit of all of the Unit Owners.

(g) The Board shall not be responsible for obtaining physical damage insurance on any additions, alterations, improvements and betterments to a Unit or any personal property of a Unit Owner or any other insurance for which a Unit Owner is responsible pursuant to Section 5.7(g). In the event the Board does carry such insurance, and the premium therefor is increased due to additions, alterations, improvements and betterments of a Unit Owner, then the Board may assess against such Unit Owner such increased premium.

(h) Each Unit Owner hereby waives and releases any and all claims which such Unit Owner may have against any other Unit Owner, the Association, its officers, members of the Board, Declarant, the Hotel Management Company, and their respective members, managers, partners, officers, directors, employees and agents, for any damage to the Common Elements, the Units, or to any personal property located in any Unit or Common Elements caused by fire or other casualty to the extent that such damage is covered by fire or other form of casualty insurance or would be covered by insurance for which such Unit Owner is responsible pursuant to Section 5.7(f).

(i) The Board shall have the right to select substantial deductibles to the insurance coverages required or permitted under this Section 5.7 if the economic savings justifies the

additional risk and if permitted by law. Expenses included within the deductible amount arising from insurable loss or damage shall be treated as Common Expenses.

**5.8 Liability of the Board of Directors and Officers of the Association.** Neither the members of the Board, the officers of the Association, the Declarant, the Hotel Management Company or any members of their respective managers, partners, officers, directors or employees (collectively, the "Indemnified Parties") shall be liable to the Unit Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such members, officers, directors, or employees, as the case may be, except for any acts or omissions finally adjudged by a court to constitute intentional misconduct, fraud, or knowing violation of the law. The Unit Owners (including the members of the Board and the officers of the Association in their capacity as Unit Owners) shall defend, indemnify and hold harmless each of the Indemnified Parties against all contractual and other liabilities to others arising out of contracts made by or other acts of the Indemnified Parties on behalf of the Unit Owners or arising out of their status as Board members or officers of the Association, or officers, directors or employees of the Hotel Management Company, as the case may be, unless any such contract or act shall have been finally adjudged by a court to have been made fraudulently or with knowing violation of the law. It is intended that the foregoing indemnification shall include indemnification against, and payment of, all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid or received in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative, or other, in which any member of the Indemnified Parties may be involved by virtue of such persons being or having been such member, officer, director or employee; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for intentional misconduct, fraud, or knowing violation of the law in the performance of his or her duties as such member, officer, director or employee; or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for intentional misconduct, fraud, or knowing violation of the law in the performance of his or her duties as such member, officer, director or employee. It is also intended that the liability of any Unit Owner arising out of any contract made by or other acts of any of the Indemnified Parties, or out of the aforesaid indemnity in favor of the members of any of the Indemnified Parties, shall be limited to such proportion of the total liability hereunder as such Unit Owner's percentage of interest in the Common Elements bears to the total percentage interest of all the Unit Owners in the Common Elements. Every agreement made by the Board on behalf of the Unit Owners shall be deemed to provide that the members of the Board are acting only as agents for the Unit Owners, and shall have no personal liability thereunder (except as Unit Owners) and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as such Unit Owner's percentage of interest in the Common Elements bears to the total percentage interest of all Unit Owners in the Common Elements.

**5.9 Resale of Units.** In the event of a resale (i.e., any sale made after the initial sale) of any Unit Ownership by a Unit Owner other than the Declarant, and within ten (10) days after the written request by such Unit Owner, the Board shall deliver a certificate to such Unit Owner sufficient to enable the Unit's Owner to comply with NRS 116.4109(1), or any other requirements of the Act.

## ARTICLE 6

### COMMON EXPENSES & OTHER CHARGES

**6.1 Preparation of Annual Budget.** On or before November 1 of each calendar year, the Board shall cause to be prepared a detailed proposed budget for the ensuing calendar year. Such budget shall take into account the estimated annual Common Expenses and cash requirements for the year, including wages, materials, insurance, services, supplies and all other Common Expenses, together with a reasonable amount considered by the Board to be necessary for adequate reserves, including, without limitation, amounts to maintain a Capital Reserve (as hereinafter defined in Section 6.2). The annual budget shall also take into account the estimated net available cash income for the year from the operation or use of the Common Elements and, to the extent that the assessments and other cash income collected from the Unit Owners during the preceding year are more or less than the expenses for the preceding year, the surplus or deficit shall also be taken into account. On or before November 15 of each year, the Board shall notify each Unit Owner in writing as to the proposed annual budget, with reasonable itemization thereof, including those portions intended for capital expenditures or repairs or payment of real estate taxes and containing each Unit Owner's respective assessment; provided, however, that such proposed annual budget shall be furnished to each Unit Owner at least thirty (30) days prior to its adoption by the Board. On or before January 1 of the ensuing calendar year, and the first day of each and every month of said year, each Unit Owner, jointly and severally, shall be personally liable for and obligated to pay to the Board (or as it may direct) one-twelfth (1/12) of such Unit Owner's proportionate share of the Common Expenses for each year as shown by the annual budget. Such proportionate share for each Unit Owner shall be in accordance with such Unit Owner's respective percentage of ownership in the Common Elements as set forth in Exhibit B attached hereto. On or before April 1 of each calendar year following the initial meeting of the Unit Owners, the Board shall supply to all Unit Owners an itemized accounting of the Common Expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual expenses plus reserves. Such accounting shall, upon the written request of any Unit Owner, be prepared by a certified public accountant, in which event such accounting shall be due as soon as reasonably possible after such request. Any net shortage or excess shall be applied as an adjustment to the installments due under the current year's estimate in the succeeding six (6) months after rendering of the accounting, subject, however, to the provisions of Section 6.2 hereof.

**6.2 Capital Reserve; Supplemental Budget.** The Association shall segregate and maintain a special reserve account to be used solely for the repair, replacement and restoration of the major components of the Common Elements (the "Capital Reserve"). The Board shall determine the appropriate level of the Capital Reserve based on a periodic review of the reserve study required by the Act, and upon a review of the useful life of improvements to the Common Elements and equipment owned by the Association as well as periodic projections of the cost of anticipated major repairs or improvements, repairs and replacements necessary to the Common Elements or the purchase of equipment to be used by the Association in connection with its duties hereunder. Each budget shall disclose that percentage of the annual assessment which shall be added to the Capital Reserve and each Unit Owner shall be deemed to make a capital contribution to the Association equal to such percentage multiplied by each installment of the



annual assessment paid by such Unit Owner. Expenditures for the repair, replacement and restoration of the major components of the Common Elements which may become necessary during the year shall be charged first against the Capital Reserve. If the estimated Common Expenses contained in the budget prove inadequate for any reason or in the event a nonrecurring Common Expense is anticipated for any year, then the Board may prepare and approve a supplemental budget covering the estimated deficiency or nonrecurring expense for the remainder of such year, copies of which supplemental budget shall be furnished to each Unit Owner, and thereupon a special or separate assessment shall be made to each Unit Owner for such Unit Owner's proportionate share of such supplemental budget. All Unit Owners shall be personally liable for and obligated to pay their respective adjusted monthly amount, and such adjusted amount shall be a lien upon applicable Units at such time as the adjusted monthly assessment becomes due. In addition to the foregoing, any Common Expense not set forth in the annual budget or any increase in assessments over the amount set forth in the adopted annual budget shall be separately assessed against all Unit Owners. The Board may adopt special or separate assessments payable over more than one fiscal year.

**6.3 Initial Budget.** The Board shall determine and adopt, prior to the conveyance of the first Unit Ownership hereunder, an initial budget commencing with the first day of the month in which the sale of the first Unit Ownership is closed and ending on December 31 of the calendar year in which such sale occurs, and shall continue to determine the proposed annual budget for each succeeding calendar year, and which may include such sums as collected from time to time at the closing of the sale of each Unit Ownership. Assessments shall be levied against the Unit Owners during said period as provided in Section 6.1 of this Article and in the Act, except that if the closing of the sale of the first Unit Ownership is not on January 1, monthly assessments to be paid by Unit Owners shall be based upon the amount of the budget and the number of months and days remaining in such calendar year.

**6.4 Failure to Prepare Annual Budget.** The failure or delay of the Board to give notice to each Unit Owner of the annual budget shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay such Unit Owner's respective monthly assessment, as herein provided, whenever the same shall be determined, and in the absence of the annual or adjusted budget, the Unit Owner shall continue to pay monthly assessments at the then existing monthly rate established for the previous period until the monthly assessment is given of such new annual budget.

**6.5 Records of the Association.**

(a) The management company or the Board shall maintain the following records of the Association available for inspection, examination and copying during normal business hours by the Unit Owners, First Mortgagees, Insurers and Guarantors, and their duly authorized agents or attorneys:

- (i) Copies of this Declaration, the Bylaws, and any amendments, Articles of Incorporation of the Association, annual reports, and any current rules and regulations adopted by the Association or its Board, and the Association's books, records and financial statements.



- (ii) Detailed accurate records in chronological order of the receipts and expenditures affecting the Common Elements and Common Expenses, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expense incurred, and copies of all contracts, leases, or other agreements entered into by the Association.
- (iii) The minutes of all meetings of the Association and the Board. The Association shall maintain these minutes until the common-interest community is terminated.
- (iv) Ballots and proxies relating thereto for all elections to the Board and for any other matters voted on by the Unit Owners shall be maintained for a period of not less than ten (10) years; provided that, unless directed by court order, only the voting ballot excluding a Unit number or symbol shall be subject to inspection and copying.
- (v) Such other records of the Association as are available for inspection pursuant to NRS 116.31175, 116.31177, and 116.3118, as amended, or otherwise subject to inspection by law.

(b) A reasonable fee not to exceed the maximum amounts established in the Act may be charged by the Board for the cost of copying.

(c) Upon ten (10) days' notice to the Board and payment of a reasonable fee, any Unit Owner shall be furnished a statement of such Unit Owner's account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

**6.6 Status of Collected Funds.** All funds collected hereunder shall be held and expended for the purposes designated herein, and (except for such special assessments as may be levied hereunder against less than all the Unit Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments or user charges) shall be deemed to be held for the benefit, use and account of all the Unit Owners in the percentages set forth in Exhibit B.

**6.7 User Charges.** The Board, or the Declarant acting pursuant to Article 5 hereof, may establish, and each Unit Owner shall pay, user charges to defray the expense of providing services, facilities, or benefits which may not be used equally or proportionately by all of the Unit Owners or which, in the judgment of the Board, should not be charged to every Unit Owner. Such expense may include such services and facilities provided to Unit Owners which the Board determines should not be allocated among all of the Unit Owners in the same manner as the Common Expenses. Such user charges may be billed separately to each Unit Owner benefited thereby, or may be added to such Unit Owner's share of the Common Expenses, as otherwise determined, and collected as a part thereof. Nothing herein shall require the establishment of user charges pursuant to this Section 6.7, and subject to the requirements of the Act, the Board or the Declarant may elect to treat all or any portion thereof as Common Expenses.

**6.8 Non-Use and Abandonment.** No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his, her or their Units.

**6.9 Shared Facilities Expenses.** In addition to the budget and assessment procedures related to the Common Elements as described in Sections 6.1 through 6.8 above, and in addition to the Hotel Expenses described in Section 6.10 below and other charges or assessments set forth in the governing documents, in connection with the ownership, operation, use, maintenance, repair, replacement and refurbishment of the Shared Facilities Unit, and for the purpose of reimbursing the Shared Facilities Unit Owner for all general and special condominium assessments, use charges, utility costs, insurance costs, real estate taxes and other fees, costs, charges or expenses incurred by the Shared Facilities Unit Owner in connection with the ownership, use, maintenance, operation, repair and replacement of the Shared Facilities Unit and all improvements and personalty located within or upon the Shared Facilities Unit, each Unit Owner other than the owner of the Shared Facilities Unit also shall be bound by and shall comply with the following budget, assessment, reserve and collection requirements regarding the Shared Facilities Expenses (as defined below):

(a) **Preparation of Annual Budget for Shared Facilities Unit.** On or before November 1 of each calendar year, the Owner of the Shared Facilities Unit shall cause to be prepared a detailed proposed budget (the "Shared Facilities Budget") for the ensuing calendar year regarding the costs of ownership, operation, use, maintenance, repair, replacement and refurbishment of the Shared Facilities Unit and all improvements and personalty located within or upon the Shared Facilities Unit, all as more particularly described below. The Shared Facilities Budget shall take into account (i) the estimated annual expenses for the ownership, operation, use, maintenance, repair, replacement and refurbishment of the Shared Facilities Unit, (ii) cash requirements for the year, including wages, materials, insurance, services, supplies and all other expenses related to the Shared Facilities Unit, (iii) all costs to reimburse the Owner of the Shared Facilities Unit for all general and special condominium assessments and use charges incurred by the Shared Facilities Unit in accordance with Sections 6.1 to 6.8 above, utility costs for the Shared Facilities Unit, real estate taxes for the Shared Facilities Unit and other fees, costs, charges or expenses incurred by the Owner of the Shared Facilities Unit in connection with the ownership, use, maintenance, operation, repair and replacement of the Shared Facilities Unit and all improvements located within or upon the Shared Facilities Unit, and (iv) a reasonable amount considered by the Owner of the Shared Facilities Unit based on an independent Reserve Study of certain major components of the Shared Facilities Unit to be necessary for adequate reserves, including, without limitation, amounts to maintain the Shared Facilities Reserve (subparagraphs (i) through (iv) above being collectively referred to herein as the "Shared Facilities Expenses"). The Shared Facilities Budget shall also take into account the estimated net available cash income for the year from the operation or use of the Shared Facilities Unit and, to the extent that the assessments and other cash income, if any, collected from the Unit Owners during the preceding year are more or less than the expenses for the preceding year, the surplus or deficit shall also be taken into account. On or before November 15 of each year, the Owner of the Shared Facilities Unit shall notify each other Unit Owner in writing as to the proposed annual Shared Facilities Budget, with reasonable itemization thereof, including those portions intended for capital expenditures or repairs or payment of real estate taxes relating to the Shared Facilities Unit and containing each Unit Owner's respective assessment; provided, however, that such proposed

annual Shared Facilities Budget shall be furnished to each Unit Owner at least thirty (30) days prior to its adoption by the owner of the Shared Facilities Unit. On or before January 1 of the ensuing calendar year, and the first day of each and every month of said year, each Unit Owner, jointly and severally, shall be personally liable for and obligated to pay to the Owner of the Shared Facilities Unit (or as it may direct) one-twelfth (1/12) of such Unit Owner's proportionate share of the Shared Facilities Expenses for each year as shown by the Shared Facilities Budget for such year. Such proportionate share for each Unit Owner shall be in accordance with such Unit Owner's respective percentage of obligation as set forth in Exhibit D attached hereto. On or before April 1 of each calendar year following the initial meeting of the Unit Owners, the Owner of the Shared Facilities Unit shall supply to all Unit Owners an itemized accounting of the Shared Facilities Expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the estimates provided, and showing the net amount over or short of the actual Shared Facilities Expenses plus reserves. Such accounting shall, upon the written request of any Unit Owner, be prepared by a certified public accountant, in which event such accounting shall be due as soon as reasonably possible after such request. Any net shortage or excess shall be applied as an adjustment to the installments due under the current year's estimate in the succeeding six (6) months after rendering of the accounting, subject, however, to the provisions of Section 6.9(b) hereof.

(b) **Shared Facilities Reserve; Supplemental Shared Facilities Budget.** The Owner of the Shared Facilities Unit shall segregate and maintain a special reserve account to be used solely for making capital expenditures and paying for the costs of deferred maintenance in connection with the Shared Facilities Unit (the "Shared Facilities Reserve"). One of the primary purposes of the Shared Facilities Reserve is to reserve funds for the periodic repair, replacement, refurbishment, enhancement and update of the Shared Facilities Unit, as may be performed from time to time in the sole and absolute discretion of the Owner of the Shared Facilities Unit, and at the sole cost and expense of the Unit Owners. The Owner of the Shared Facilities Unit shall determine the appropriate level of the Shared Facilities Reserve based on a periodic review of the useful life of improvements to the Shared Facilities Unit and equipment owned by the owner of the Shared Facilities Unit for use in the Shared Facilities Unit and Hotel Units, as well as periodic projections of the cost of anticipated major repairs, improvements, and replacements necessary to the Shared Facilities Unit, or the purchase of equipment to be used by the Owner of the Shared Facilities Unit, in connection with the Shared Facilities Unit or Hotel Units. In performing this periodic review, the Owner of the Shared Facilities Unit shall cause to be prepared at least once every five (5) years, and shall review annually, an independent Reserve Study. Each Shared Facilities Budget shall disclose that percentage of the annual assessment which shall be added to the Shared Facilities Reserve, and each Unit Owner shall be deemed to make a capital contribution to the Owner of the Shared Facilities Unit equal to such percentage multiplied by each installment of the annual Shared Facilities Expenses assessment paid by such Unit Owner. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year shall be charged first against such portions of any specific contingency reserve or the Shared Facilities Reserve, as applicable, which remains unallocated. If the estimated Shared Facilities Expenses contained in the Shared Facilities Budget prove inadequate for any reason or in the event a nonrecurring Shared Facilities Expense is anticipated for any year, then the owner of the Shared Facilities Unit may prepare and approve a supplemental Shared Facilities Budget covering the estimated deficiency or nonrecurring expense for the remainder of such year, copies of which supplemental Shared Facilities Budget



shall be furnished to each Unit Owner, and thereupon a special or separate assessment shall be made to each Unit Owner for such Unit Owner's proportionate share of such supplemental Shared Facilities Budget. All Unit Owners shall be personally liable for and obligated to pay their respective adjusted monthly amount. In addition to the foregoing, any Shared Facilities Expense not set forth in the annual Shared Facilities Budget or any increase in assessments over the amount set forth in the adopted annual Shared Facilities Budget shall be separately assessed against all Unit Owners. Assessments for additions and alterations to, or refurbishment, rehabilitation or enhancement of, the Shared Facilities Unit shall be either included in the above assessment process or separately assessed against all Unit Owners. Notwithstanding anything to the contrary contained herein, the owner of the Shared Facilities Unit shall have the right, in its sole and absolute discretion, to waive the right to collect reserves at any time and from time to time, provided that such waiver is exercised in a non-discriminatory fashion.

(c) **Initial Shared Facilities Budget.** The Owner of the Shared Facilities Unit shall determine and adopt, prior to the conveyance of the first Unit Ownership hereunder, an initial Shared Facilities Budget commencing with the first day of the month in which the sale of the first Unit Ownership is closed and ending on December 31 of the calendar year in which such sale occurs, and shall continue to determine the proposed annual Shared Facilities Budget for each succeeding calendar year, and which may include such sums as collected from time to time at the closing of the sale of each Unit Ownership. Assessments for Shared Facilities Expenses shall be levied against the Unit Owners during said period as provided in Section 6.9(a) of this Article, except that if the closing of the sale of the first Unit Ownership is not on January 1, monthly assessments for Shared Facilities Expenses to be paid, by Unit Owners shall be based upon the amount of the Shared Facilities Budget and the number of months and days remaining in such calendar year.

(d) **Failure to Prepare Annual Shared Facilities Budget.** The failure or delay of the Owner of the Shared Facilities Unit to give notice to each Unit Owner of the annual Shared Facilities Budget shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay such Unit Owner's respective monthly assessment for Shared Facilities Expenses, as herein provided, whenever the same shall be determined, and in the absence of the annual or adjusted Shared Facilities Budget, the Unit Owner shall continue to pay monthly assessments for the Shared Facilities Expenses at the then-existing monthly rate established for the previous period until the monthly assessment for Shared Facilities Expenses, which is due more than ten (10) days after notice is given of such new annual Shared Facilities Budget.

(e) **Status of Collected Funds.** All funds collected under this Section 6.9 shall be held and expended for the purposes designated herein.

(f) **Shared Facilities Unit Owner's Lien Rights.** In the event any other Unit Owner fails to promptly pay or reimburse the Shared Facilities Unit Owner, the Declarant or the Hotel Management Company, as the case may be, in accordance with this Section 6.9, the Shared Facilities Unit Owner, the Declarant or the Hotel Management Company (as the case may be) shall impose a charge upon such Unit Owner in the maximum amount of any sums due from such Unit Owner, including the amount of any attorney's fees & costs incurred in enforcing the obligations contained herein, which sum shall be a lien upon the Unit Ownership of the defaulting Unit Owner, subject to the recordation of a notice of lien, and foreclosure of such lien

by sale of the Unit Ownership under substantially the same procedure provided to the Association in NRS Chapter 116 for the foreclosure of liens for assessments; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit Owner. Except as hereinafter provided, the lien provided for in this Section 6.9(f) shall not be affected by any transfer of title to the Unit Ownership. Where title to the Unit Ownership is transferred pursuant to a decree of foreclosure or by deed or assignment in lieu of foreclosure, such transfer of title shall, to the extent permitted by law, extinguish the lien described in this Section 6.9(f) for any sums which became due prior to (i) the date of the transfer of title or (ii) the date on which the transferee comes into possession of the Unit Ownership, whichever occurs first.

**6.10 Hotel Expenses.** In addition to the budget and assessment procedures related to the Common Elements and Shared Facilities Unit as described in Sections 6.1 through 6.9 above, and in addition to other charges or assessments set forth in the governing documents, in connection with the ownership, operation, use, maintenance, repair, replacement and refurbishment of certain components of the Building outside of the Condominium, which necessarily benefit in part the Unit Owners, and in part private operations and facilities outside of the Condominium Property, Declarant hereby identifies specific utility and structural components and insurance coverages, as detailed in Exhibit E (which is attached hereto and incorporated herein), an allocated portion of the expenses and fees of which shall be paid initially by the Declarant and reimbursed to the Declarant by the Unit Owners as more fully set forth herein. For the purpose of reimbursing the Declarant for an allocated share of all such utility use, maintenance, repair and replacement costs, structural maintenance, repair and replacement costs, insurance fees, and related charges or expenses, including reserve expenses, incurred by Declarant in connection with the ownership, use, maintenance, operation, repair and replacement of the components specified in Exhibit E, each Unit Owner other than the Owner of the Shared Facilities Unit also shall be bound by and shall comply with the following assessment, reserve and collection requirements:

(a) **Preparation of Annual Estimate of the Hotel Expenses.** On or before November 1 of each calendar year (other than the year preceding the first closing of the sale of a Unit), the Declarant shall cause to be prepared a detailed estimate of the Hotel Expenses that will be incurred in the ensuing calendar year for the utility use, maintenance, repair and replacement costs, structural maintenance, repair and replacement costs, insurance fees, and associated charges or expenses, including reserve expenses, relating to the components identified on Exhibit E (hereafter "Hotel Expenses Estimate"). The Hotel Expenses Estimate 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, and (iv) a reasonable amount considered by the Declarant, based upon an independent Reserve Study of the components listed on Exhibit E, to be necessary for adequate reserves for the future replacement or refurbishment of certain components, including, without limitation, amounts to maintain the Hotel Reserve. The Declarant shall apply the expense allocation formulas set forth in Exhibit D to the Hotel Expenses Estimate, and thereby shall compute the portion of the total expenses described in the Hotel Expenses Estimate to be assessed to Unit Owners during the ensuing year (hereafter "Hotel

Expenses"). On or before November 15 of each year (other than the year preceding the first closing of the sale of a Unit), the Declarant shall notify each Unit Owner in writing as to the Hotel Expenses, with reasonable itemization thereof, including those portions intended for capital expenditures or repairs, and containing each Unit Owner's respective assessment. On or before January 1 of the ensuing calendar year, and the first day of each and every month of said year, each Unit Owner, jointly and severally, shall be personally liable for and obligated to pay to the Declarant (or as it may direct) one-twelfth (1/12) of such Unit Owner's proportionate share of the Hotel Expenses for each year as shown by the notification of Hotel Expenses for such year. On or before April 1 of each calendar year following the initial meeting of the Unit Owners, the Declarant shall supply to all Unit Owners an itemized accounting of the Hotel Expenses for the preceding calendar year actually 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 of the Hotel Expenses, including reserves. Such accounting shall be prepared by a certified public accountant. Any net shortage or excess shall be applied as an adjustment to the installments due under the current year's Hotel Expenses in the succeeding six (6) months after rendering of the accounting, subject, however, to the provisions of Section 6.10(b) hereof.

(b) **Hotel Reserve; Supplemental Hotel Expenses.** The Declarant shall segregate and maintain a special reserve account to be used solely for making capital expenditures and paying for the costs of deferred maintenance in connection with the components listed on Exhibit E (the "Hotel Reserve"). One of the primary purposes of the Hotel Reserve is to reserve funds for a portion of the costs of the periodic repair, replacement, refurbishment, enhancement and update of such components, as may be performed from time to time in the sole and absolute discretion of the Declarant. The Declarant shall determine the appropriate level of the Hotel Reserve based upon a periodic review of the useful life of improvements to the Shared Facilities Unit and equipment owned by the Owner of the Shared Facilities Unit for use in the Shared Facilities Unit and Hotel Units, as well as periodic projections of the cost of anticipated major repairs or improvements, repairs and replacements necessary to the Shared Facilities Unit, or the purchase of equipment to be used by the Owner of the Shared Facilities Unit, in connection with the Shared Facilities Unit or Hotel Units. In performing this periodic review, the Declarant shall cause to be prepared at least once every five (5) years, and shall review annually, an independent Reserve Study. Each notification of Hotel Expenses shall disclose that percentage of the annual assessment which shall be added to the Hotel Reserve, and each Unit Owner shall be deemed to make a capital contribution to the Owner of the Shared Facilities Unit equal to such percentage multiplied by each installment of the annual Hotel Expenses assessment paid by such Unit Owner. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year shall be charged first against such portions of any specific contingency reserve or the Hotel Reserve, as applicable, which remains unallocated. If the Hotel Expenses prove inadequate for any reason or in the event a nonrecurring Hotel Expense is anticipated for any year, then the Declarant may prepare and approve a supplemental notification of Hotel Expenses covering the estimated deficiency or nonrecurring expense for the remainder of such year, copies of which supplemental notification of Hotel Expenses shall be furnished to each Unit Owner, and thereupon a special or separate assessment shall be made to each Unit Owner for such Unit Owner's proportionate share of such supplemental notification of Hotel Expenses. All Unit Owners shall be personally liable for and obligated to pay their respective adjusted monthly amount. In addition to the foregoing, any Hotel Expenses not set forth in the annual notification of Hotel Expenses, or any increase in assessments over the amount set forth



in the adopted annual notification of Hotel Expenses shall be separately assessed against all Unit Owners. Assessments for additions and alterations to, or refurbishment, rehabilitation or enhancement of, the components listed on Exhibit E shall be either included in the above assessment process or separately assessed against all Unit Owners. Notwithstanding anything to the contrary contained herein, the Declarant shall have the right, in its sole and absolute discretion, to waive the right to collect reserves at any time and from time to time, provided that such waiver is exercised in a non-discriminatory fashion.

(c) **Initial Notification of Hotel Expenses.** The Declarant shall determine and adopt, prior to the conveyance of the first Unit Ownership hereunder, an initial notification of Hotel Expenses commencing with the first day of the month in which the sale of the first Unit Ownership is closed and ending on December 31 of the calendar year in which such sale occurs, and shall continue to determine the annual Hotel Expenses for each succeeding calendar year, and which may include such sums as collected from time to time at the closing of the sale of each Unit Ownership. Assessments for Hotel Expenses shall be levied against the Unit Owners during said period as provided in Section 6.10(a) of this Article, except that if the closing of the sale of the first Unit Ownership is not on January 1, monthly assessments for Hotel Expenses to be paid by Unit Owners shall be based upon the amount of the notification of Hotel Expenses and the number of months and days remaining in such calendar year.

(d) **Failure to Prepare Notification of Hotel Expenses.** The failure or delay of the Declarant to give notice to each Unit Owner of the annual Hotel Expenses shall not constitute a waiver or release in any manner of such Unit Owner's obligation to pay such Unit Owner's respective monthly assessment for Hotel Expenses, as herein provided, whenever the same shall be determined, and in the absence of the annual or adjusted notification of Hotel Expenses, the Unit Owner shall continue to pay monthly assessments for the Hotel Expenses at the then-existing monthly rate established for the previous period until the monthly assessment for Hotel Expenses, which is due more than ten (10) days after notice is given of such new annual Hotel Expenses.

(e) **Status of Collected Funds.** All funds collected under this Section 6.10 shall be held and expended for the purposes designated herein.

(f) **Declarant's Lien Rights.** In the event any Unit Owner fails to promptly pay or reimburse the Declarant or the Hotel Management Company, as the case may be, in accordance with this Section 6.10, the Declarant or the Hotel Management Company (as the case may be) shall impose a charge upon such Unit Owner in the maximum amount of any sums due from such Unit Owner, including the amount of any attorney's fees & costs incurred in enforcing the obligations contained herein, which sum shall be a lien upon the Unit Ownership of the defaulting Unit Owner, subject to the recordation of a notice of lien, and foreclosure of such lien by sale of the Unit Ownership under substantially the same procedure provided to the Association in NRS Chapter 116 for the foreclosure of liens for assessments; provided, however, that such lien shall be subordinate to the lien of a prior recorded first mortgage on the interest of such Unit Owner. Except as hereinafter provided, the lien provided for in this Section 6.10(f) shall not be affected by any transfer of title to the Unit Ownership. Where title to the Unit Ownership is transferred pursuant to a decree of foreclosure or by deed or assignment in lieu of foreclosure, such transfer of title shall, to the extent permitted by law, extinguish the lien

described in this Section 6.10(f) for any sums which became due prior to (i) the date of the transfer of title or (ii) the date on which the transferee comes into possession of the Unit Ownership, whichever occurs first.

## ARTICLE 7

### **HOTEL COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY**

**7.1 Covenants and Restrictions as to Use, Occupancy and Maintenance.** The Property shall be occupied and used as follows:

(a) Each Hotel Unit shall be used for short-term transient occupancy or, if permitted by law, for longer-term occupancy. The Private Shared Facilities shall be used by the Shared Facilities Unit Owner and, to the extent authorized by the Shared Facilities Unit Owner, the Hotel Management Company, for use as office space, storage space, housekeeping space and any other purposes for which such space is necessary, appropriate or desirable in the operation of a condominium hotel consistent with the standard set forth in Section 4.5(c) hereof. The Public Shared Facilities shall be used by Declarant, the Hotel Management Company, the Association, Unit Owners, Occupants, Hotel Guests and their respective invitees and permittees as common hallways, elevators, stairwells, corridors, entrances, exits and such other purposes for which such Public Shared Facilities are designed for the smooth and efficient operation of the Property. The Commercial Units shall be used for the purposes contemplated in this Declaration. A Hotel Unit may be made available to the public for rental when not occupied by the Unit Owner thereof or individuals designated by such Unit Owner. Unit Owners must comply with all of the provisions of this Declaration and of the Bylaws and rules and regulations with respect to hotel operation. All Unit Owners of Hotel Units are required to enter into a Unit Maintenance Agreement with the Hotel Management Company (in the form then in use by the Hotel Management Company) and each Unit Owner of a Hotel Unit will be required to be a party to such Unit Maintenance Agreement for so long as such Unit Owner owns a Hotel Unit in the Condominium, and no Unit Owner of a Hotel Unit shall have the right to opt out of receiving the services to be provided pursuant to the Unit Maintenance Agreement or the fees, costs or charges to be paid for such services. This obligation to enter into and comply with all provisions of such Unit Maintenance Agreement shall run with and burden each Hotel Unit, and all Persons having or acquiring any right, title or interest in each Unit, or any part thereof, and their successive owners, successors and assigns, and shall be enforceable as covenants running with the land and/or equitable servitudes. All Unit Owners of a Hotel Unit will receive the services specified in the Unit Maintenance Agreement at the costs and upon the other terms and conditions set forth therein, and all costs to provide such services shall be paid by the Unit Owner of a Hotel Unit to the Hotel Management Company as and when due pursuant to the terms and conditions of the Unit Maintenance Agreement. The costs to provide such services are in addition to the Common Expenses, Shared Facilities Expenses and Hotel Expenses hereunder. Notwithstanding the foregoing or anything contained in the Bylaws or the rules and regulations to the contrary, Declarant or its Designee (or their respective successors in interest and assigns) may, without the permission of the Board: (a) use or grant permission for the use of any Unsold Unit for any purpose, including but not limited to use as a model or sales office, subject only to compliance with applicable governmental laws and regulations, and (b) lease Unsold Units to any party(ies), whether on a transient, short-term, long-term or other basis.



(b) There shall be no obstruction of the Common Elements or the Public Shared Facilities nor shall anything be stored in the Common Elements (except in areas designed for such purpose) or the Public Shared Facilities, without the prior consent of the Board (or, as it relates to the Public Shared Facilities, the Owner of the Shared Facilities Unit), or except as hereinafter expressly provided. Each Unit Owner shall be obligated to maintain and keep in good order and repair such Unit Owner's own Unit.

(c) Nothing shall be done or kept in any Unit, or in the Common Elements serving the Units, or in the Public Shared Facilities which will increase the rate of insurance on the Building, Parcel, Property, Common Elements, or contents thereof without the prior written consent of the Owner of the Shared Facilities Unit and the Declarant. In any case, the Unit Owner shall be responsible for payment of any such increase. No Unit Owner shall permit anything to be done or kept in such Unit Owner's Unit, in the Common Elements or the Public Shared Facilities which will result in the cancellation of any insurance, or which would be in violation of any law. No waste shall be committed in the Common Elements or the Public Shared Facilities.

(d) In order to enhance the sound conditioning of the Building, the floor covering for all occupied Units shall meet the minimum standard as may be specified by the Hotel Management Company; provided, however, that the floor covering existing in any Unit as of the date of the recording of this Declaration shall be deemed in compliance with any such rules and regulations.

(e) No household pets or reptiles shall be raised, bred or kept in any Unit (including, without limitation, the Shared Facilities Unit) or the Common Elements; provided, however, that household pets may be kept in Hotel Units with the prior permission of, and in accordance with rules established by, the Hotel Management Company, and household pets may be kept in Residential Units with the prior permission of, and in accordance with rules established by, the Board.

(f) No noxious, unlawful or offensive activity shall be carried on in any Unit (including the Shared Facilities Unit) or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or Occupants or which shall in the judgment of the Board or the Hotel Management Company cause unreasonable noise or disturbance to others.

(g) Nothing shall be done in any Unit or in, on or to the Common Elements or the Public Shared Facilities which will impair the structural integrity of the Building, or which would structurally change the Building, except as is otherwise provided herein. No Unit Owner shall overload the electric wiring in the Building, or operate machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board or the Hotel Management Company, an unreasonable disturbance to others, or connect any machines, appliances, accessories or equipment to the heating or plumbing system, without the prior written consent of the Board or the Hotel Management Company. No Unit Owner shall overload the floors of any Unit. Any furnishings which may cause floor overloads shall not be placed, kept or used in any Unit except only in accordance with advance written Board approval and Hotel Management Company approval.

(h) No Unit Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles, or any signage (including, without limitation, any "For Sale", "For Rent" or similar signage, or any other signage), outside such Unit Owner's Unit, in the Shared Facilities Unit, in the Common Elements or which may be visible from the outside of such Unit Owner's Unit (other than draperies, curtains or shades of a customary nature and appearance, subject to the rules and regulations of the Board and criteria established by the Hotel Management Company), or paint or decorate or adorn the outside or inside of such Unit Owner's Unit, or install outside such Unit Owner's Unit any canopy or awning, or outside radio or television antenna, dish or other receptive or transmitting device, or other equipment, fixtures or items of any kind, without the prior written permission of the Board and the Hotel Management Company; provided, however, that the foregoing shall not apply to the Declarant as to advertising activities or as to the exercise of other developmental rights or special Declarant's rights reserved herein. Unit Owners may display the Flag of the United States of America in their Unit, only if affixed to a freestanding flagpole and located in a corner of the Unit so as not to obstruct the use of the Unit, and otherwise displayed and maintained in compliance with federal and Nevada law. Final size and placement of the Flag within the Unit shall be approved by the Hotel Management Company.

(i) Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall not be stored or kept in any area constituting part of the Common Elements or the Public Shared Facilities.

(j) No use of a Unit or the Public Shared Facilities shall be conducted, maintained or permitted to the extent same is in violation of the uses permitted hereunder or under any applicable laws, statutes, codes, regulations or ordinances governing the Property from time to time (including, without limitation, the relevant provisions of City of Reno ordinances).

(k) During the period that the Declarant, or its respective agents, successors or assigns, are engaged in the marketing, sales or leasing of Units (including Units in any Additional Parcel) or the sales or leasing of any portion of the Building, or performing work in or about the Building, Declarant and its respective agents, employees, successors, assigns, contractors, subcontractors, brokers, licensees and invitees (and each of them) shall be entitled to (i) have access, ingress and egress to and from the Building and Common Elements and use such portion of the Building, Common Elements or the Shared Facilities Unit as may be necessary or desirable in connection with such marketing, sales, leasing of Units or performance of work; (ii) use or show one or more Unsold Units or portion or portions of the Common Elements or Shared Facilities Unit as a model Unit or Units for sale, or lease, sales office, construction, or refurbishment office or administrative or management office or for such other purposes deemed necessary or desirable in connection with such construction, refurbishment, administration, marketing, sales or leasing of Units or performing work in or about the Building; (iii) post and maintain such signs, banners and flags, or other advertising material in, on or about the Building, Common Elements and the Shared Facilities Unit in such form as deemed desirable by Declarant, and as may be deemed necessary or desirable in connection with the marketing, sales, leasing or management of Units or the sales, leasing or advertising

of any portion of the Building, or performing work in or about the Building or in connection with (i) and (ii) above; and (iv) complete or correct construction of, or make alterations of and additions and improvements to, the Units (including, without limitation, the New Construction Units or any elements of the Future Expansion Parcel), the Common Elements and the Shared Facilities Unit in connection with any of the Declarant's activities in connection with the construction, promotion, marketing, sales or leasing of the Units or performing work in or about the Building. The foregoing are in addition to and not in limitation of the rights granted under Section 4.3(c) hereof. The foregoing and the rights granted under Section 4.3(c) hereof shall not be amended or modified in any manner without the express written consent of the Declarant or its successors or assigns.

(l) Except for the Unit Owner of a Commercial Unit, Residential Unit, or the Shared Facilities Unit, Unit Owners will be obligated to furnish, decorate and equip their Units at their expense in the manner directed by the Owner of the Shared Facilities Unit or Hotel Management Company, including furnishing; decorating and equipping their Units with the FF&E prescribed by the Hotel Management Company from time to time. In addition, all Unit Owners shall be required to comply with the FF&E obligations set forth in Section 4.5(b)(i) hereof.

(m) The provisions of the Act, this Declaration and rules and regulations that relate to the use of the individual Unit or the Common Elements shall be applicable to any person leasing a Unit Ownership and shall be deemed to be incorporated in any lease executed in connection with a Unit Ownership. The Board may bring any appropriate legal action against a tenant, for any breach by a tenant of any covenants, rules, regulations or bylaws, without excluding any other rights or remedies.

(n) Notwithstanding any provision in this Declaration to the contrary, the following provisions shall apply to the Commercial Units: (a) Unit Owners, Occupants, and tenants of any Commercial Unit and their customers, employees, and invitees shall not be restricted by any amendments to this Declaration or the Bylaws, or by any rules or regulations adopted by the Board (including, without limitation, rules or regulations relating to hours of use), in their reasonable use of any Commercial Unit in conformity with state and local law and their reasonable use of the Common Elements and the Public Shared Facilities (including lobby areas, halls, corridors, and other facilities) in the ordinary course of the commercial activities for which a Commercial Unit is used; (b) the Declarant reserves the right to make such improvements or alterations to any such Commercial Unit and to locate and relocate Common Elements from time to time as the Declarant may deem necessary or desirable for the purpose of improving the operation of and access to any such Commercial Unit, and the Declarant reserves the right to install such utility lines in the Common Elements for the purpose of providing utility service to any such Commercial Unit; (c) there shall be no obstruction of any lobby entrances, passageways, corridors, or other portions of the Common Elements or the Public Shared Facilities which serve a Commercial Unit during hours when such Commercial Unit is in operation; (d) the Unit Owner of a Commercial Unit shall have the right to install and maintain signs within such Commercial Unit and, subject to reasonable restrictions imposed by the Hotel Management Company designed to protect the luxury hotel

character of the Condominium, exterior signs, awnings, and canopies in and on the Building; (e) the Unit Owner of a Commercial Unit shall be eligible to be a member of the Board, and no residency requirement for Board membership shall be applicable to the Unit Owner of such Commercial Unit; (f) no special user or service charges for the use of Common Elements, which are not similarly assessed against other Unit Owners, shall be assessed against the Unit Owner of a Commercial Unit; and (g) the Declarant, as the initial Unit Owner of the Commercial Units, shall have the right to convert (at any time) the Commercial Units into Hotel Units or into part of the Shared Facilities Unit, or to combine or subdivide Commercial Units and reallocate their Allocated Interests, to be determined by Declarant in its sole and absolute discretion, and Declarant shall not require the consent of the Association or any Unit Owner in connection with such conversion, combination or subdivision. Neither this Section 7.1(n) nor Section 7.1(a) above or Section 7.1(o) below as it applies to any Commercial Unit shall be amended or rescinded except upon the approval by a vote of all of the Unit Owners.

(o) Notwithstanding anything to the contrary contained herein, in no event shall Declarant be obligated to operate, or cause any third party to operate, a restaurant or spa facility within the Condominium.

(p) The Shared Facilities Unit Owner shall have the right to impose, from time to time, rules, regulations and restrictions on the use of the Public Shared Facilities, so long as such rules, regulations and restrictions do not materially adversely affect the right of the Unit Owners, Occupants, Hotel Guests and the Association to use and occupy the Property for the purposes described herein.

## ARTICLE 8

### **DAMAGE, DESTRUCTION, CONDEMNATION AND RESTORATION OF BUILDING**

**8.1 Application of Insurance Proceeds.** In the event the improvements forming a part of the Property, or any portion thereof, including any Units, shall suffer damage or destruction from any cause and the proceeds of any policy or policies insuring against such loss or damage, and payable by reason thereof, plus Capital Reserves, shall be sufficient to pay the cost of repair, restoration or reconstruction, then such restoration, repair, replacement or reconstruction shall be undertaken and the insurance proceeds and, if necessary, the Capital Reserve shall be applied by the payee of such insurance proceeds in payment therefor; provided, however, that in the event (a) the common-interest community is terminated; (b) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; (c) one hundred percent (100%) of the Voting Members vote not to rebuild, repair, or replace; or (d) within one hundred eighty (180) days after said damage or destruction, all of the Unit Owners elect either to sell the Property as hereinafter provided in Article 9 or to withdraw the Property from the provisions of this Declaration and from the provisions of the Act as therein provided, then such restoration, repair, replacement, or reconstruction shall not be undertaken. If the entire damaged Property is not restored, repaired, replaced or reconstructed, the proceeds attributable to the damaged Common Elements must be used to restore the damaged Common



Elements to a condition compatible with the remainder of the Common Elements. The proceeds attributable to Units that are not restored, repaired, replaced, or reconstructed must be distributed to the owners of those Units, or to First Mortgagees, as their interests may appear; and the remainder of the proceeds must be distributed to all the Units' owners or First Mortgagees, as their interests may appear in proportion to the interests of all the Units in the Common Elements as shown on Exhibit B. If the Unit's owners vote not to restore, repair, replace, or reconstruct any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned, and the Association shall prepare, execute and record an amendment to the Declaration reflecting the reallocations.

## **8.2 Eminent Domain**

In the event any portion of the Property is taken by condemnation or eminent domain proceedings, provision for withdrawal of the portions so taken from the provisions of the Act may be made by the Board. Upon the withdrawal of any Unit or portion thereof due to eminent domain, the percentage of Allocated Interests appurtenant to such Unit or portion so withdrawn shall be reallocated among the remaining Units on the basis of the percentage of interest of each remaining Unit, and the Association shall promptly prepare, execute and record an amendment to the declaration reflecting the reallocations. The allocation of any condemnation award or other proceeds to any withdrawing or remaining Unit Owner shall be on an equitable basis, which need not be a Unit's percentage interest. If part of the Common Elements is acquired by eminent domain, the portion of the award attributable to the common elements taken must be paid to the Association. Upon the withdrawal of any Unit or portion thereof, the responsibility for the payment of assessments on such Unit or portion thereof by the Unit Owner shall cease. The Association shall represent the Unit Owners, other than the Shared Facilities Unit Owner, in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for the acquisition of the Common Elements or any part thereof, and the Association is hereby appointed as attorney-in-fact for such Unit Owners to represent the Unit Owners in any condemnation proceedings, or in negotiations, settlements and agreements with the condemning authority relating to such acquisitions of the Common Elements or any part thereof.

**8.3 Repair, Restoration or Reconstruction of the Improvements.** As used in this Article, "restoration, repair, replacement or reconstruction" of improvements means restoring the improvements to substantially the same condition in which they existed prior to the damage or destruction, with each Unit and Common Element having the same vertical and horizontal boundaries as before, unless, if allowed by the Act, other action is approved by the Voting Members representing at least eighty percent (80%) of the votes in the Association. Any repair, restoration or reconstruction shall be in accordance with law and this Declaration.

## **ARTICLE 9**

### **SALE OF THE PROPERTY**

**9.1 Sale.** At a meeting duly called for such purpose and open to attendance by all Unit Owners, the Unit Owners by affirmative vote of Unit Owners who own eighty percent (80%) or more in the aggregate of the entire percentage ownership interest in the Common Elements may elect to sell the Property as a whole. Within ten (10) days after the date of the

meeting at which such sale is approved, the Board shall give written notice of such action to each First Mortgagee. Such action shall be binding upon all Unit Owners, and it shall thereupon become the duty of every Unit Owner to execute and deliver such instruments and to perform all acts as in manner and form may be necessary to effect such sale.

## ARTICLE 10

### MISCELLANEOUS PROVISIONS RESPECTING MORTGAGES

**10.1** Mortgages. The following provisions are intended for the benefit of each holder of a recorded first mortgage or trust deed encumbering a Unit Ownership ("First Mortgagee") and to the extent, if at all, that any other provisions of this Declaration conflict with the following provisions, the following provisions shall control:

(a) Upon request in writing to the Association identifying the name and address of the First Mortgagee, or the insurer or guarantor of a recorded first mortgage or trust deed on a Unit ("Insurer or Guarantor") and the Unit number, the Association shall furnish each First Mortgagee, Insurer or Guarantor a written notice of any default by a Unit Owner of that Unit Owner's obligations under this Declaration which is not cured within thirty (30) days. Any First Mortgagee of a Unit, as well as any other holder of a prior recorded mortgage on a Unit Ownership, who comes into possession of the Unit Ownership pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure shall, to the extent permitted by law, take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged Unit Ownership which become due prior to (i) the date of the transfer of title or (ii) the date on which the holder comes into possession of the Unit Ownership, whichever occurs first (except for any sums which are reallocated among the Unit Owners pursuant Article 11 hereof).

(b) Upon request in writing, each First Mortgagee, Insurer or Guarantor shall have the right:

- (i) to examine current copies of this Declaration, the By Laws, the Articles of Incorporation of the Association, current rules and regulations and the books, records and financial statements of the Association, by prior appointment, during normal business hours;
- (ii) to receive, without charge and within a reasonable time after such request, an audited financial statement for the Association for the preceding fiscal year, and an audited financial statement for each fiscal year must be available within one hundred twenty (120) days after the end of such fiscal year;
- (iii) to receive written notices of all meetings of the Association and to designate a representative to attend all such meetings;

- (iv) to receive written notice of any decision by the Unit Owners to make a material amendment to this Declaration, the Bylaws, or Articles of Incorporation;
- (v) to receive written notice of any lapse, cancellation or modification of any insurance policy or fidelity bond maintained by or on behalf of the Association; and
- (vi) to receive written notice of any action which would require the consent of a specified percentage of First Mortgagees.

(c) No provision of this Declaration or the Articles of Incorporation of the Association or any similar instrument pertaining to the Property or the Units therein shall be deemed to give a Unit Owner or any other party priority over the rights of the First Mortgagees pursuant to their mortgages in the case of distribution to Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of the Units, or the Common Elements, or any portion thereof or interest therein. In such event, the First Mortgagees, Insurers or Guarantors of the Units affected shall be entitled, upon specific written request, to timely written notice of any such loss.

(d) Unless the First Mortgagees of all of the Unit Ownerships which are a part of the Property have given their prior written approval, neither the Association nor the Unit Owners shall be entitled to:

- (i) by act or omission seek to abandon or terminate the condominium regime, except for abandonment provided by the Act in case of substantial loss to or condemnation of the Units or the Common Elements; or
- (ii) change the pro rata interest or obligations of any Unit Owner for purposes of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards;

(e) Unless at least sixty-seven percent (67%) of the First Mortgagees, based on one vote per Unit, have given their prior written approval, neither the Association nor the Unit Owners shall be entitled to do or permit to be done any of the following:

- (i) Adopt an amendment to this Declaration which (aa) changes Article 11 hereof, (bb) changes Article 10 or any other provision of this Declaration which specifically grants rights to First Mortgagees, (cc) changes insurance and fidelity bond requirements, (dd) imposes a right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey such Unit Owner's Unit Ownership materially different from that presently contained in this Declaration, or (ee) changes any provisions of this Declaration concerning repair, restoration, or reconstruction of the Building;

- (ii) Sell the Property as a whole; or
- (iii) Remove all or a portion of the Property from the provisions of the Act and this Declaration;

(f) Upon specific written request to the Association, each First Mortgagee, Insurer or Guarantor of a Unit Ownership shall be furnished notice in writing by the Association of any damage to or destruction or taking of the Common Elements or the Unit Ownership that is subject to such First Mortgagee's, Insurer's or Guarantor's mortgage.

(g) If any Unit or portion thereof or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the First Mortgagee, insurer or Guarantor of the Unit Ownership involved will be entitled to timely written notice, upon specific written request, of any such proceeding or proposed acquisition, and no provision of any document will entitle the Owner of a Unit Ownership or other party to priority over such First Mortgagee with respect to the distribution of the proceeds of any award or settlement.

(h) Whenever required, the consent of a First Mortgagee shall be deemed granted unless the party seeking the consent is advised to the contrary in writing by the First Mortgagee within thirty (30) days after making the request for consent, provided such request was delivered by certified or registered mail, return receipt requested.

## ARTICLE 11

### ANNEXING ADDITIONAL PROPERTY

**11.1 Additional Parcel.** The Declarant, and its successors and assigns, hereby reserves the right and option, at any time and from time to time, within 20 years from the date of the recording of this Declaration in the Office of the Washoe County Recorder, to add-on and annex to the Property, from time to time, all or any portion of the property described on Exhibit C attached hereto and incorporated herein by reference ("Future Expansion Parcel"), and in connection therewith to create Units and/or Common Elements within such annexed property and reallocate percentage interests in the Allocated Interests as hereinafter described, by recording an amendment or amendments to this Declaration executed by the Declarant (every such instrument being hereinafter referred to as an "Amendment to Condominium Declaration") which shall set forth the legal description of the additional parcel or parcels within the Future Expansion Parcel to be annexed to the Property and which shall otherwise be in compliance with the requirements of the Act. Upon the recording of every such Amendment to Condominium Declaration, the Additional Parcel described therein shall be deemed submitted to the Act and governed in all respects by the provisions of the Declaration as amended, and shall thereupon become part of the Property. No portion or portions of the Future Expansion Parcel shall be subject to any of the provisions of this Declaration unless and until an Amendment to Condominium Declaration is recorded annexing such portion or portions to the Property as aforesaid. The Unit Owners shall have no rights whatsoever in or to any portion of the Future



Expansion Parcel, unless and until an Amendment to Condominium Declaration is recorded annexing such portion to the Property as aforesaid, and then, only as set forth in the Amendment. Upon expiration of said period of developmental or special declarant's rights, no portion of the Future Expansion Parcel which has not theretofore been made part of or annexed to the Property shall thereafter be annexed to the Property. No portion of the Future Expansion Parcel must be built or added to the Property. Portions of the Future Expansion Parcel may be added to the Property at different times within such developmental period. Except as may be required by applicable laws and ordinances, there shall be no limitations (i) on the order in which portions of the Future Expansion Parcel may be added to the Property, (ii) fixing the boundaries of these portions, or (iii) on the location of improvements which may be made on the Future Expansion Parcel. The maximum number of Units which may be created on the Future Expansion Parcel is 15,000, which does not include any New Construction Units. The maximum number of Units which may be created within the Future Expansion Parcel added to the Property, including the New Construction Units is 20,000. Structures, improvements, buildings and units to be constructed on portions of the Future Expansion Parcel which are added to the Property need not, except to the extent required by applicable laws and ordinances, be compatible with the configuration of the Property in relation to density, use, construction and architectural style; provided, however, that such structures, improvements, buildings and units shall be generally consistent in terms of quality of construction with those currently existing on the Property.

If all or any portion of the Future Expansion Parcel is annexed, the Declarant reserves developmental rights and/or special Declarant's rights with respect to the Future Expansion Parcel, as follows:

(a) The Declarant reserves the right to annex additional mixed use real estate, which may include additional buildings or portions thereof containing any combination of Unit types described herein, and if such additional mixed use elements are annexed, Declarant reserves the right to restrict voting rights appurtenant to a Unit to matters involving the building or buildings containing said Units;

(b) The Declarant reserves the right to make this common-interest community subject to a master association that may include all or any portion of the real estate comprising the Future Expansion Parcel, described on Exhibit C;

(c) The Declarant reserves the right to merge or consolidate this common-interest community with another common-interest community that may include all or any portion of the real estate comprising the Future Expansion Parcel, described on Exhibit C; and

(d) The Declarant reserves the right to take any other action with respect to the Future Expansion Parcel that is reserved herein with respect to the Property, and reserves the right to advertise the sale of any units in the Future Expansion Parcel at any location within the Property on which advertising activity with respect to the sale of Units in the Property is permitted herein.

**11.2 Amendments to Condominium Declaration.** Every such Amendment to this Declaration shall include:

(a) The legal description of the portion or portions of the Future Expansion Parcel which shall be added to the legal description of the Property;

(b) An amendment to the Plat which shall show the boundaries of the portion or portions of the Future Expansion Parcel annexed to the Property, and delineating and describing the Units of the annexed Future Expansion Parcel; and

(c) Amendments to Exhibits B and D attached hereto. The amended Exhibit B shall set forth the amended percentages of interest in the Allocated Interests, including the Common Elements, attributable to those portions of the Future Expansion Parcel annexed to the Property and including all existing Units and additional Units, if any, added by such Amendment to Condominium Declaration.

**11.3 Determination of Amendments to Percentages of Ownership Interest in the Allocated Interests.** The percentages of ownership interest in the Allocated Interests allocable to every Unit, as amended by each Amendment to Condominium Declaration, shall be determined as follows:

(a) The Allocated Interests, as amended by such Amendment to Condominium Declaration, shall be deemed to consist of the Allocated Interests as existing immediately prior to the recording of such Amendment to Condominium Declaration (the "Existing Allocated Interests"), as set forth in Exhibit B prior to recordation of an Amendment to Condominium Declaration, and the Allocated Interests added by such Amendment to Condominium Declaration (the "Added Allocated Interests");

(b) The Units, as amended by such Amendment to Condominium Declaration, shall be deemed to consist of the Units as existing immediately prior to the recording of such Amendment to Condominium Declaration (the "Existing Units"), as set forth in Exhibit B prior to recordation of an Amendment to Condominium Declaration, and the Units added by such Amendment to Condominium Declaration (the "Added Units");

(c) The initial Allocated Interests shall be as set forth in Exhibit B. Prior to the date of recording of every Amendment to Condominium Declaration, the Declarant shall determine the Added Units and Added Allocated Interests for such Amendment in accordance with the Unit names and corresponding Unit quantities and square footages as set forth in Exhibit F, for the Units added to the Property, and such determination shall be unconditionally binding and conclusive for all purposes notwithstanding the market values or actual or surveyed square footages of any Unit or Units. The Declarant shall amend Exhibit B, in accordance with its determination, prior to recordation of each Amendment;

(d) The Units shall be entitled to their respective percentages of ownership interest in the Allocated Interests, as set forth in Exhibit B to such Amendment to Condominium Declaration, subject to any further amendments;

(e) All of the provisions of this Declaration, as amended by every successive Amendment to Condominium Declaration, shall be deemed to apply to all of the Units (both the Added Units and the Existing Units) and to all of the Allocated Interests (both the Added Allocated Interests and the Existing Allocated Interests); and

(f) The recording of an Amendment to Condominium Declaration shall not alter or affect the amount of any lien for Common Expenses due from the Owner of any Existing Unit prior to such recording, nor the respective amounts theretofore assessed to or due from the Owner or Owners of Existing Units for Common Expenses or other assessments.

**11.4 Determination of Amendments to duties to pay Shared Facilities Expenses and Hotel Expenses.** The respective duties to pay Shared Facilities Expenses and Hotel Expenses (as set forth in Sections 6.9 and 6.10, and as otherwise provided in this Declaration) allocable to every Unit, as amended by each Amendment to Condominium Declaration, shall be determined as follows:

(a) The duties of Unit Owners to pay Shared Facilities Expenses and Hotel Expenses shall be reflected as a percentage of the entire Shared Facilities Expenses and Hotel Expenses, as set forth on Exhibit D, subject to amendment by each Amendment to Condominium Declaration;

(b) Prior to the date of recording of every Amendment to Condominium Declaration, the Declarant shall calculate amended and new percentages of the duties of all Unit Owners, as a result of the Amendment, to pay Shared Facilities Expenses and Hotel Expenses, in accordance with the Unit names and corresponding Unit quantities and square footages as set forth in Exhibit G, for the Units added to the Property, and such determination shall be unconditionally binding and conclusive for all purposes notwithstanding the market values or actual or surveyed square footages of any Unit or Units. The Declarant shall amend Exhibit D, in accordance with its determination, prior to recordation of each Amendment;

(c) The Units shall pay their respective percentages of Shared Facilities Expenses and Hotel Expenses, as set forth in Exhibit D to such Amendment to Condominium Declaration, subject to any further amendments;

(d) All of the provisions of this Declaration, as amended by every successive Amendment to Condominium Declaration, shall be deemed to apply to the payment of Shared Facilities Expenses and Hotel Expenses; and

(e) The recording of an Amendment to Condominium Declaration shall not alter or affect the amount of any lien for Shared Facilities Expenses or Hotel Expenses due from the Owner of any Existing Unit prior to such recording, nor the respective amounts theretofore assessed to or due from the Owner or Owners of Existing Units for Shared Facilities Expenses and Hotel Expenses or other assessments.

**11.5 Existing Mortgages.** Upon recording of every Amendment to Condominium Declaration, the lien of every mortgage encumbering an Existing Unit, together with its appurtenant percentage of ownership interest in the Existing Allocated Interests, shall automatically be deemed to be adjusted and amended to encumber such Unit and the respective percentage of ownership interest in the Allocated Interests for such Existing Unit as set forth in such Amendment to Condominium Declaration, and the lien of such mortgage shall automatically attach to such percentage interest in the Added Allocated Interests.

**11.6 Binding Effect.** Every Unit Owner and every mortgagee, grantee, heir, administrator, executor, legal representative, successor and assign of such Unit Owner, by such

person's or entity's acceptance of any deed or mortgage or other interest in or with respect to any Unit Ownership, shall be deemed to have expressly agreed and consented to (i) each and all of the provisions of Articles 11 and 12; (ii) the recording of every Amendment to the Declaration which may amend and adjust such person's or entity's respective percentage of ownership interest in the Allocated Interests including the Existing Allocated Interests and the Added Allocated Interests from time to time as provided in this Article 11; and (iii) all of the provisions of every Amendment to the Declaration which may hereafter be recorded in accordance with the provisions of this Article 11. A power coupled with an interest is hereby granted to the Declarant as attorney-in-fact to amend and adjust the percentages of undivided ownership interest in the Allocated Interests from time to time in accordance with every such Amendment, to Condominium Declaration recorded pursuant hereto. The acceptance by any persons or entities of any deed, mortgage or other instrument with respect to any Unit Ownership, in addition to the foregoing, shall be deemed to constitute a consent and agreement to and acceptance and confirmation by such person or entity of such power to such attorney-in-fact and of each of the following provisions as though fully set forth in such deed, mortgage or other instrument:

(a) The percentage of ownership interest in the Allocated Interests appurtenant to such Unit shall automatically be deemed reconveyed effective upon the recording of every Amendment to Condominium Declaration and reallocated among the respective Unit Owners in accordance with the amended and adjusted percentages set forth in every such Amendment;

(b) Such deed, mortgage or other instrument shall be deemed given upon a conditional limitation to the effect that the percentage of ownership interest in the Allocated Interests appurtenant to such Unit shall be deemed divested pro tanto upon the recording of every such Amendment to Condominium Declaration and revested and reallocated among the respective Unit Owners in accordance with the amended and adjusted percentages set forth in every such Amendment to Condominium Declaration;

(c) To the extent required for the purposes of so amending and adjusting such percentages of ownership interest in the Allocated Interests as aforesaid, a right of revocation shall be deemed reserved by the grantor of such deed, mortgage or other instrument with respect to such percentage of ownership interest in the Allocated Interests granted therein;

(d) Such adjustments in the percentages of ownership interest in the Allocated Interests as set forth in every such Amendment to Condominium Declaration, shall be deemed to be made by agreement of all Unit Owners and other persons having any interest in the Property, and shall also be deemed to be an agreement of all Unit Owners and such other persons to such changes within the contemplation of the Act; and

(e) Every Unit Owner, by acceptance of the deed conveying such Unit Owner's Unit Ownership, agrees for himself or herself and all those claiming under such Unit Owner, including mortgagees, that this Declaration, and every Amendment to Condominium Declaration, is and shall be deemed to be in accordance with the Act.



## ARTICLE 12

### TRANSFER OF A UNIT, DECLARANT'S RIGHT OF REPURCHASE

**12.1 Unrestricted Transfers.** Subject to Section 12.2 hereof, a Unit Owner may, without restriction under this Declaration, sell, give, devise, convey, mortgage, lease or otherwise transfer such Unit Owner's entire Unit. Notice of such transfer shall be given to the Board, in the manner provided herein for the giving of notices, within five (5) days following consummation of such transfer.

**12.2 Declarant's Right of Repurchase.** The following provisions of this Section 12.2 shall apply to all Hotel Unit Owners, and shall take effect after the "Closing Date" of each Hotel Unit, as that term is defined in the Purchase and Sale Agreement.

(a) Each Hotel Unit Owner, on behalf of himself and all of his heirs, successors and assigns in the Unit Ownership, by accepting the initial conveyance of a Unit within the Hotel-Condominiums at Grand Sierra Resort, grants Declarant and all of its successors and assigns a perpetual right to repurchase the Unit and all FF&E acquired with the Unit, on the terms and conditions hereinafter set forth. Each Hotel Unit Owner shall notify Declarant in writing that it has received an offer to purchase the Unit Ownership and the FF&E which must be conveyed with the Unit pursuant to Section 4.5(b)(i), which notice shall contain the name and address of the proposed purchaser and shall contain a copy of the offer, including all of the terms and conditions of sale, signed by the proposed purchaser. Declarant shall have the right within ten (10) days after actual receipt of the copy of the offer within which to repurchase the Unit Ownership and the FF&E, which right shall be exercised by written notice to the Hotel Unit Owner within such ten (10) day time period, on the following terms:

- (i) If on the day the Declarant actually receives a copy of the offer, the sale, from the Declarant to third parties, of less than 660 Hotel Units have closed, then (i) Declarant's price to purchase the Unit Ownership and FF&E shall be the Purchase Price, as set forth in Paragraph 1(a) of the Purchase and Sale Agreement for the Unit (plus the cost of any improvements or betterments made at the Unit Owner's expense in accordance with the terms and conditions of this Declaration or the Purchase and Sale Agreement, if any, which costs shall be established by copies of paid bills delivered to Declarant at the time of giving of the Unit Owner's ten (10) day notice to Declarant), plus or minus proration of general real estate taxes, prepaid insurance premiums, utility charges, monthly assessments and other similar proratable items; (ii) the Hotel Unit Owner shall convey good and marketable title to the Unit Ownership by special warranty deed to Declarant or its designee, and the FF&E by bill of sale with warranties of title, subject only to those Permitted Exceptions (excluding acts of Purchaser) existing at closing and any acts of Declarant; (iii) closing of the repurchase shall be effected through an escrow similar to that described in Paragraph 5(b) of the Purchase and Sale Agreement;

(iv) the Hotel Unit Owner shall bear all costs of the escrow and title insurance; and (v) any Nevada and Washoe County transfer taxes shall be paid by the Hotel Unit Owner, and any City of Reno real estate transaction tax shall be paid by Declarant.

(ii) If on the day the Declarant actually receives a copy of the offer, the sale, from the Declarant to third parties, of 660 Hotel Units or more have closed (i) the price of the Unit Ownership and FF&E shall be the price set forth in the copy of the offer conveyed to Declarant under this Section, plus or minus proration of general real estate taxes, prepaid insurance premiums, utility charges, monthly assessments and other similar proratable items; (ii) the Hotel Unit Owner shall convey good and marketable title to the Unit Ownership by special warranty deed to Declarant or its designee, and the FF&E by bill of sale with warranties of title, subject only to those Permitted Exceptions (excluding acts of Purchaser) existing at closing and any acts of Declarant; (iii) closing of the repurchase shall be effected through an escrow similar to that described in Paragraph 5(b) of the Purchase and Sale Agreement; (v) the Hotel Unit Owner and Declarant each shall bear one-half of the costs of the escrow; (vi) the Hotel Unit Owner shall bear the cost of title insurance in the amount of the offer price; and (vii) the Hotel Unit Owner and Declarant each shall bear one-half of the costs of any Nevada and Washoe County transfer taxes, and any City of Reno real estate transaction tax.

(b) If Declarant notifies the Hotel Unit Owner within said ten (10) day period of its election to repurchase the Unit Ownership and all FF&E, then such repurchase shall be closed and possession delivered to Declarant within thirty (30) days after the giving of Declarant's notice of such election. In the event of Declarant's repurchase of the Unit Ownership and all FF&E as provided herein, the Hotel Unit Owner agrees to reconvey the Unit Ownership and FF&E to Declarant in the same physical condition as at closing, except for ordinary wear and tear.

(c) If Declarant gives written notice to the Hotel Unit Owner within said ten (10) day period that it does not elect to exercise said repurchase right, or if Declarant fails to give written notice to Purchaser during the ten (10) day period, then the Hotel Unit Owner may proceed to consummate the proposed sale; provided, however, that if the Hotel Unit Owner fails to close the proposed sale with the proposed purchaser at the purchase price and on the other terms and conditions contained in the aforesaid written notice to Declarant (except for extensions of the closing date collectively amounting to no more than four (4) months beyond the closing date contained in the offer), the right of repurchase granted to Declarant herein shall remain in effect and shall be applicable to the proposed sale as modified, and to any subsequent proposed sale by the Hotel Unit Owner of the Unit Ownership.

(d) Declarant shall have the right to execute and deliver to any one or more Hotel Unit Owners a release of Declarant's rights under this Section 12.2.

(e) Any purported sale of a Hotel Unit in violation of the provisions of this Section 12.2 shall be null and void and of no force and effect. The deed to be delivered by Declarant to each Hotel Unit Owner on the Closing Date, as defined in the Purchase and Sale Agreement, shall contain provisions incorporating the foregoing right of repurchase, and stipulating that it binds the grantee under the deed and its successors and assigns by acceptance of a deed.

(f) For purposes of this Section 12.2 "sell" or "sale" means: any sale, transfer or other voluntary conveyance of the Unit Ownership; lease with an option to purchase the Unit Ownership; any assignment (except for collateral purposes only) of all or any portion of the beneficial interest or power of direction under any trust which owns legal or beneficial title to the Unit Ownership for consideration; or sale or transfer of substantially all of the stock, partnership or membership interests of a corporation, partnership or limited liability company which owns legal or beneficial title to the Unit Ownership.

(g) Declarant's right of repurchase under this Section 12.2 shall be subordinate to the rights of the holder of any mortgage or trust deed hereafter placed upon the Unit Ownership.

**12.3 Financing of Purchase by Association.** The Board shall have authority to make such mortgage arrangements and other financing arrangements, and to authorize such special assessments proportionately among the respective Unit Owners, as the Board may deem desirable, in order to close and consummate the purchase or lease of a Unit Ownership, or interest therein, by the Association.

**12.4 Miscellaneous.**

(a) The Association shall hold title to or lease any Unit Ownership, pursuant to the terms hereof, in the name of the Association, or a nominee thereof delegated by the Board, for the sole benefit of all Unit Owners. The Board shall have the authority at any time to sell, mortgage, lease or sublease said Unit Ownership on behalf of the Association upon such terms as the Board shall deem desirable, but in no event shall a Unit be sold (other than pursuant to a foreclosure or deed in lieu of foreclosure) for less than the amount paid by the Association to purchase said Unit Ownership unless Unit Owners owning not less than seventy-five percent (75%) of the total ownership of the Common Elements first authorize the sale for such lesser amount. All of the net proceeds from such a sale, mortgage, lease or sublease shall be applied in such manner as the Board shall determine.

(b) The Board may adopt rules and regulations, from time to time, not inconsistent with the provisions of this Article 12, for the purpose of implementing and effectuating said provisions.

**ARTICLE 13**

**GENERAL PROVISIONS**

**13.1 Manner of Giving Notices.** Notices provided for in this Declaration and in the Act to be given to the Board or Association shall be in writing and addressed to the Unit address of each member of the Board or at such other address as otherwise provided herein. Notices provided for in this Declaration and in the Act to any Unit Owner shall be in writing and

addressed to the Unit address of said Unit Owner, or at such other address as otherwise provided in the Purchase and Sale Agreement or designated by the Unit Owner. Any Unit Owner may designate a different address or addresses for notices to such Unit Owner by giving written notice of his change of address to the Board or Association, and to the Declarant. Unless otherwise specifically provided herein, any notice 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. Nevada 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 Section 13.1.

**13.2 Notice to Mortgagees.** Upon written request to the Board, notices shall be given to a First Mortgagee as required under Article 10.

**13.3 Notices of Estate or Representatives.** Notices required to be given any devisee, heir or personal representative of a deceased Unit Owner may be delivered either personally or by mail to such party at his, her or its address appearing in the records of the court wherein the estate of such deceased Unit Owner is being administered.

**13.4 Conveyance and Leases.** Each grantee of the Declarant, each subsequent grantee by the acceptance of a deed of conveyance, and each tenant under a lease for a Unit Ownership, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed, shall be deemed and taken to be covenants running with the land and/or equitable servitudes and shall bind any person having at any time an interest or estate in the Property, and shall inure to the benefit of such Unit Owner in like manner as though the provisions of the Declaration were recited and stipulated at length in each and every deed of conveyance.

**13.5 No Waivers.** No covenants, restrictions, conditions, obligations or provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

**13.6 Change, Modification or Rescission.** No provision of this Declaration affecting the rights, privileges and duties of the Declarant may be modified without its written consent. Except as otherwise expressly provided herein, other provisions of this Declaration may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission signed and acknowledged by the President or a Vice-President of the Association, and approved by the Unit Owners having, in the aggregate, at least seventy-five percent (75%) of the total vote, at a meeting called for that purpose; provided, however, that (i) all First Mortgagees have been notified by certified mail of any change, modification or rescission, (ii) an affidavit by the Secretary of the Association certifying to such mailing is made a part of such instrument and (iii) any provisions herein which specifically grant rights to First Mortgagees, Insurers or Guarantors may be amended only with the written consent of all such



First Mortgagees, Insurers or Guarantors, except in those instances in which the approval of less than all First Mortgagees is required. Any such change, modification or rescission shall be effective, upon recordation of such instrument in the Office of the County Recorder of Washoe County, Nevada; provided, however, that no such change, modification or rescission shall change the boundaries of any Unit, the allocation of percentages of ownership in the Common Elements and votes in the Association, quorum and voting requirements for action by the Association, or liability for Common Expenses assessed against any Unit, except to the extent authorized by other provisions of this Declaration or by the Act.

**13.7 Partial Invalidity.** The invalidity of any covenant, restriction, condition, limitation or any other provision of this Declaration, or any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration.

**13.8 Perpetuities and Other Invalidity.** If any of the options, privileges, covenants or rights created by this Declaration would otherwise be unlawful or void for violation of (i) the rule against perpetuities or some analogous statutory provisions, (ii) the rule restricting restraints on alienation, or (iii) any statutory or common law rules imposing time limits, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living lawful descendants of Nevada Governor, Kenny Guinn.

**13.9 Liberal Construction.** The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a hotel condominium development consistent with the standard set forth in Section 4.5(c) hereof.

**13.10 Ownership by Land Trustee.** In the event title to any Unit Ownership is conveyed to a land title holding trust, under the terms of which all powers of management, operation and control of the Unit Ownership remain vested in the trust beneficiary or beneficiaries, then the Unit Ownership under such trust and the beneficiaries thereunder from time to time shall be responsible for payment of all obligations, liens or indebtedness and for the performance of all agreements, covenants and undertakings chargeable or created under this Declaration against such Unit Ownership. No claim shall be made against any such title holding trustee personally for payment of any lien or obligation hereunder created and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against such lien or obligation. The amount of such lien or obligation shall continue to be a charge or lien upon the Unit Ownership and the beneficiaries of such trust notwithstanding any transfers of the beneficial interest of any such trust or any transfers of title of such Unit Ownership.

**13.11 Special Amendment.** Declarant reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Department of Veteran's Affairs (formerly known as the Veteran's Administration), the American Land Title Association, or any other governmental agency or any other public, quasi-public or private entity which performs (or may perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Unit Ownerships, (iii) to bring this

Declaration into compliance with the Act, or (iv) to correct clerical or typographical or similar errors in this Declaration or any Exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Declarant to vote in favor of, make or consent to a Special Amendment on behalf of each Unit Owner as proxy or attorney-in-fact, as the case may be. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Unit Ownership, and the acceptance thereof, shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Declarant to vote in favor of, make, execute and record Special Amendments. The right of the Declarant to act pursuant to rights reserved or granted under this Section shall terminate at such time as the Declarant no longer holds or controls title to a Unit Ownership.

**13.12 Assignments by Declarant.** All rights which are specified in this Declaration to be rights of the Declarant are mortgageable, pledgeable, assignable or transferable. Any successor to, or assignee of, the rights of the Declarant hereunder (whether as the result of voluntary assignment, foreclosure, assignment in lieu of foreclosure or otherwise) shall hold or be entitled to exercise the rights of Declarant hereunder as fully as if named as such party herein. No party exercising rights as Declarant hereunder shall have or incur any liability for the acts of any other party which previously exercised or subsequently shall exercise such rights.

**13.13 Intellectual Property Rights.** At any time during which Grand Sierra Operating Corp. or any parent, subsidiary or affiliate thereof is engaged in the development, sale or management of the Condominium, the Identity (as such term is defined below) may be made available for use by the Condominium, the Association and the management company for the Condominium pursuant to a license agreement with the party or parties owning the rights to the use of the Identity; provided, however, that the terms of such use are at all times subject to the terms and conditions of, and the privileges established in, the license agreement granting such rights, which license may be revoked at any time. Neither the Association, the Board nor any Unit Owner (by virtue of any such Unit Owner's ownership interest in a Unit and such Unit Owner's percentage ownership interest in the Common Elements) shall have any right to the use of the Identity in any manner whatsoever by virtue of any such party's interest in the Condominium or otherwise. The "Identity" shall mean the name, likeness, image or indicia of "Grand Sierra Resort," or any variation thereof.

**13.14 Hotel Management Company.** The Declarant shall have the sole and absolute discretion to select, appoint, designate, terminate, renew and otherwise engage the Hotel Management Company, from time to time, on such terms and conditions as shall be determined, from time to time, by the Declarant and the Hotel Management Company. Neither the Association nor the Unit Owners shall have any right to determine which company the Declarant selects as the Hotel Management Company or the terms and conditions of such engagement, both of which shall be determined by the Declarant and the Hotel Management Company, in their sole and absolute discretion. The Declarant hereby reserves the right, in its sole discretion, to manage the Hotel or Property itself or to utilize a nationally branded hotel management company or a local management company that may or may not be an affiliate of the Declarant. The Declarant makes no representations as to the identity of the manager, and each purchaser of a Unit hereby

waives any and all claims of injury or default relating to the identity of any manager or future manager of the Hotel or the Property.

**13.15 Dispute Resolution Addendum Agreement, and Agreement to Modify Statutorily Implied Warranties of Quality, to Run with the Land.** The Dispute Resolution Addendum Agreement, and Agreement to Modify Statutorily Implied Warranties of Quality, attached to the Purchase and Sale Agreement for each Hotel Unit as Exhibits "I" and "J," respectively, shall run with and burden each Unit Ownership, and all Persons having or acquiring any right, title or interest in each Unit Ownership, or any part thereof, and their successive owners, heirs, successors, and assigns, and shall be enforceable as covenants running with the land and/or equitable servitudes.

IN WITNESS WHEREOF, Grand Sierra Operating Corp. has caused this Declaration to be signed this 8th day of June, 2007.

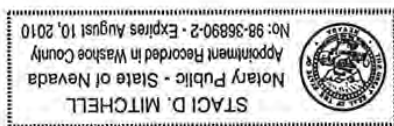
GRAND SIERRA OPERATING CORP., a Nevada Corporation

By: [Signature]  
Roberts H. Pace, Jr.  
Executive Vice President &  
Chief Operating Officer

STATE OF NEVADA     )  
                                  ) SS  
COUNTY OF WASHOE    )

I, Staci D Mitchell, a Notary Public in and for the County and State aforesaid, do hereby certify that Roberts H. Pace, Jr., as Executive Vice President & Chief Operating Officer of Grand Sierra Operating Corp., a Nevada corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer, appeared before me this day in person and acknowledged that he signed and delivered the foregoing instrument as his own free and voluntary act and the free and voluntary act of such company in his capacity as the Executive Vice President & Chief Operating Officer of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 6th day of June, 2007:



[Signature]  
Notary Public

My Commission Expires:

August 10, 2010



**CONSENT OF BENEFICIARY OF DEED OF TRUST**


WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests, as the legal owner and holder of the original promissory note(s) and all other indebtedness secured by the following described Deed of Trust:

TRUSTOR:	Grand Sierra Operating Corp., a Nevada Corporation
TRUSTEE:	Stewart Title of Northern Nevada, a Nevada Corporation
BENEFICIARY:	WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests

recorded in the office of the County Recorder of Washoe County, Nevada, on June 23, 2006, in Book 1, as Document No. 3404772, hereby consents to the execution and recording of the within Declaration and agrees that said Deed of Trust is subject thereto and to the provisions of the Uniform Common-Interest Ownership Act of the State of Nevada.

WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests

By: WACHOVIA BANK, NATIONAL ASSOCIATION, solely  
in its capacity as Servicer, as authorized under that certain  
Pooling and Servicing Agreement dated as of November 1,  
2006

By:   
Name: Michael Farrell Title: Vice President

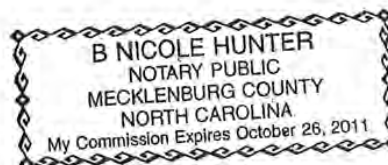
STATE OF NORTH CAROLINA )  
 ) SS  
COUNTY OF MECKLENBURG )

On this 7<sup>th</sup> day of June, 2007, personally appeared before me Michael Farrell, as Vice President of WACHOVIA BANK, NATIONAL ASSOCIATION, acting in its authorized capacity as Servicer for and on behalf of WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests, signer and sealer of the foregoing instrument and acknowledged the same to be his/her free act and deed and the free act and deed of said entities, before me. He/she is personally known to me or has produced a driver's license as identification.

  
Notary Public

My commission expires: 10/26/2011

(Notary Seal)



# **EXHIBIT A**

**LEGAL DESCRIPTIONS OF THE PROPERTY AND THE PARCEL,  
AND  
COPIES OF MAPS TO BE PROVIDED PRIOR TO RECORDING**

**LEGAL DESCRIPTION OF THE PROPERTY**



Order No.: 507198

### LEGAL DESCRIPTION

The land referred to herein is situated in the State of Nevada, County of, described as follows:

#### PARCEL 1:

All that certain lot, piece or parcel of land situated in the City of Reno, County of Washoe, State of Nevada, Section Seven (7), Township Nineteen (19) North, Range Twenty (20) East, M.D.M.:

BEGINNING at the Northwest corner of Parcel Map No. 340, recorded November 10, 1976, Official Records, Washoe County, Nevada, said POINT OF BEGINNING being further described as lying on the Southerly right of way of Glendale Avenue;

THENCE North 88°15'47" East along said Southerly right of way 347.44 feet to a found 5/8" rebar with cap, stamped "Summit Engineers RLS 4787", said point also being the Northeast corner of Parcel 1 of Parcel Map 338, recorded November 10, 1976, Official Records, Washoe County, Nevada;

THENCE South 00°06'54" East along the East line of said Parcel 1, a distance of 208.59 feet;

THENCE South 89°53'06" West, 174.30 feet;

THENCE South 00°06'54" East, 158.86 feet to the South line of said Parcel 2;

THENCE North 89°23'54" West along said South line, a distance of 174.31 feet to a found 5/8" rebar, being the Southwest corner of said Parcel 1;

THENCE North 00°05'36" East along the West line of Parcel 1, a distance of 355.44 feet to the POINT OF BEGINNING.

Said parcel is also shown as Adjusted Parcel 2 on Record of Survey No. 3004.

APN: 012-211-24.

#### PARCEL 1-A:

A non-exclusive easement for the right, privilege and authority  
Continued on next page

-1-

SCHEDULE A  
CLTA PRELIMINARY REPORT  
(12/92)

STEWART TITLE  
Guaranty Company

Order No. 507198

for the purpose only of ingress and egress of vehicles and/or persons in, upon and over the roadway and cuts, located on the land and premises, situated in the County of Washoe, State of Nevada, described as follows:

The following describes a parcel of ground located within the South 1/2 of Section 7, Township 19 North, Range 20 East, M.D.B.&M., County of Washoe, State of Nevada, and being more particularly described as follows:

BEGINNING at the Northeast corner of Parcel B, as shown on Parcel Map No. 227, filed in the office of the Washoe County Recorder on the 26th day of February, 1976, File No. 397925; thence South  $89^{\circ}23'54''$  East, 51.51 feet;

THENCE North  $89^{\circ}53'06''$  East, 10.00 feet to the true point of beginning; thence North  $0^{\circ}06'54''$  West, 29.91 feet, thence 15.71 feet on the arc of a tangent curve to the left, having a radius of 10.00 feet and a central angle of  $90^{\circ}00'00''$ ; thence North  $0^{\circ}06'54''$  West, 60.00 feet; thence 15.71 feet on the arc of a curve to the left whose tangent bears North  $89^{\circ}53'06''$  East, having a radius of 10.00 feet and a central angle of  $90^{\circ}00'00''$ ; thence North  $0^{\circ}06'54''$  West, 80.00 feet; thence 15.71 feet on the arc of a tangent curve to the left, having a radius of 10.00 feet and a central angle of  $90^{\circ}00'00''$ ;

THENCE North  $0^{\circ}06'54''$  West, 60.00 feet; thence 15.71 feet on the arc of a curve to the left, whose tangent bears North  $89^{\circ}53'06''$  East, having a radius of 10.00 feet and a central angle of  $90^{\circ}00'00''$ ; thence North  $0^{\circ}06'54''$  West, 90.00 feet;

THENCE 15.55 feet on the arc of a tangent curve to the right, having a radius of 9.72 feet and a central angle of  $91^{\circ}37'19''$  to a point on the Southerly right of way of Glendale Avenue; thence along said Southerly right of way line North  $88^{\circ}15'47''$  East, 69.74 feet; thence departing said Southerly right of way line, 15.42 feet on the arc of a curve to the right, whose tangent bears South  $88^{\circ}15'47''$  West, having a radius of 10.00 feet and a central angle of  $88^{\circ}22'41''$ ; thence South  $0^{\circ}06'54''$  East, 361.61 feet; thence South  $89^{\circ}53'06''$  West, 50.00 feet to the true point of beginning.

Continued on next page

Order No. 507198

EXCEPT all that portion of said easement lying within the hereinabove described Parcel 1.

Document Number 2292338 is provided pursuant to the requirements of Section 1. NRS 111.312

PARCEL 2:

A portion of the North Half (N 1/2) of Section 18, Township 19 North, Range 20 East, M.D.M., more particularly described as follows:

COMMENCING at the Section corner common to Sections 7, 8, 17 and 18, Township 19 North, Range 20 East, M.D.M. and proceeding South 10°25'59" East, a distance of 99.98 feet to a 1/2 inch diameter pin, said pin being at the Northeast corner of that land conveyed from Matley, et al, to Lee Brothers, in a deed recorded as Document No. 306898 of the Official Records of Washoe County, Nevada; thence North 89°00'20" West, along the Northerly line of said Parcel, a distance of 663.20 feet to a 1/2 inch diameter iron pin; thence South 00°59'40" West, a distance of 187.77 feet to a 1/2 inch diameter iron pin; thence North 84°35'28" West, a distance of 24.46 feet to the TRUE POINT OF BEGINNING; thence North 84°35'28" West, a distance of 231.51 feet; thence South 00°54'52" West, a distance of 370.06 feet to a galvanized steel fence post; thence North 54°40'01" West, a distance of 335.84 feet to a point on the Southerly right of way line of Greg Street; thence along the Southerly right of way line of Greg Street the following four (4) courses and distances: 1) North 47°58'37" East, a distance of 232.02 feet; 2) from a tangent which bears the last named course, along a circular curve to the right with a radius of 760.00 feet and a central angle of 19°23'42", an arc length of 257.27 feet to a point of compound curvature; 3) along said compound circular curve to the right with a radius of 45.00 feet and central angle of 83°54'13", an arc length of 65.90 feet; 4) South 28°43'28" East a distance of 134.97 feet to the TRUE POINT OF BEGINNING, all as shown and set forth on that certain Record of Survey for MGM GRAND, filed in the office of the County Recorder of Washoe County, Nevada, on November 24, 1981, as File No. 769946.

APN: 012-231-29

Continued on next page

Order No. 507198

Document Number 2292339 is provided pursuant to the requirements of Section 1. NRS 111.312

**PARCEL 3:**

A parcel of land situate in Sections 7 & 18, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada, and more particularly described as follows:

Beginning at the intersection of the Northerly line of Mill Street with the Easterly line of U.S. Highway 395 as shown on Record of Survey Map Number 1518, File Number 769946 of the Official Records of Washoe County, Nevada, from which the Northeast corner of said Section 18 bears North  $86^{\circ}22'05''$  East a distance of 3260.13 feet; thence along the Easterly line of Interstate 580 the following eight (8) courses and distances; 1) North  $09^{\circ}34'52''$  West, a distance of 352.44 feet; 2) North  $03^{\circ}28'05''$  West, a distance of 425.16 feet; 3) North  $01^{\circ}26'55''$  West, a distance of 498.41 feet; 4) North  $01^{\circ}24'09''$  West, a distance of 434.30 feet; 5) from a tangent which bears North  $01^{\circ}25'23''$  West, along a circular curve to the right with a radius of 858.06 feet and a central angle of  $36^{\circ}09'39''$ , an arc length of 541.54 feet; 6) from an tangent which bears North  $34^{\circ}44'16''$  East along a circular curve to the left with a radius of 900.00 feet and a central angle of  $28^{\circ}28'08''$ , an arc length of 447.19 feet; 7) North  $06^{\circ}16'08''$  East a distance of 117.19 feet; 8) from a tangent which bears the last named course, along a circular curve to the right with a radius of 61.15 feet and a central angle of  $83^{\circ}37'49''$ , an arc length of 89.26 feet to a point on the Southerly line of Glendale Avenue; thence along the Southerly line of Glendale Avenue the following four (4) courses and distances; 1) North  $89^{\circ}53'57''$  East, a distance of 196.41 feet; 2) North  $00^{\circ}06'21''$  East, a distance of 4.00 feet; 3) North  $89^{\circ}53'57''$  East, a distance of 11.17 feet; 4) North  $88^{\circ}16'07''$  East, a distance of 80.83 feet to a point on the Westerly line of Watson and Meehan Corporation Property, said point being the Northeast corner of Parcel No. 1, as shown on the Parcel Map No. 340, filed in the Office of Washoe County Recorder on November 10, 1976 File No. 434453; thence along the Westerly, Southerly, and Easterly lines of said Watson and Meehan Corporation Property the following three (3) courses and distances; 1) South  $00^{\circ}05'56''$  West, a distance of 355.44 feet; 2) South

Continued on next page

Order No. 507198

89°23'34" East, a distance of 348.62 feet; 3) North 00°06'34" West, a distance of 369.63 feet to a point on the Southerly right of way line of Glendale Avenue, said point being the Northeasterly corner of Parcel No. 1, as shown on the Parcel Map No. 338, filed in the Office of Washoe County Recorder on November 10, 1976, File No. 434451; thence North 88°16'07" East, along the Southerly right of way line of Glendale Avenue, a distance of 156.65 feet; thence South 02°12'06" East a distance of 4.24 feet to the Northeast corner of a concrete block wall, thence South 02°12'06" East, along Easterly face of said block wall, a distance of 13.05 feet to an angle point in said block wall; thence North 88°00'20" East, along the Northerly line of said block wall, a distance of 61.31 feet to a chain link fence; thence along said chain link fence the following seventeen (17) courses and distances; 1) South 88°11'19" East, a distance of 10.04 feet; 2) South 79°03'12" East, a distance of 10.54 feet; 3) South 70°04'24" East, a distance of 9.08 feet; 4) South 56°48'54" East, a distance of 10.33 feet; 5) South 52°50'24" East, a distance of 49.76 feet; 6) South 49°03'32" East, a distance of 10.57 feet; 7) South 38°43'47" East, a distance of 78.93 feet; 8) South 41°22'11" East, a distance of 10.14 feet; 9) South 48°20'20" East, a distance of 10.07 feet; 10) South 54°50'53" East, a distance of 10.04 feet; 11) South 59°44'13" East, a distance of 39.96 feet; 12) South 50°21'10" East, a distance of 10.37 feet; 13) South 39°50'28" East, a distance of 10.12 feet; 14) South 31°57'47" East, a distance of 105.60 feet; 15) South 20°08'38" East, a distance of 76.52 feet; 16) South 34°19'10" East, a distance of 165.32 feet; 17) South 14°17'58" East, a distance of 279.78 feet; thence along a line that is more or less coincident with said chain link fence the following fifteen (15) courses and distances: 1) South 06°44'18" East, a distance of 109.36 feet; 2) South 05°15'13" East, a distance of 158.53 feet; 3) South 27°57'06" East, a distance of 129.07 feet; 4) South 43°18'46" East, a distance of 228.10 feet; 5) South 44°58'46" East, a distance of 133.07 feet; 6) South 38°2'46" East, a distance of 64.06 feet; 7) South 47°15'56" East, a distance of 107.92 feet; 8) South 50°50'59" East, a distance of 489.05 feet; 9) South 55°41'02" East, a distance of 45.51 feet; 10) South 46°38'29" East, a distance of 98.99 feet; 11) South 63°53'42" East a distance of 151.28 feet; 12) South 52°31'06" East, a distance of 151.08 feet; 13)

Continued on next page

Order No. 507198

North 78°53'28" East, a distance of 75.55 feet; 14) South 73°46'40" East, a distance of 132.04 feet; 15) South 64°35'20" East, a distance of 98.69 feet to a point on the Northerly right of way line of Greg Street; thence along the Northerly right of way line of Greg Street the following ten (10) courses and distances: 1) South 20°40'40" West, a distance of 294.78 feet; 2) from a tangent which bears South 47°48'19" West, along a circular curve to the right with a radius of 750.00 feet and a central angle of 27°10'38", and arc length of 355.75 feet; 3) South 74°58'57" West, a distance of 120.67 feet; 4) from a tangent which bears the last named course, along a circular curve to the right with a radius of 36.00 feet and a central angle of 31°49'47", an arc length of 20.00 feet to a point of compound curvature; 5) along said compound circular curve to the right with a radius of 116.00 feet and a central angle of 32°40'13", an arc length of 66.14 feet; 6) South 71°14'17" West, a distance of 50.82 feet; 7) South 11°03'06" East, a distance of 8.54 feet; 8) from a tangent which bears the last named course, along a circular curve to the right with a radius of 36.00 feet and a central angle of 76°26'01", an arc length of 48.02 feet to a point of reverse curvature; 9) along said reverse circular curve to the left with a radius of 604.00 feet and a central angle of 17°23'58", an arc length of 183.42 feet; 10) South 47°58'57" West, a distance of 824.52 feet to the Northeast corner of parcel conveyed to Bruno Benna, et al, recorded as Document No. 83899, Official Records of Washoe County, Nevada; thence North 63°46'57" West along the Northerly line of said Benna Parcel, a distance of 1099.66 feet to the Northeast corner of Parcel B as shown on Parcel Map No. 341, filed in the office of Washoe County recorded on November 10, 1976, File No. 434454, thence South 26°13'03" West, along the Easterly line of said Parcel B, a distance of 266.37 feet; thence South 18°46'57" East and distance of 28.28 feet to a point on the Northerly right of way line of Mill Street; thence North 63°44'52" West, along said Northerly right of way line, a distance of 80.00 feet; thence North 26°13'03" East, a distance of 286.32 feet to the Northerly line of said Benna Parcel; thence from a tangent which bears North 03°43'05" East, along a circular curve to the left with a radius of 86.58 feet and a central angle of 81°31'28" an arc length of 123.19 feet; thence North 77°48'23" West a distance of 234.00 feet; thence South 26°13'03" West a distance of 280.15 feet to the

Continued on next page



Order No. 507198

Northerly line of Mill Street; thence North  $63^{\circ}44'52''$  West, along the Northerly line of Mill Street, a distance of 208.34 feet to the Point of Beginning.

said land is shown and delineated as Parcel A on Record of Survey Map No. 3804, recorded June 23, 2000 as Document No. 2458502, Official Records.

BASIS OF BEARINGS: Recorded of Survey Map Number 2775, File No. 1834848 of the Official Records of Washoe County, Nevada; NAD 83, Nevada West Zone.

APN: 012-211-26

Document Number 2458501 is provided pursuant to the requirements of Section 1. NRS 111.312

**LEGAL DESCRIPTION OF THE PARCEL**



LEGAL DESCRIPTION  
HOTEL CONDOMINIUMS AT GRAND SIERRA RESORT  
June 12, 2007

PHASE 1A:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4630.80 and an elevation of 4642.05 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 1B:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4642.05 and an elevation of 4653.30 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 2:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4653.30 and an elevation of 4664.55 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 3:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4664.55 and an elevation of 4675.80 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 4:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4675.80 and an elevation of 4687.05 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 5:

A portion of Parcel A as shown on Record of Survey Map Number 3804, located between an elevation of 4687.05 and an elevation of 4698.30 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 6:

A portion of Parcel B as shown on Tract Map 4760, located between an elevation of 4698.30 and an elevation of 4709.55 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

PHASE 7:

A portion of Parcel B as shown on Tract Map 4760, located between an elevation of 4709.55 and an elevation of 4722.80 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

Beginning at a point from which the Southeast corner of said Section 7 bears South 72°02'35" East a distance of 2423.93 feet; thence South 83°13'24" West a distance of 67.50 feet; thence North 06°46'36" West a distance of 114.50 feet; thence South 83°13'24" West a distance of 162.67 feet; thence North 06°46'36" West a distance of 75.33 feet; thence North 83°13'24" East a distance of 162.67 feet; thence North 06°46'36" West a distance of 114.50 feet; thence North 83°13'24" East a distance of 67.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 328.83 feet; thence South 06°46'36" East a distance of 67.50 feet; thence South 83°13'24" West a distance of 138.33 feet; thence South 06°46'36" East a distance of 7.83 feet; thence South 83°13'24" West a distance of 190.50 feet; thence South 06°46'36" East a distance of 114.50 feet to the Point of Beginning.

BASIS OF BEARINGS: Nevada State Plane Coordinate System, West Zone (NAD 83/94).

BASIS OF ELEVATIONS: NGVD 1988.

Description Prepared By:  
Don M. McHarg P.L.S. 4787  
Summit Engineering Corporation  
5405 Mae Anne Avenue  
Reno, Nevada 89523



J:\WPDATA\LEGALS\GSRPH7.DOC

[COPIES OF MAPS TO BE PROVIDED PRIOR TO RECORDING]

## (TENTATIVE MAP ENTITLED GRAND SIERRA CONDOMINIUMS)

[illegible]

DATE June 6, 2007

COUNTY OF WASHOE

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON JUNE 6, 2007 BY Thomas J. Schrader  
as President + CEO OF GRAND SIERRA OPERATING CORP.

MY COMMISSION EXPIRES: August 10, 2010

I HEREBY CERTIFY THAT I AM THE DULY APPOINTED CITY ENGINEER OF THE CITY OF RENO, WASHOE COUNTY, NEVADA, AND THAT I HAVE EXAMINED THE FINAL PLAT TO WHICH THIS CERTIFICATE IS ATTACHED, THAT THE PLAT IS TECHNICALLY CORRECT AND THAT THE MONUMENTS ARE OF THE CHARACTER SHOWN AND OCCUPY THE POSITIONS INDICATED.

THIS PLAN IS APPROVED BY THE STATE OF NEVADA DIVISION OF WATER RESOURCES OF THE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES CONCERNING WATER QUANTITY, SUBJECT TO REVIEW OF APPROVAL ON FILE IN THIS OFFICE.

11 JUN 2007

THE UTILITY EASEMENTS SHOWN ON THIS PLAT HAVE BEEN CHECKED, ACCEPTED, AND APPROVED BY THE DESIGNATED PUBLIC UTILITY COMPANIES.

DATE 6/6/03

DATE 6-12-07

DATE 6/11/2007

**VICINITY MAP**  
NO SCALE

- SHEET INDEX**
- |     |                          |    |
|-----|--------------------------|----|
| 1.  | JURAT SHEET              |    |
| 2.  | BOUNDARY SURVEY          |    |
| 3.  | ISOMETRIC VIEW           |    |
| 4.  | UNIT DIMENSIONS-FLOOR 24 | 24 |
| 5.  | UNIT DIMENSIONS-FLOOR 24 | 24 |
| 6.  | UNIT DIMENSIONS-FLOOR 24 | 24 |
| 7.  | UNIT DIMENSIONS-FLOOR 24 | 24 |
| 8.  | UNIT DIMENSIONS-FLOOR 24 | 24 |
| 9.  | UNIT DIMENSIONS-FLOOR 24 | 24 |
| 10. | UNIT DIMENSIONS-FLOOR 24 | 24 |

THE UNDERSIGNED HEREBY CERTIFIES THAT ALL PROPERTY TAXES ON THE LAND FOR THE FISCAL YEAR HAVE BEEN PAID, AND THAT THE FULL AMOUNT OF ANY DEFERRED PROPERTY TAXES FOR THE CONVERSION OF THE PROPERTY FROM AGRICULTURAL USE HAS

WASHOE COUNTY TREASURER  
Deputy Treasurer

[illegible]

COMMUNITY DEVELOPMENT DIRECTOR

THE UNDERSIGNED HEREBY CERTIFIES THAT THIS PLAT HAS BEEN EXAMINED AND THE SUBDIVIDER OFFERING THIS PLAT IS THE LAST TITLE HOLDER OF RECORD FOR ALL THE LANDS DELINEATED HEREON, AND ARE FREE FROM ANY DEBTS OR ENCUMBRANCES AS OF JULY 4 2007  
 RECEIPT FOR DOCUMENT NO. 340,0772

STEWART TITLE COMPANY  
BY: Rick Caldwell  
TITLE OFFICER

A TENTATIVE MAP OF THIS SUBDIVISION WAS RECOMMENDED FOR APPROVAL BY THE PLANNING COMMISSION OF THE CITY OF REMO ON THE 3RD DAY OF AUGUST, 2005 ; THIS PLAN IS IN SUBSTANTIAL COMPLIANCE WITH THE ORIGINAL TENTATIVE MAP AND ALL CONDITIONS OF APPROVAL.

### PLANNING MANAGER

THIS FINAL MAP IS APPROVED BY THE WASHOE COUNTY DISTRICT BOARD OF HEALTH. THIS APPROVAL CONCERNS SEWAGE DISPOSAL, WATER POLLUTION, WATER QUALITY, AND WATER SUPPLY FACILITIES AND IS NOT TO BE INTERPRETED UPON PLANS FOR A PUBLIC WATER SUPPLY AND A COMMUNITY SYSTEM FOR DISPOSAL OF SEWAGE.

FOR THE DISTRICT BOARD OF HEALTH

DON M. MCHARG, A PROFESSIONAL LAND SURVEYOR LICENSED IN THE STATE OF NEVADA,  
CERTIFY THAT:

- THIS PLAT REPRESENTS THE RESULTS OF SURVEY CONDUCTED UNDER MY DIRECT SUPERVISION AT THE INSTANCE OF GRAND JUROR OPERATING CORP. THE LARGE SURVEYED LIE WITHIN SEE 1/4 OF SECTION 7, T10N, R9E, W6N, AND THE SURVEY WAS COMPLETED ON 7/1/98.
- THIS PLAT COMPLIES WITH THE APPLICABLE STATE AND ANY LOCAL ORDINANCES IN EFFECT ON THE DATE THAT THE GOVERNING BODY MADE ITS FINAL APPROVAL.
- THE MONUMENTS SURVEYED ON THE PLAT ARE OF THE FOLLOWING KIND AND OCCUPY THE FOLLOWING POSITIONS:



JOHN W. MCHARGH P.15 4787

OFFICIAL PLAT OF  
HOTEL CONDOMINIUMS AT GRAND  
SIERRA RESORT PHASE 7

A DIVISION OF A PORTION OF PARCEL B TJ 4760

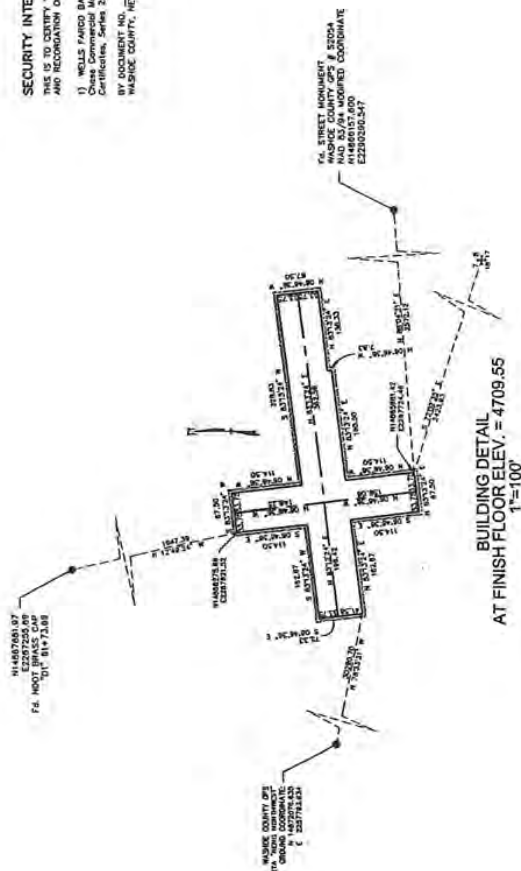
PORTION OF SL 1/4 OF SECTION 7  
T19N, R20E, MON  
S&W 1/4 SEC 10

[illegible]

SUMMIT  
RESEARCH GROUP INC.  
A DIVISION OF AETNA



1) WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp. Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the New-Trust Partition Interests.



BUILDING DETAIL  
AT FINISH FLOOR ELEV. = 4709.55  
1"=100'

**BASIS OF BEARINGS AND COORDINATES:**

MEYLAND STATE PLANE COORDINATE SYSTEM, WEST ZONE  
NAD 83(91). OBSERVED IN SEPTEMBER 2004 USING  
KALAMAZOO COUNTY GPS STATION 325A AND KALAMAZOO COUNTY  
MEMO NORTHWEST. THE COORDINATE  
STATE PLANE COORDINATES  
A COMBINATION FACTOR OF 1.00197793  
WAS COMPUTED TO THE U.S. SURVEY FOOT. ALL  
COORDINATES ON THIS MAP ARE KNOWN DISTANCES.

### BASIS OF ELEVATIONS;

CITY OF NEW YORK NAME 2188 LOCATED AT THE FOURTH CORNER OF THE PROJECT  
PROJECT NAME 1818 ELEVATION = 42.34 FEET ABOVE SEA LEVEL.

## NOTES:

11. COMMON ELEMENTS ARE PRIVATELY MAINTAINED AND PERPETUALLY FUNDED BY THE HOMEOWNERS ASSOCIATION.

3). THE HOTEL UNITS AND THE COMMON ELEMENT PARCELS CONTAIN ONLY AIR SUPPLY ALL LATE FORMER WALLBOARD, PLASTERBOARD, PLASTER, PANELING, WALLPAPER, PAINT, FINISHED FLOORING AND ANY OTHER MATERIALS CONSTITUTING ANY PART OF THE BUILDING ARE OWNED AND MAINTAINED BY THE OWNER OF THE SHARED FACILITIES UNIT (S.F.U.).

[illegible]

5). ALL HOTEL UNIT CEILING HEIGHTS WITHIN THE SUBSTATION ARE 8.00 FEET EXCEPT IN THE BATHROOMS, DINING, AND CLOSETS WHERE THE CEILING HEIGHTS ARE 7.50 FEET. BUILDING ELEVATIONS BETWEEN THE CEILING AND FINISHED FLOOR ELEVATION ON THE 3<sup>RD</sup> FLOOR ABOVE ARE A PART OF THE HOTEL UNITS BUT ARE WITHIN THE 3<sup>RD</sup> FLOOR. PHASE 1A IS ADJACENT VERTICALLY BETWEEN ELEVATIONS 4769.33 AT THE TRENCH FLOOR AND 4772.00 AT THE FINISH FLOOR ABOVE. ALSO, SORTERS FOR MECHANICAL AND STRUCTURAL WORKERS IN THE TRENCH FLOOR ARE NOT LIMITED TO BATH AREAS AND INTERFERE WITH THE ROOMS OF THE HOTEL UNITS DELINEATED NEIGHBORS BUT ARE NO

6). STUDY UNITS WITHIN THE SUBCOMMISSION ARE TO BE MAINTAINED BY THE MEMBER OF THE S.C.U.

7). A BULKY PUBLIC UTILITY EASEMENT IS HEREBY GRANTED ACROSS ALL EASEMENT EIGHT AND THE E.F.U. FOR THE PURPOSE OF INSTALLING, ACCESSING, AND MAINTAINING SAID UTILITIES.

19). ALL PUBLIC UTILITY EASEMENTS INCLUDE CABLE TELEVISION.

20). A EASEMENT IS GRANTED OVER ALL COMMON ELEMENTS AND THE ADJACENT TO UNIT OWNERS FOR ACCESS TO THEIR UNIT.

21). ALL UNIT BOUNDARIES ARE PARALLEL OR PERPENDICULAR TO THE EXTERIOR

111). SEE DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS OF EASEMENTS FOR HOTEL COMMUNITIES AT CHAND SECURA RESORTS.

21) SEE "DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS OF EASEMENTS FOR HOTEL CONDOMINIUMS AT GRAND SCHEMA RESIDENT," FOR THE GRANTING OF BLANKET ACCESS AND UTILITY EASEMENTS TO THIS SANDWICH.

2.3) THE REMAINDER PARCEL AS SHOWN HEREON WAS SURVIVED AS A PART OF THE 1955 SUBDIVISION. THE EXISTING MONUMENTS ALONG DIXIE STREET, GLENDALE AVENUE, AND US 299 WERE USED TO DETERMINE THE BOUNDARY OF THE REMAINDER PARCEL AND DIFFER FROM THE RECORD ENCLOSURE AS SHOWN HEREON.

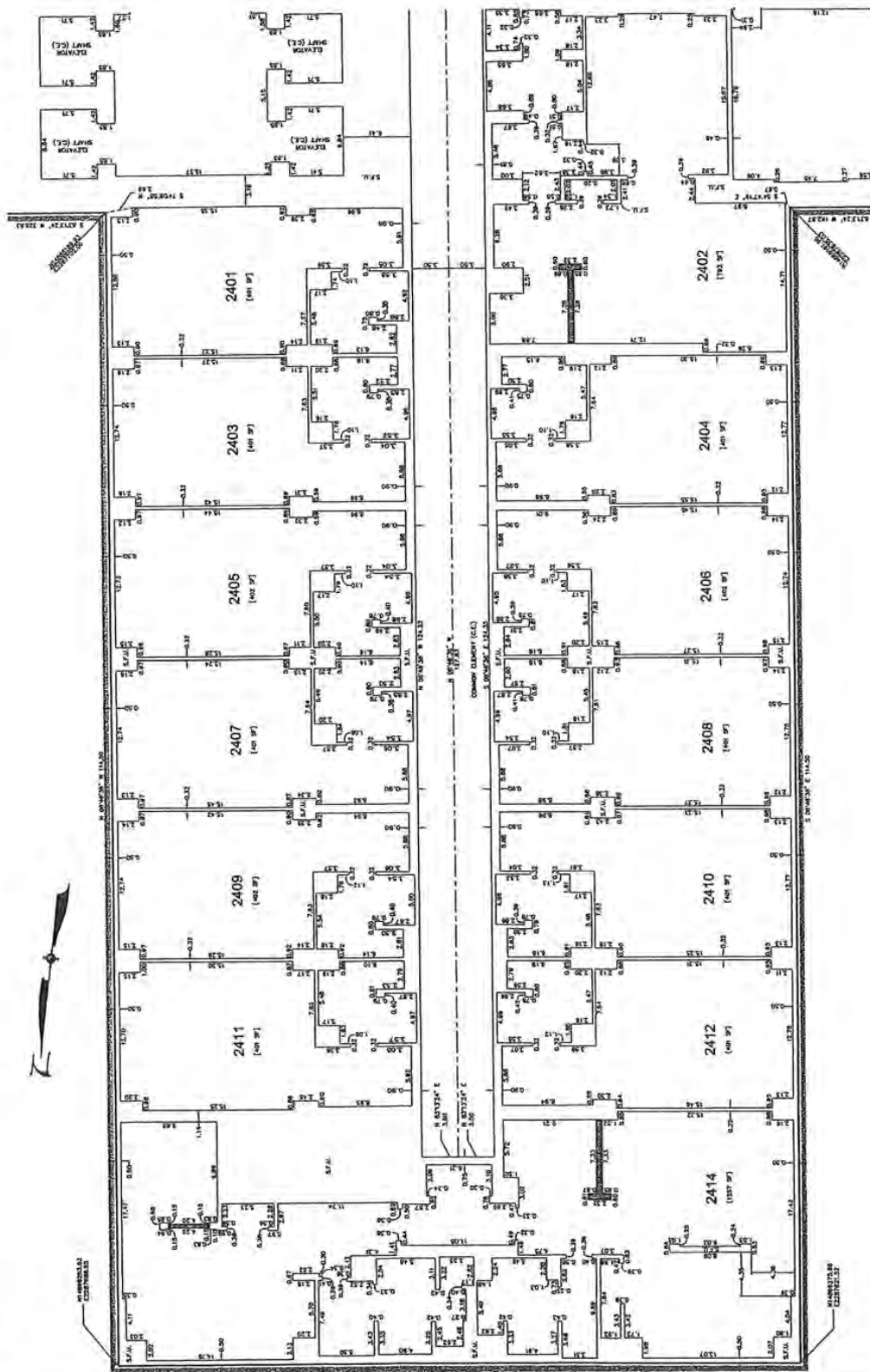
OFFICIAL PLAT OF  
HOTEL CONDOMINIUMS AT GRAND  
SIERRA RESORT PHASE 7  
(TENTATIVE MAP ENTITLED GRAND SIERRA CONDOMINIUMS)  
A DIVISION OF A PORTION OF PARCEL B, T4N, 47R0  
PORTION OF SEC. 1/4 OF SECTION 7  
T10N, R23E, MON  
WASHINGTON  
RENO  
Nevada  
2  
10  
SUMMIT  
ENGINEERING  
CORPORATION  
REGISTERED PROFESSIONAL ENGINEER  
No. 10000, State of Nevada





S.F.11 BETWEEN CEILING AND FINISH FLOOR/ROOF ABOVE (HEIGHT VARIES)—SEE NOTE 5 ON PAGE 2

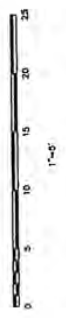
OFFICIAL PLAT OF  
**HOTEL CONDOMINIUMS AT GRAND  
 SIERRA RESORT PHASE 7**  
 (ITERATIVE MAP SUBMITTED UNDER SIERRA CONDOMINIUMS)  
 A DIVISION OF THE STATE OF WYOMING  
 COUNTY OF TETON, OF THE S.W. 1/4 OF SECTION 7  
 TOWNSHIP 20S, RANGE 108E, WYOMING  
 WASHOE  
 PREPARED BY: **WYOMING SUMMIT ENGINEERING CORPORATION**  
 1500 N. VICTORY DRIVE, SPOKANE, IDAHO 83401  
 SHEET **3** OF **10**  
 NEVADA



SEE SHEET 6

LEGEND

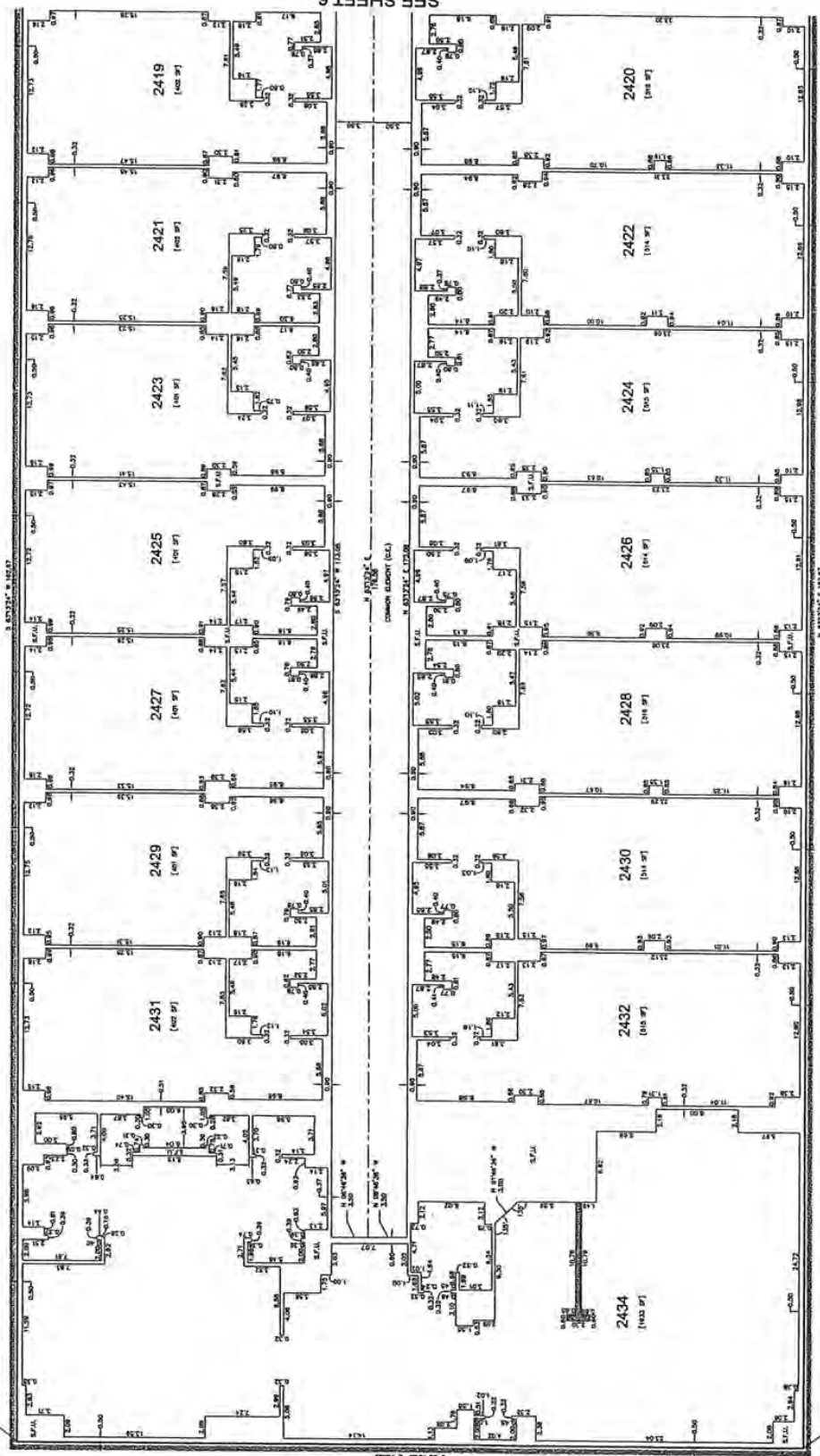
— FULL HEIGHT WALL  
 — HALF WALL (15.7' - 15.7' H. HEIGHT)



FINISH FLOOR ELEV. = 4709.55

OFFICIAL PLAT OF  
**HOTEL CONTINENTAL AT GRAND SIERRA RESORT PHASE 7**  
 (THE PLAT MAP BEING PART OF A MAP OF THE GRAND SIERRA RESORT PHASE 7  
 A DIVISION OF A PORTION OF PARCEL 8 T.M. 4750  
 PORTION OF 2E 1/4 OF SECTION 7  
 T19N R10E  
 NEVADA  
 SUMMIT ENGINEERING CORPORATION  
 1000 W. 10TH AVENUE, SUITE 200, LAS VEGAS, NV 89106  
 PREPARED FOR: GRAND SIERRA RESORT PHASE 7  
 SHEET 4 OF 10  
 DATE: 10-24-2007

PLAN 00113.77  
2387423.36



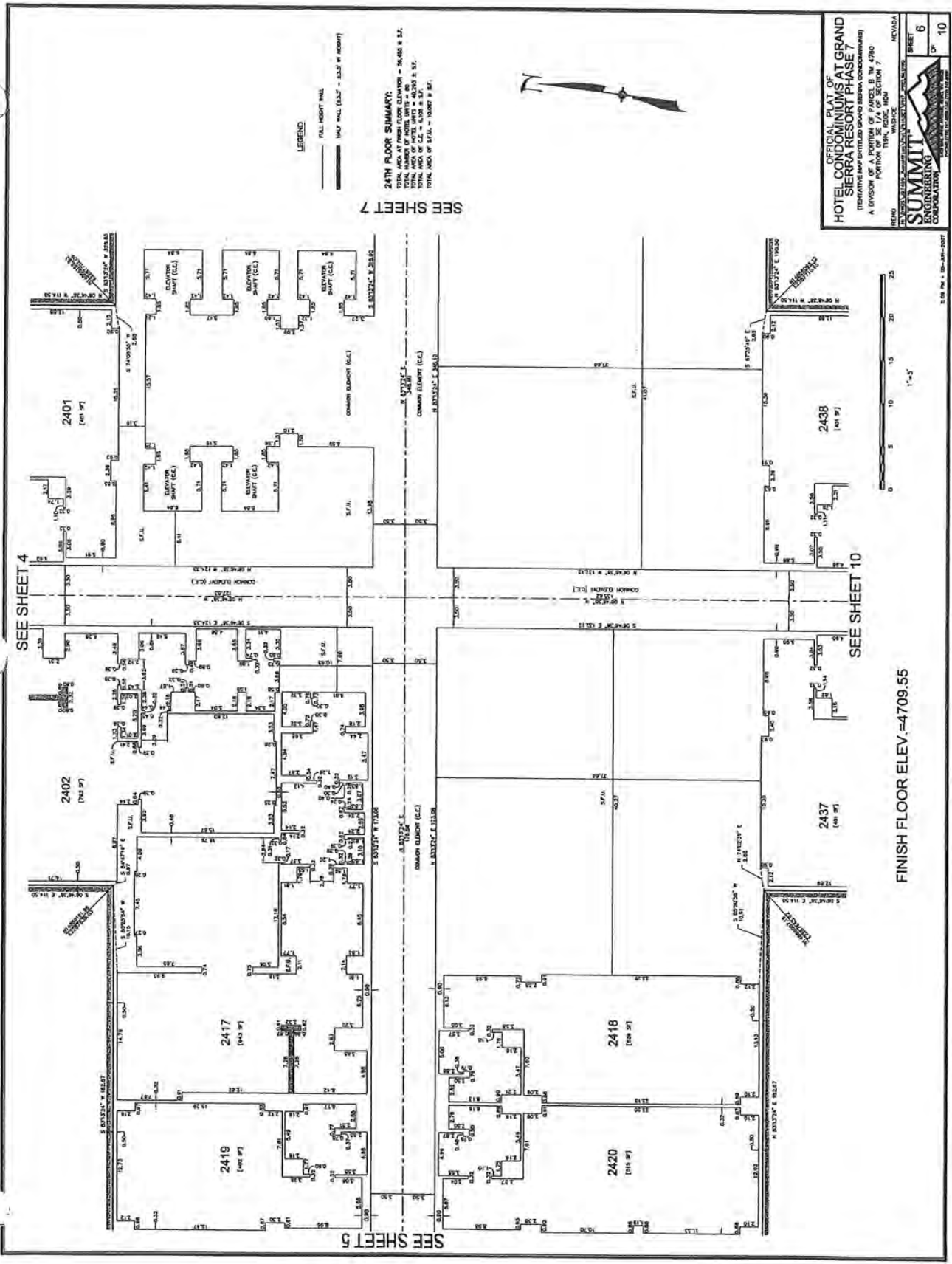
SEE SHEET 6

LEGEND

— FULL HEIGHT WALL  
— HALF WALL 13.5' - 13.5' N. HORIZ.

FINISH FLOOR ELEV. = 4709.55

OFFICIAL PLAN OF  
HOTEL CONDOMINIUMS AT GRAND  
SIERRA RESORT PHASE 7  
(REPLACES MAP ENTITLED GRAND SIERRA CONDOMINIUMS)  
A DIVISION OF A PORTION OF PARCEL 8 IN 4250  
FOR THE CITY OF CALIFORNIA  
TOWN, RES. - MCM  
RENO  
SUMMIT  
CONSTRUCTION  
SHEET  
5  
OF  
10



OFFICIAL PLAN OF  
HOTEL CONDOMINIUMS AT GRAND  
SIERRA RESORT PHASE 7  
(ITERATIVE MAP DRAFTED GRAND SIERRA CONDOMINIUMS)  
A DIVISION OF A PORTION OF PARCEL B.T.V. 4780  
PORTION 7, BLOCK 100, TOWN OF  
TWIN FALLS, IDAHO

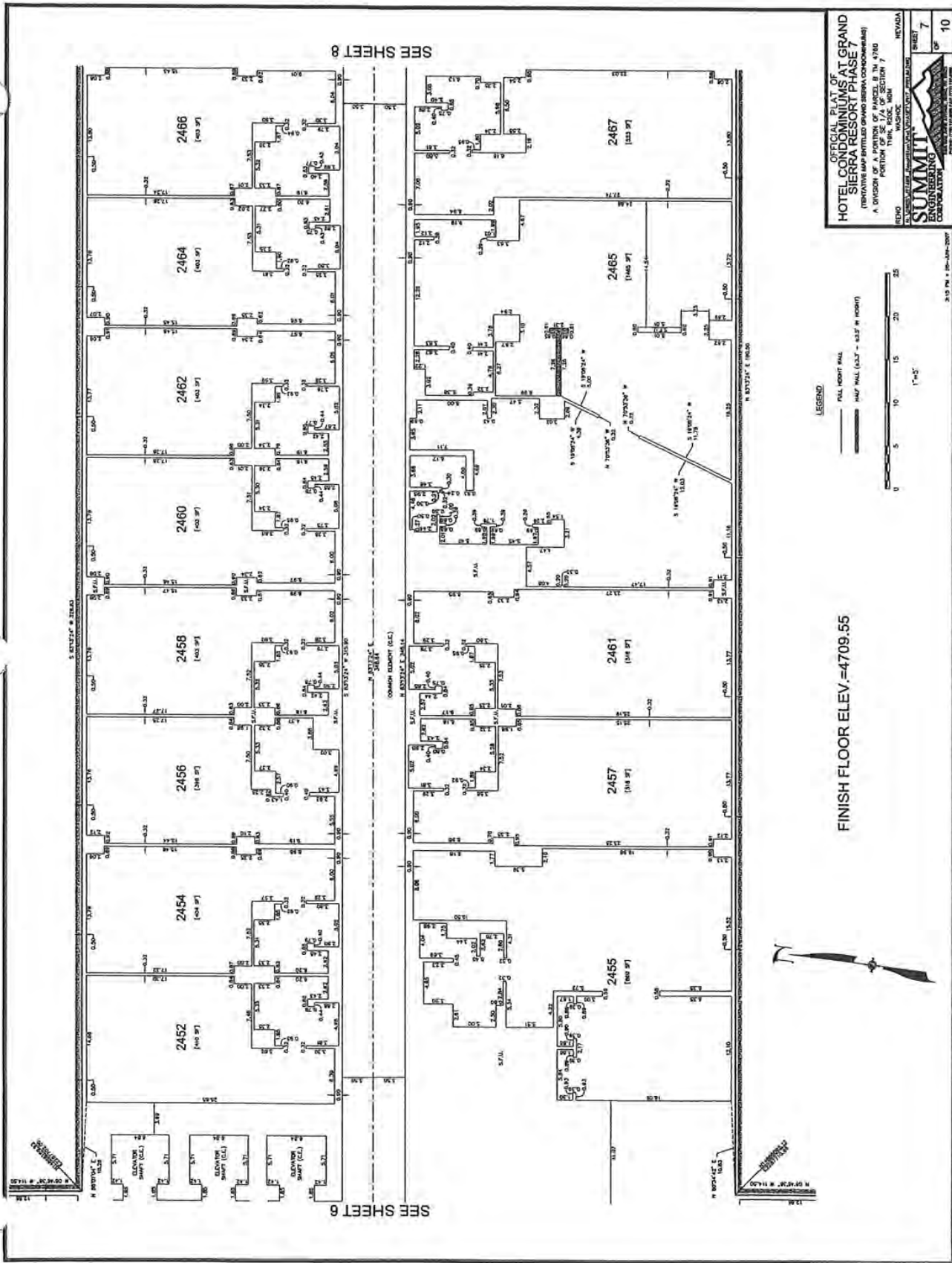
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DATE  
BY  
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DATE  
BY

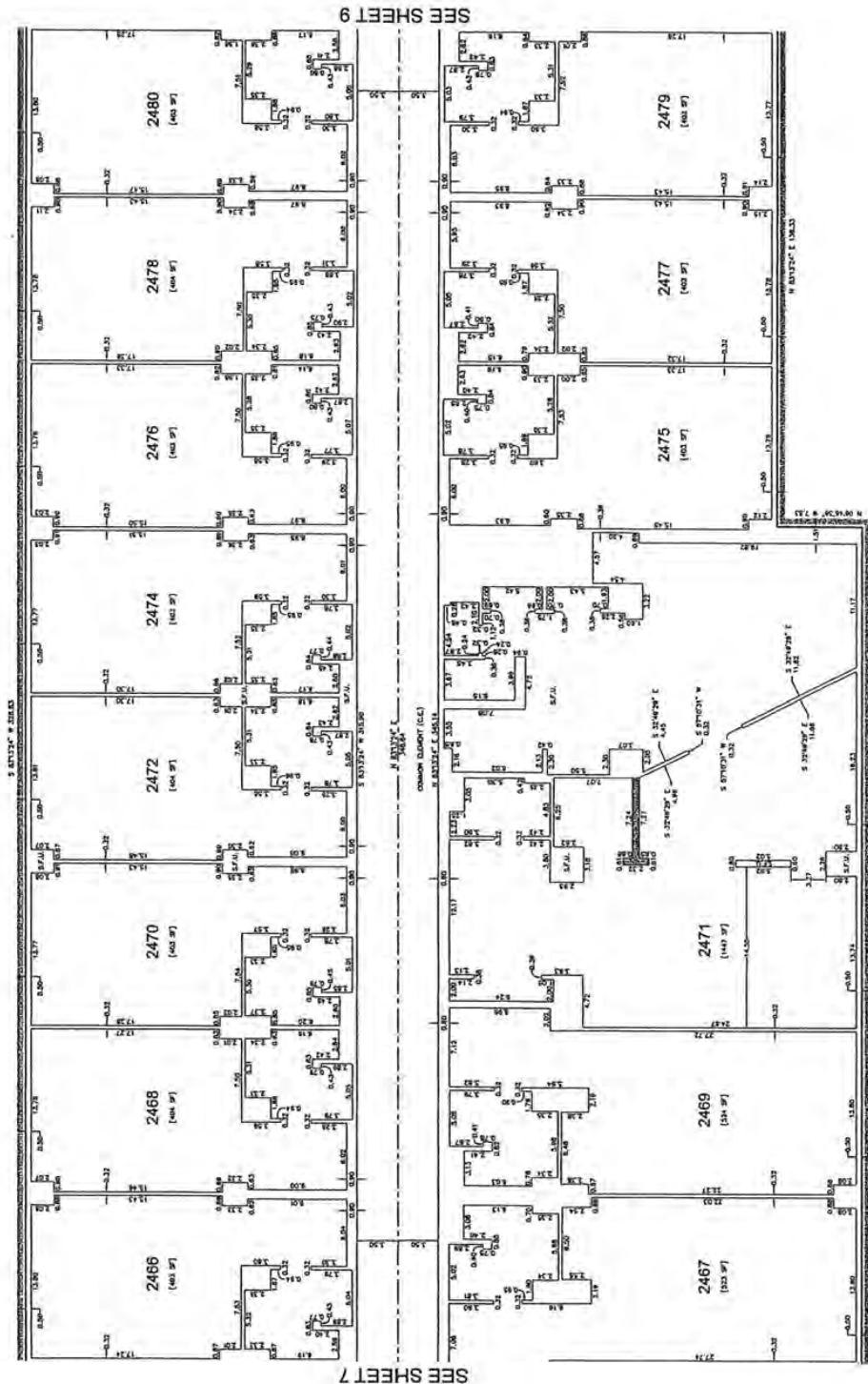
SUMMIT  
ENGINEERING  
CONSULTANTS

STATE OF IDAHO  
COUNTY OF BLAINE

SHEET  
6  
OF  
10

PA1158





OFFICIAL PLAT OF  
HOTEL CONDOMINIUMS AT GRAND  
SIERRA RESORT PHASE 7  
(PORTION OF PARCEL 8 IN 4700)  
A DIVISION OF SE 1/4 OF SECTION 7  
T14N R10E S10E  
WASCO  
CALIFORNIA

RENO  
SUMMIT  
ENGINEERING  
CORPORATION  
1000 S. 10TH STREET, SUITE 100  
RENO, NEVADA 89502

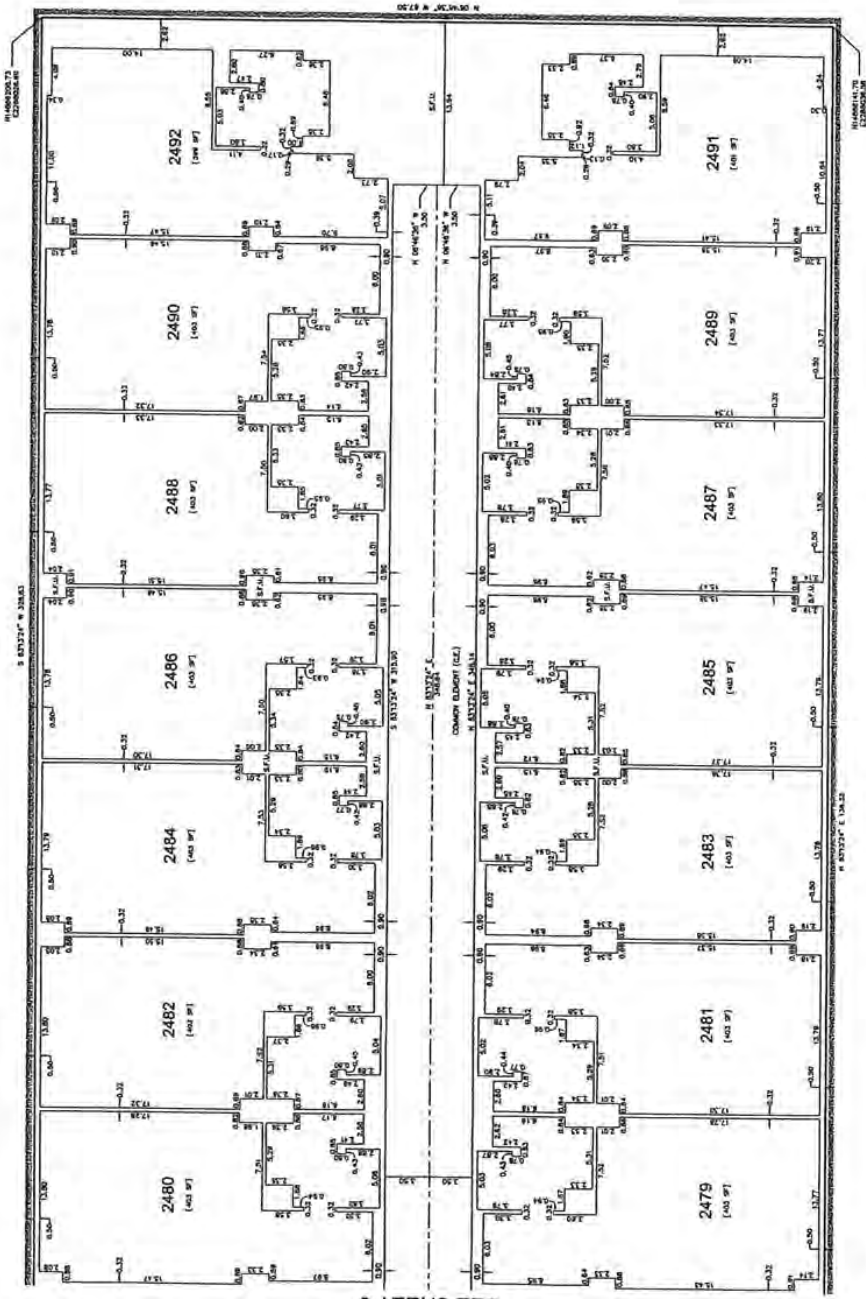
SHEET  
8  
OF  
10



FINISH FLOOR ELEV. = 4709.55

3.33 PM 0 05-10-2007

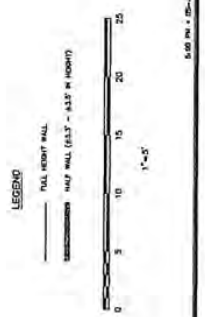




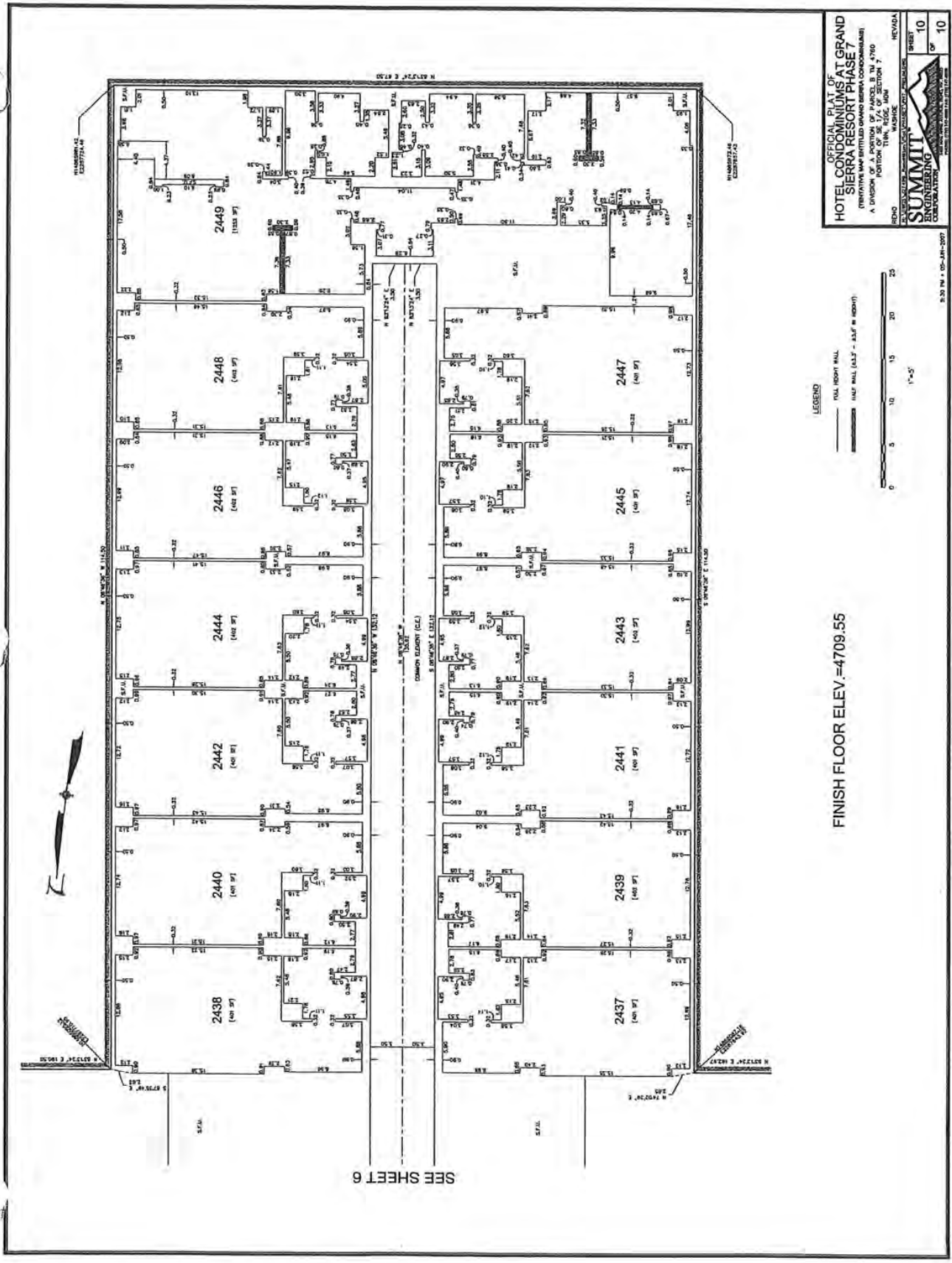
OFFICIAL PLAT OF  
HOTEL CONDOMINIUMS AT GRAND  
SIERRA RESORT PHASE 7  
(REPLACES MAP ENTITLED GRAND SIERRA CONDOMINIUMS)  
A DIVISION OF THE STATE OF CALIFORNIA, COUNTY OF  
TULARE, TULARE, N.M.

RECORD  
SUMMIT  
ENGINEERING  
CITY OF ANTONIO

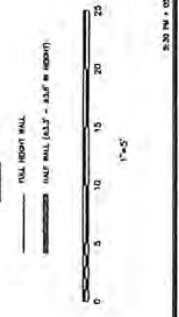
9  
OF  
10



FINISH FLOOR ELEV.=4709.55



OFFICIAL PLAT OF  
 HOTEL CONDOMINIUMS AT GRAND  
 SIERRA RESORT PHASE 7  
 (PORTION OF A PORTION OF PARCEL 8 IN 4760  
 PORTION OF SECTION 7  
 T1N, 120E, 40M)  
 REVISION  
 SHEET 10 OF 10  
 DATE 10-10-2007



FINISH FLOOR ELEV. = 4709.55



# **EXHIBIT B**

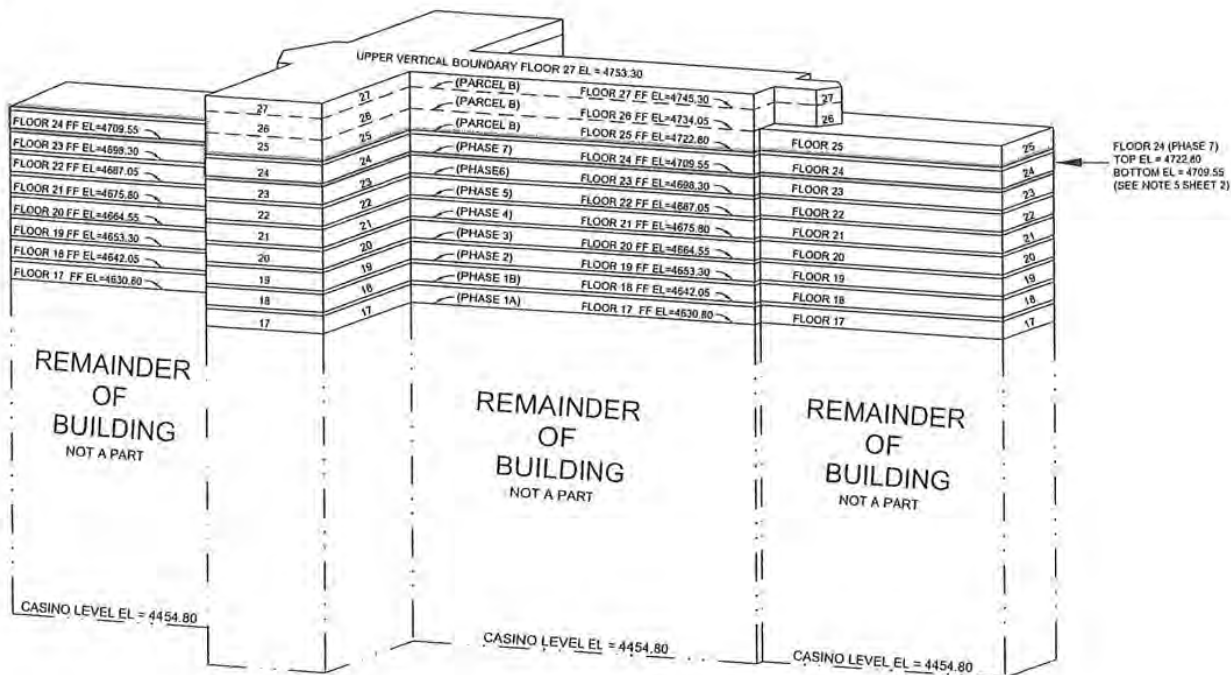
## **ALLOCATION OF ALLOCATED INTERESTS**

**Hotel-Condominiums at Grand Sierra Resort**  
**Allocation of Allocated Interests - Floors 17, 18, 19, 20, 21, 22, 23 & 24 Only**

Unit Model	Unit Qty	Unit Sq		% of Ownership	Total Unit		Total % of Ownership
		Ft			Sq Ft		
The Imperial Suite	16	1,340		0.394%	21,440		6.305%
The DMD Suite	6	2,101		0.618%	12,606		3.707%
The Loft (1)	8	922		0.271%	7,376		2.169%
The Loft (2)	4	1,006		0.296%	4,024		1.183%
The Loft (3)	4	856		0.252%	3,424		1.007%
The Presidential Suite	2	1,552		0.456%	3,104		0.913%
The Grand Suite (A)	64	558		0.164%	35,712		10.502%
The Grand Suite (B)	75	552		0.162%	41,400		12.174%
The Grand <sup>2</sup> (A)	250	427		0.126%	106,750		31.391%
The Grand <sup>2</sup> (B)	223	420		0.124%	93,660		27.542%
The Grand <sup>2</sup> (C) / The Flat	2	436		0.128%	872		0.256%
The Grand <sup>2</sup> (D) / The Flat	14	434		0.128%	6,076		1.787%
Delux Parlor Combined	2	1,600		0.470%	3,200		0.941%
SFU	1	420		0.124%	420		0.124%
	671				340,064		100.000%

# **EXHIBIT C**

**FUTURE EXPANSION PARCEL MAP  
[TO BE PROVIDED PRIOR TO RECORDING]**




**\* NOTE**

— PARCEL B IS THE FUTURE EXPANSION PARCEL. ANY AND ALL PORTIONS OF THE FUTURE EXPANSION PARCEL NEED NOT BE BUILT.

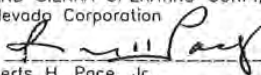
— ALL PORTIONS OF THE FUTURE EXPANSION PARCEL ARE SUBJECT TO DEVELOPMENTAL RIGHTS AS DESCRIBED IN THE DECLARATION

— ALL REAL ESTATE SHOWN ON THE OFFICIAL PLAT OF HOTEL CONDOMINIUMS AT GRAND SIERRA RESORT PHASE 1A, CONDOMINIUM TRACT MAP #4733, FILED ON THE 15TH DAY OF DECEMBER, 2006, AS FILE NUMBER 3475704, AND LABELED "NOT A PART", IS NOT SUBJECT TO DEVELOPMENTAL RIGHTS AS PART OF THIS COMMON INTEREST COMMUNITY, BUT MAY BE DEVELOPED BY THE DECLARANT OR OTHERS AS PART OF ONE OR MORE SEPARATE COMMON INTEREST COMMUNITIES.

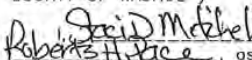
**Plan of Development  
Exhibit C to CC&R Document**

 S.F.U. BETWEEN CEILING AND FINISH FLOOR/ROOF ABOVE (HEIGHT VARIES)  
SEE NOTE 5 ON PAGE 2

GRAND SIERRA OPERATING CORP.,  
a Nevada Corporation

By:   
Roberts H. Pace, Jr.  
Executive Vice President &  
Chief Operating Officer

STATE OF NEVADA )  
 ) SS  
COUNTY OF WASHOE )

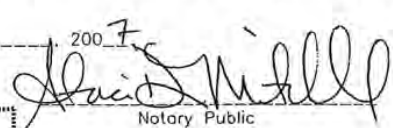
  
Staci D. Mitchell, as Executive Vice President & Chief Operating Officer of Grand Sierra Operating Corp., a Nevada corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer, appeared before me this day in person and acknowledged that he signed and delivered the foregoing instrument as his own free and voluntary act of such company in his capacity, as the Executive Vice President & Chief Operating Officer of said company, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 8 day of June, 2007

My Commission expires:

August 10, 2010



  
Notary Public

# **EXHIBIT D**

## **ALLOCATION OF SFU AND HOTEL EXPENSES**

**Hotel-Condominiums at Grand Sierra Resort**  
**Allocation of SFU and Hotel Expenses - Floors 17, 18, 19, 20, 21, 22, 23 & 24 Only**

Unit Model	Unit Qty	Unit Sq		% of Ownership	Total Unit		Total % of Ownership
		Ft	Sq Ft		Sq Ft	Ownership	
The Imperial Suite	16	1,340	21,440	0.395%		6.312%	
The DMD Suite	6	2,101	12,606	0.619%		3.712%	
The Loft (1)	8	922	7,376	0.271%		2.172%	
The Loft (2)	4	1,006	4,024	0.296%		1.185%	
The Loft (3)	4	856	3,424	0.252%		1.008%	
The Presidential Suite	2	1,552	3,104	0.457%		0.914%	
The Grand Suite (A)	64	558	35,712	0.164%		10.515%	
The Grand Suite (B)	75	552	41,400	0.163%		12.189%	
The Grand <sup>2</sup> (A)	250	427	106,750	0.126%		31.430%	
The Grand <sup>2</sup> (B)	223	420	93,660	0.124%		27.576%	
The Grand <sup>2</sup> (C) / The Flat	2	436	872	0.128%		0.257%	
The Grand <sup>2</sup> (D) / The Flat	14	434	6,076	0.128%		1.789%	
Delux Parlor Combined	2	1,600	3,200	0.471%		0.942%	
	670		339,644			100.000%	

# **EXHIBIT E**

## **LIST OF STRUCTURAL AND UTILITY COMPONENTS**

## GRAND SIERRA COMPONENT LIST

1. Walls, Stucco, Paint Finishes and Repairs (Incl. Caulk)
2. Windows, (Phased Replacement) (Incl. Spandrel Panels)
3. Elevator Cab Finishes, Passenger
4. Fan Coil Units, (Phased Replacements)
5. Floor Coverings, Carpet, Hallways, (Phased Replacements)
6. Light Fixtures, Emergency and Exit
7. Paint Finishes, Hallways, Ceilings and Doors, Phased
8. Paint Finishes, Stairwells
9. Renovations, Units (excludes FF&E)
10. Wall Coverings, (Phased Replacements)
11. Roofs, Modified Bitumen
12. Air Handling Units, Capital Repairs
13. Boilers, 5,680-MBH, (Phased Replacement)
14. Boilers, Deaeration Tank and Boiler Feed System
15. Chillers, 1,500- to 1,900-Tons, (Phased Replacements)
16. Condensate Return Tanks and Pumps, East Wing Building Heat
17. Cooling Towers, 665 Tons, (Phased Replacement)
18. Elevators, Controls and Motors, Passenger
19. Elevators, Controls and Motors, Service
20. Exhaust Fans, Hallways, (Phased Replacement)
21. Exhaust Fan, Passenger Elevator Room
22. Exhaust Fan, Service Elevator Room
23. Fire Detection System
24. Generator, Emergency, Tower Only, 350-KW
25. Generators, Emergency, Entire Building (Serves Tower Fire Pumps), 1,000-KW
26. Heat Exchangers, Building Heat
27. Heat Exchangers, Domestic Water
28. Heat Exchangers, Lake Free-Cooling System
29. Pumps, Building Heat (North, South and West Wings), 7.5-HP, (Phased Replacements)
30. Pumps, Building Heat (East Wing), 30-HP, (Phased Replacements)
31. Pumps, Chilled Water, 100-HP, (Phased Replacements) (Incl. VFD Controls)
32. Pumps, Domestic Water, 20-HP, (Phased Replacements) (Incl. VFD Controls)
33. Pumps, Fire Suppression, Electric, 150-HP (Incl. Jockey Pumps, 10-HP)
34. Pump, Fire Suppression, Diesel, 230-HP
35. Pumps, Lake Free Cooling-System, 60-HP
36. Stairwell Pressurization Systems, (Phased Replacement)
37. Riser Sections, Building Heating and Cooling, (Partial Replacements)
38. Riser Sections, Domestic Water, (Partial Replacements)



## GRAND SIERRA COMPONENT LIST

Items not noted above due to long life:    Hallway light fixtures  
  Electrical  
  Fire suppression piping

Items not noted above due to listed on operating budget:    Service and Utility Area Finishes  
  Elevator Cab Finishes, Service  
  Elevators  
  Expansion Tanks  
  Stairwell Light Fixtures  
  Sprinkler Heads  
  Expenditures less than \$3,000  
  Pumps and Motors less than 5  
  Horsepower  
  Other expenditures typically funded  
  through the operating budget

# **EXHIBIT F**

## **FORMULA FOR ALLOCATION OF ALLOCATED INTERESTS**

Hotel-Condominiums at Grand Sierra Resort  
Formula for Allocation of Allocated Interests

Unit Model	Unit Qty	Unit Sq Ft	% of Ownership	Total Unit Sq Ft	Total % of Ownership
The Imperial Suite	22	1,340	0.316%	29,480	6.960%
The DMD Suite	6	2,101	0.496%	12,606	2.976%
The Loft (1)	11	922	0.218%	10,142	2.395%
The Loft (2)	4	1,006	0.238%	4,024	0.950%
The Loft (3)	6	856	0.202%	5,136	1.213%
The Presidential Suite	8	1,552	0.366%	12,416	2.931%
The Solarium Suite	2	1,218	0.288%	2,436	0.575%
The Grand Suite (A)	64	558	0.132%	35,712	8.432%
The Grand Suite (B)	87	552	0.130%	48,024	11.338%
The Grand <sup>2</sup> (A)	320	427	0.101%	136,640	32.261%
The Grand <sup>2</sup> (B)	275	420	0.099%	115,500	27.269%
The Grand <sup>2</sup> (C)	2	436	0.103%	872	0.206%
The Grand <sup>2</sup> (D)	16	434	0.102%	6,944	1.639%
Delux Parlor Combined	2	1,600	0.378%	3,200	0.756%
SFU	1	420	0.099%	420	0.099%
	826			423,552	100.000%

# **EXHIBIT G**

**FORMULA FOR ALLOCATION OF SFU AND HOTEL EXPENSES**

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

Unit Model	Unit Qty	Unit Sq Ft	% 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 <sup>2</sup> (A)	320	427	0.101%	136,640	32.293%
The Grand <sup>2</sup> (B)	275	420	0.099%	115,500	27.296%
The Grand <sup>2</sup> (C)	2	436	0.103%	872	0.206%
The Grand <sup>2</sup> (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

DOC # 3548502

06/27/2007 02:44:03 PM

Requested By

GRAND SIERRA RESORT

Washoe County Recorder

Kathryn L. Burke - Recorder

Fee: \$42.00 RPTT: \$0.00

Page 1 of 4

APN: 012-211-26.

When recorded return to:

R. Shawn Oliphant, Esq.  
Fahrendorf, Vilorio, Oliphant & Oster, LLP  
327 California Avenue  
Reno, Nevada 89509

(775) 348-9999



### SECURITY INTEREST HOLDERS CERTIFICATE

This is to certify that the undersigned, WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests, being the beneficiary under that certain Deed of Trust recorded June 23, 2006 as Document No. 3404772, of Official Records, Washoe County, Nevada, hereby consents to the preparation and recordation of the map entitled "OFFICIAL PLAT OF HOTEL CONDOMINIUMS AT GRAND SIERRA RESORT PHASE 7".

The land encumbered by the aforesaid Deed of Trust affected by this Certificate is described as follows:

A parcel of land situate in Sections 7 & 18, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada, and more particularly described as follows:

Beginning at the intersection of the Northerly line of Mill Street with the Easterly line of U.S. Highway 395 as shown on Record of Survey Map Number 1518, File Number 769946 of the Official Records of Washoe County, Nevada, from which the Northeast corner of said Section 18 bears North 86°22'05" East a distance of 3260.13 feet; thence along the Easterly line of Interstate 580 the following eight (8) courses and distances; 1) North 09°34'52" West, a distance of 352.44 feet; 2) North 03°28'05" West, a distance of 425.16 feet; 3) North 01°26'55" West, a distance of 498.41 feet; 4) North 01°24'09" West, a distance of 434.30 feet; 5) from a tangent which bears North 01°25'23" West, along a circular curve to the right with a radius of 858.06 feet and a central angle of 36°09'39", an arc length of 541.54 feet; 6) from an tangent which bears North 34°44'16" East along a circular curve to the left with a radius of 900.00 feet and a central angle of 28°28'08", an arc length of 447.19 feet; 7) North 06°16'08" East a distance of 117.19 feet; 8) from a tangent which bears the last named course, along a circular curve to the right with a radius of 61.15 feet and a central angle of 83°37'49", an arc length of 89.26 feet to a point on the Southerly line of Glendale Avenue; thence along the Southerly line of Glendale Avenue the following four (4) courses and distances; 1) North 89°53'57" East, a distance of 196.41 feet; 2) North 00°06'21" East, a distance of 4.00 feet; 3) North 89°53'57" East, a distance of 11.17 feet; 4) North 88°16'07" East, a distance of 80.83 feet to a point on the Westerly line of Watson and Meehan Corporation Property, said point being the Northeasterly corner of Parcel No. 1, as shown on the Parcel Map

No. 340, filed in the Office of Washoe County Recorder on November 10, 1976 File No. 434453; thence along the Westerly, Southerly, and Easterly lines of said Watson and Meehan Corporation Property the following three (3) courses and distances: 1) South  $00^{\circ}05'56''$  West, a distance of 355.44 feet; 2) South  $89^{\circ}23'34''$  East, a distance of 348.62 feet; 3) North  $00^{\circ}06'34''$  West, a distance of 369.63 feet to a point on the Southerly right of way line of Glendale Avenue, said point being the Northeasterly corner of Parcel No. 1, as shown on the Parcel Map No. 338, filed in the Office of Washoe County Recorder on November 10, 1976, File No. 434451; thence North  $88^{\circ}16'07''$  East, along the Southerly right of way line of Glendale Avenue, a distance of 156.65 feet; thence South  $02^{\circ}12'06''$  East a distance of 4.24 feet to the Northeast corner of a concrete block wall, thence South  $02^{\circ}12'06''$  East, along Easterly face of said block wall, a distance of 13.05 feet to an angle point in said block wall; thence North  $88^{\circ}00'20''$  East, along the Northerly line of said block wall, a distance of 61.31 feet to a chain link fence; thence along said chain link fence the following seventeen (17) courses and distances: 1) South  $88^{\circ}11'19''$  East, a distance of 10.04 feet; 2) South  $79^{\circ}03'12''$  East, a distance of 10.54 feet; 3) South  $70^{\circ}04'24''$  East, a distance of 9.08 feet; 4) South  $56^{\circ}48'54''$  East, a distance of 10.33 feet; 5) South  $52^{\circ}50'24''$  East, a distance of 49.76 feet; 6) South  $49^{\circ}03'32''$  East, a distance of 10.57 feet; 7) South  $38^{\circ}43'47''$  East, a distance of 78.93 feet; 8) South  $41^{\circ}22'11''$  East, a distance of 10.14 feet; 9) South  $48^{\circ}20'20''$  East, a distance of 10.07 feet; 10) South  $54^{\circ}50'53''$  East, a distance of 10.04 feet, 11) South  $59^{\circ}44'13''$  East, a distance of 39.96 feet; 12) South  $50^{\circ}21'10''$  East, a distance of 10.37 feet; 13) South  $39^{\circ}50'28''$  East, a distance of 10.12 feet; 14) South  $31^{\circ}57'47''$  East, a distance of 105.60 feet; 15) South  $20^{\circ}08'38''$  East, a distance of 76.52 feet; 16) South  $34^{\circ}19'10''$  East, a distance of 165.32 feet; 17) South  $14^{\circ}17'58''$  East, a distance of 279.78 feet; thence along a line that is more or less coincident with said chain link fence the following fifteen (15) courses and distances: 1) South  $06^{\circ}44'18''$  East, a distance of 109.36 feet; 2) South  $05^{\circ}15'13''$  East, a distance of 158.53 feet; 3) South  $27^{\circ}57'06''$  East, a distance of 129.07 feet; 4) South  $43^{\circ}18'46''$  East, a distance of 228.10 feet; 5) South  $44^{\circ}58'46''$  East, a distance of 133.07 feet; 6) South  $38^{\circ}2'46''$  East, a distance of 64.06 feet; 7) South  $47^{\circ}15'56''$  East, a distance of 107.92 feet; 8) South  $50^{\circ}50'59''$  East, a distance of 489.05 feet; 9) South  $55^{\circ}41'02''$  East, a distance of 45.51 feet; 10) South  $46^{\circ}38'29''$  East, a distance of 98.99 feet; 11) South  $63^{\circ}53'42''$  East a distance of 151.28 feet; 12) South  $52^{\circ}31'06''$  East, a distance of 151.08 feet; 13) North  $78^{\circ}53'28''$  East, a distance of 75.55 feet; 14) South  $73^{\circ}46'40''$  East, a distance of 132.04 feet; 15) South  $64^{\circ}35'20''$  East, a distance of 98.69 feet to a point on the Northerly right of way line of Greg Street; thence along the Northerly right of way line of Greg Street the following ten (10) courses and distances: 1) South  $20^{\circ}40'40''$  West, a distance of 294.78 feet; 2) from a tangent which bears South  $47^{\circ}48'19''$  West, along a circular curve to the right with a radius of 750.00 feet and a central angle of  $27^{\circ}10'38''$ , and arc length of 355.75 feet; 3) South  $74^{\circ}58'57''$  West, a distance of 120.67 feet; 4) from a tangent which bears the last named course, along a circular curve to the right with a radius of 36.00 feet and a central angle of  $31^{\circ}49'47''$ , an arc length of 20.00 feet to a point of compound curvature; 5) along said compound circular curve to the right with a radius of 116.00 feet and a central angle of  $32^{\circ}40'13''$ , an arc length of 66.14 feet; 6) South  $71^{\circ}14'17''$  West, a distance of 50.82 feet; 7) South  $11^{\circ}03'06''$  East, a distance of 8.54 feet; 8) from a tangent which bears the last named course, along a circular curve to the right with a radius of 36.00 feet and a central angle of  $76^{\circ}26'01''$ , an arc length of 48.02 feet to a point of reverse curvature; 9) along said reverse circular curve to the left with a radius of 604.00 feet and a central angle of  $17^{\circ}23'58''$ , an arc length of 183.42 feet; 10) South  $47^{\circ}58'57''$  West, a distance of 824.52 feet to the Northeast corner of parcel conveyed to Bruno Benna, et al, recorded as Document No. 83899, Official Records of Washoe County, Nevada; thence North  $63^{\circ}46'57''$  West along the Northerly line of said Benna Parcel, a distance of 1099.66 feet to the Northeasterly corner of Parcel B as shown on Parcel Map No. 341, filed in the office of Washoe County recorded on November 10, 1976, File No. 434454, thence South  $26^{\circ}13'03''$  West, along the Easterly line of said Parcel B, a distance of 266.37 feet; thence South  $18^{\circ}46'57''$  East and distance of 28.28 feet to a point on the Northerly right of way line of Mill Street; thence



North  $63^{\circ}44'52''$  West, along said Northerly right of way line, a distance of 80.00 feet; thence North  $26^{\circ}13'03''$  East, a distance of 286.32 feet to the Northerly line of said Benna Parcel; thence from a tangent which bears North  $03^{\circ}43'05''$  East, along a circular curve to the left with a radius of 86.58 feet and a central angle of  $81^{\circ}31'28''$  an arc length of 123.19 feet; thence North  $77^{\circ}48'23''$  West a distance of 234.00 feet; thence South  $26^{\circ}13'03''$  West a distance of 280.15 feet to the Northerly line of Mill Street; thence North  $63^{\circ}44'52''$  West, along the Northerly line of Mill Street, a distance of 208.34 feet to the Point of Beginning.

Said land is shown and delineated as Parcel A on Record of Survey Map No. 3804, recorded June 23, 2000 as Document No. 2458502, Official Records.

BASIS OF BEARINGS: Recorded of Survey Map Number 2775, File No. 1834848 of the Official Records of Washoe County, Nevada; NAD 83, Nevada West Zone.

APN: 012-211-26

Document Number 3404771 is provided pursuant to the requirements of Section 1. NRS 111.312

DATED: June 13, 2007

WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests

By: WACHOVIA BANK, NATIONAL ASSOCIATION, solely in its capacity as Servicer, as authorized under that certain Pooling and Servicing Agreement dated as of November 1, 2006

By: [Signature]

Name: Michael Farrell Title: Vice President

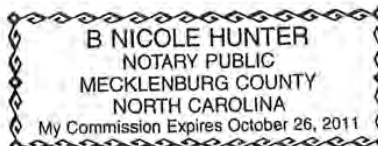
STATE OF NORTH CAROLINA )  
 ) SS  
COUNTY OF MECKLENBURG )

On this 7<sup>th</sup> day of June, 2007, personally appeared before me Michael Farrell, as Vice President of WACHOVIA BANK, NATIONAL ASSOCIATION, acting in its authorized capacity as Servicer for and on behalf of WELLS FARGO BANK, N.A., as trustee for the benefit of holders of J.P. Morgan Chase Commercial Mortgage Securities Corp., Commercial Mortgage Pass-Through Certificates, Series 2006-FL2 and for the holders of the Non-Trust Partition Interests, signer and sealer of the foregoing instrument and acknowledged the same to be his/her free act and deed and the free act and deed of said entities, before me. He/she is personally known to me or has produced a driver's license as identification.

[Signature]  
Notary Public

My commission expires:

10/26/2011



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Alicia L. Lerud  
Clerk of the Court  
Transaction # 8953058 : yviloria

# Exhibit 2

BYLAWS OF GRAND SIERRA RESORT UNIT-OWNERS'  
ASSOCIATION,  
a Nevada nonprofit corporation

1. *Name.* The name of the corporation is GRAND SIERRA RESORT UNIT-OWNERS' ASSOCIATION (the "*Association*"). The Association is a Nevada nonprofit corporation.

2. *Principal Office.* The principal office of the Association shall be located in Washoe County, Nevada, at such location as the board of directors of the Association (the "*Board*") may from time to time fix by a majority vote.

3. *Definitions.* Unless otherwise specifically provided herein, the capitalized terms in these Bylaws shall have the same meanings as are given to such terms in the Declaration of Covenants, Conditions, Restrictions and Reservations of Easements for GRAND SIERRA RESORT dated December 15, 2006, as may be amended from time to time (collectively with such amendments, the "*Declaration*").

3.1 *"Emergency."* The term "Emergency" as used in these Bylaws means any occurrence or combination of occurrences that: (i) could not have been reasonably foreseen; (ii) affects the health, welfare and safety of the Unit Owners or occupants of the Property; (iii) requires the immediate attention of, and possible action by, the Board; and (iv) makes it impractical to comply with the provisions of the Bylaws.

4. *Voting by the Unit Owners.*

4.1. *Voting Rights.* The classes of voting membership, the allocation of the votes and the manner in which votes shall be held or cast shall be as set forth in Article 5 of the Declaration. If any votes are allocated to a Unit that is owned by the Association, those votes may not be cast, by proxy or otherwise, for any purpose. For the purposes of construing these Bylaws, each Voting Member or voting Unit Owner, as defined in Section 5.3 of the Declaration, shall be counted separately, notwithstanding any right in the Voting Member or voting Unit Owner to cast votes on behalf of more than one Unit Ownership.

4.2. *Majority of Quorum.* If a quorum of Voting Members, and Unit Owners entitled to vote pursuant to section 5.3(b) of the Declaration, is present, unless otherwise expressly provided in the Articles of Incorporation or Declaration, the affirmative vote of at least a majority of the votes of the Voting Members and voting Unit Owners represented in person or by proxy at a meeting of the Unit Owners and entitled to vote on any matter shall be the act of the Unit Owners.

4.3. *Quorum.* Except as otherwise provided in the Governing Documents, the presence in person or by proxy of at least twenty percent (20%) of the voting power of the Unit Owners shall constitute a quorum of the Voting Members and voting Unit Owners; provided, however, that a quorum is not required to be present when the secret written ballots are opened and counted. Voting Members and voting Unit Owners present at a duly called or held meeting

at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal subsequent to the commencement of the meeting of Voting Members and voting Unit Owners to leave less than a quorum present.

4.4. *Proxies.* Votes may be cast in person, by a Voting Member or Unit Owner entitled to vote pursuant to section 5.3(b) of the Declaration, or by secret ballot or proxy executed by a Voting Member. A vote by proxy shall be made in writing, shall designate the meeting for which the proxy will be exercised, shall identify the specific agenda items on which a vote will be exercised (unless the proxy is to be used solely to determine if a quorum is present) and must indicate as to each such item whether the vote is in the affirmative or in the negative, may not be cast in a manner contrary to the proxy, shall be delivered to a member of the Voting Member's immediate family, a tenant of the Voting Member who resides in the common-interest community, or another Unit Owner, shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the person presiding over the meeting by the Voting Member or his or her duly authorized attorney-in-fact, shall bear the date of its execution and shall be invalid after eleven (11) months from date of execution or upon termination of the designated meeting, whichever is first to occur. The holder of a proxy must disclose at the beginning of the meeting for which the proxy is executed the number of proxies pursuant to which the holder will be casting votes. A vote may not be cast pursuant to a proxy for the election or removal of a member of the Board. A proxy is void if the proxy or the holder violates any of the foregoing provisions of this Section 4.4.

5. *Meetings of the Unit Owners.*

5.1. *Place of Meetings of the Unit Owners.* Meetings of the Unit Owners shall be held at the Property or at such other place in Washoe County, Nevada, as may be designated from time to time by the Board.

5.2. *Annual Meetings of the Unit Owners.* Annual meetings of the Unit Owners shall be held on the first Thursday in December, at such time as designated by the Board. Except in the case of an Emergency, as defined in section 3.1 of these Bylaws, action may not be taken on any matter not set forth in the agenda for said meeting.

5.3. *Special Meetings of the Unit Owners.* Special meetings of Units' Owners may be called by the President, a majority of the Board, or by at least 10 percent of the Voting Members of the Association. To call a special meeting, the Voting Members must submit a written petition which is signed by the required percentage of Voting Members, and which is mailed certified, return receipt requested, or served by a process server to a member of the Board or the community manager for the Association. The Board shall set the date for the special meeting so that the special meeting is held not less than 15 days or more than 60 days after the date on which the petition is received. The notice of the special meeting shall be given as provided in section 5.4 of these Bylaws. No business shall be transacted at a special meeting except as stated in the notice of the special meeting.

5.35 *Removal Elections.* Any member of the Board, other than the Declarant or a member appointed by the Declarant, may be removed from the Board, with or without cause, if at a removal election the number of votes cast in favor of removal constitutes at least 35 percent of the total number of Voting Members of the Association and at least a majority of all votes cast in that removal election. An election to remove a member of the Board may be called by 10 percent of the Voting Members of the Association. To call a removal election, the Voting Members must submit a written petition which is signed by the required percentage of Voting Members, and which is mailed certified, return receipt requested, or served by a process server to a member of the Board or the community manager for the Association. Secret written ballots for the removal election must be sent to the Voting Members not less than 15 days or more than 60 days after the date on which the petition is received, and the Board shall set the date for a meeting to open and count the secret written ballots so that the meeting is held not more than 15 days after the deadline for returning the secret written ballots. The Secretary shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address for notices provided for each Unit. Each unit's owner must be provided with at least 15 days after the date the secret written ballot is mailed to the unit's owner to return the secret written ballot to the Association. Only the secret written ballots that are returned to the Association may be counted to determine the outcome. The secret written ballots must be opened and counted at a meeting of the Association. A quorum is not required to be present when the secret written ballots are opened and counted at the meeting. The incumbent members of the Board, including, without limitation, the member who is subject to the removal, may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the Association before those secret written ballots have been opened and counted at a meeting of the Association. No other business shall be transacted at a meeting to open and count secret written ballots.

5.4. *Notice.*

(a) Not less than 15 days or more than 60 days in advance of any meeting of the Unit Owners, the Secretary shall cause notice of the meeting to be hand-delivered, sent prepaid by United States mail to the mailing address for notices provided for each Unit or, if the Association offers to send notices by electronic mail, sent by electronic mail at the request of any Unit Owner to an electronic mail address designated in writing by the Unit Owner. If an assessment for a capital improvement is to be considered or action taken on such an assessment at the meeting, then notice shall be provided not less than 21 days or more than 60 days in advance of the meeting. The notice of the meeting must state the time and place of the meeting and include a copy of the agenda for the meeting. The notice must include notification of the right of a Unit Owner (i) to have a copy of the minutes or a summary of the minutes of the meeting provided to the Unit Owner upon request and upon payment to the association of the cost of providing the copy to the Unit Owner, and (ii) to speak to the Association or Board, unless the Board is meeting in executive session.

(b) The agenda for a meeting of the Unit Owners must consist of: (i) a clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or Bylaws, any



fees or assessments to be imposed or increased by the association, or any budgetary changes and any proposal to remove an officer of the Association or member of the Board, and (ii) a list describing the items on which action may be taken, and clearly denoting that action may be taken on those items, except that, in an Emergency, as defined in section 3.1 of these Bylaws, the Unit Owners may take action on an item which is not listed on the agenda as an item on which action may be taken, and (iii) a period devoted to comments by Unit Owners and discussion of those comments. Except in an Emergency, no action may be taken upon a matter raised in comments by a Unit Owner until the matter itself has been specifically included on an agenda as an item upon which action may be taken.

(c) The mailing of a notice, postage prepaid, in the manner provided in this Section 5.4, shall be considered notice served when said notice has been deposited in a regular depository of the United States mail. The delivery of a notice in the manner provided in this Section 5.4 shall be considered notice served when said notice has been delivered personally to the Unit Owner.

*5.4.5 Commencement of a Civil Action – Notice and Procedure.* The Association shall provide written notice to each Unit Owner of a meeting at which the commencement of a civil action is to be considered at least 21 calendar days before the date of the meeting. Except as otherwise provided in this section 5.4.5, the Association may commence a civil action only upon a vote or written agreement of the Owners of Units to which at least a majority of the votes of the members of the Association are allocated. The foregoing provisions of this section do not apply to a civil action that is commenced: (i) to enforce the payment of an assessment; (ii) to enforce the Declaration, these Bylaws, or any rules of the Association; (iii) to enforce a contract with a vendor; (iv) to proceed with a counterclaim; or (v) to protect the health, safety and welfare of the members of the Association. If a civil action is commenced without the required vote or agreement, the action must be ratified within 90 days after the commencement of the action by a vote or written agreement of the Owners of the Units to which at least a majority of votes of the members of the Association are allocated.

At least 10 days before the Association commences or seeks to ratify the commencement of a civil action, the Association shall provide a written statement to all the Unit Owners that includes: (i) a reasonable estimate of the costs of the civil action, including reasonable attorney's fees; (ii) an explanation of the potential benefits of the civil action and the potential adverse consequences if the Association does not commence the action or if the outcome of the action is not favorable to the Association; and (iii) all disclosures that are required to be made upon the sale of the property. If any civil action in which the Association is a party is settled, the Board shall disclose the terms and conditions of the settlement at the next regularly scheduled meeting of the Board after the settlement has been reached. The Board may not approve a settlement which contains any terms and conditions that would prevent the Board from complying with the provisions of this section 5.4.5.

*5.5. Record Date.* The Board may fix a date not more than sixty (60) days before any meeting as a record date for the determination of the Unit Owners entitled to notice of any meeting of the Unit Owners. If the Board does not fix a record date for notice to the

Unit Owners, the record date for notice shall be the close of business on the business day preceding the day on which notice is given. In addition, the Board may fix a date not more than sixty (60) days before any meeting as a record date for the determination of the Unit Owners entitled to vote at any meeting of the Unit Owners. If the Board does not fix a record date for determining the Unit Owners entitled to vote, the Voting Members, or voting Unit Owners pursuant to section 5.3(b) of the Declaration, on the day of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

5.6. *Adjourned Meetings.* If any meeting of the Unit Owners cannot be organized because a quorum is not present, a majority of the Voting Members or voting Unit Owners who are represented at the proposed meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the presence in person or by proxy of the Owners holding at least twenty percent (20%) of the voting power of the Unit Owners. Such an adjourned meeting may be held without notice thereof as provided in this Article 5, provided that notice is given by announcement at the meeting at which such adjournment is taken.

5.7. *Order of Business.* The order of business at all meetings of the Unit Owners shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting; (c) reading of minutes of the preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspector of elections and any deputy inspectors who shall count the votes of an election of the Board Members; (g) unfinished business; and (h) new business.

5.8. *Limitations on Right of Unit Owner to Speak at Meetings.* The Board may establish reasonable limitations on the time Unit Owners may speak at any meeting of the Unit Owners or Board.

5.9. *Reserved.*

5.10. *Reserved.*

5.11. *Minutes; Presumption of Notice.* The Secretary shall cause minutes to be recorded or otherwise taken at each meeting of the Unit Owners. Not more than 30 days after each such meeting, the Secretary shall cause the minutes or a summary of the minutes of the meeting to be made available to the Unit Owners. A copy of the minutes or a summary of the minutes must be provided to any Unit Owner upon request and, if required by the Board, upon payment to the Association of the cost of providing the copy to the Unit Owner. The Board may establish reasonable limitations on materials, remarks or other information to be included in the minutes of a meeting of the Unit Owners. Subject to such limitations as may be established by the Board, the minutes of each meeting of the Unit Owners must include: (i) the date, time and place of the meeting; (ii) the substance of all matters proposed, discussed or decided at the meeting; and (iii) the substance of remarks made by any Unit Owner at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared remarks if he submits a copy for inclusion. The Association shall maintain the minutes of each



meeting of the Unit Owners until the common-interest community is terminated. The Unit Owners may approve, at the annual meeting of the Unit Owners, the minutes of the prior annual meeting of the Unit Owners and the minutes of any prior special meetings of the Unit Owners. A quorum is not required to be present when the Unit Owners approve the minutes.

Minutes or a similar record of the proceedings of meetings of Owners, when signed by the President of the Association or Secretary of the Association, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes executed by the Secretary or President of the Association that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

5.12. *Waiver of Notice.* Whenever any notice is required to be given under this Article 5, a waiver thereof in writing, signed by the Owner(s) entitled to the notice, whether before or after the time stated herein, shall be deemed equivalent thereto.

5.13. *Audio Recordings of Meetings.* A Unit Owner may record on audiotape or any other means of sound reproduction a meeting of the Unit Owners if the Unit Owner, before recording the meeting, provides notice of his or her intent to record the meeting to the other Unit Owners who are in attendance at the meeting.

5.14. *Fines; Notice of Establishment of Fines.* If the Association adopts a policy imposing fines for any violations of the governing documents of the Association, the Secretary shall prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address for notices provided for each Unit, a schedule of the fines that may be imposed for those violations. The Board may appoint a committee with not less than three members to conduct hearings on violations of the governing documents, and to impose fines. While acting on behalf of the Board for those limited purposes, the committee and its members are entitled to all privileges and immunities and are subject to all duties and requirements of the Board and its members.

## 6. *The Board.*

6.1. *Number of Directors.* The number of Board Members initially shall be one, and shall increase to three at the time and under the conditions set forth in section 5.5 of the Declaration.

6.2. *Compensation.* Board Members shall not receive any salary or compensation for their services as directors unless such compensation is first approved by the vote or written consent of the Voting Members or voting Unit Owners representing at least a majority of the voting power of the Unit Owners; provided, however, that (i) to the extent permitted by law, nothing herein contained shall be construed to preclude any Board Member from serving the Association, Declarant, or a Unit Owner in some other capacity and receiving compensation therefor, and (ii) any Board Member may be reimbursed for his or her actual expenses incurred in the performance of his or her duties as a director.

6.3. *Reserved.*

6.4. *Powers and Duties.* The Board has the powers and duties necessary for the administration of the affairs of the Association and may do all lawful things in operating for the general welfare of the Unit Owners with respect to the Common Elements and Common Expenses, subject to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws and this Declaration, and under no circumstances shall the Association have any control over the Shared Facilities Units or real estate outside of the Property, as those terms are defined in the Declaration. The Board may not act on behalf of the Association to amend the Declaration, to terminate the common-interest community, or to elect members of the Board or determine their qualifications, powers and duties or terms of office, but the Board may fill vacancies in its membership for the unexpired portion of any term.

6.5. *Special Powers and Duties.* Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the Declaration, the Board is vested with, and responsible for, the following powers and duties, in accordance with the provisions of the Declaration, the Articles and these Bylaws, and subject, in each case, to the rights of Declarant during Declarant's Period of Control:

(a) The power and duty to select, appoint and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with law and the Governing Documents; and to fix their compensation and to require from them security for faithful service when deemed advisable by the Board.

(b) The power and duty to conduct, manage and control the affairs and business of the Association.

(c) The power but not the duty to change the principal office for the transaction of the business of the Association from one location to another within Washoe County, Nevada, as provided in Article 2 of these Bylaws; to designate any place within said county for the holding of any annual or special meeting or meetings of the Unit Owners consistent with the provisions of Article 5 of these Bylaws; and to adopt and use a corporate seal and to alter the form of such seal from time to time, as the Board, in its sole judgment, may deem best, provided that such seal shall at all times comply with the provisions of the law.

(d) The power and duty to fix and levy from time to time Assessments upon the Unit Owners for the operation and maintenance of the Association and the Common Elements, as provided in the Declaration; to determine and fix the due date for the payment of the Assessments and the date upon which the same shall become delinquent; provided, however, that the Assessments shall be fixed and levied by the Board only to provide for (i) the payment of the Common Expenses of the Association and of taxes and assessments upon real or personal property owned, leased, controlled or occupied by the Association; (ii) the payment of expenses for labor rendered or materials or supplies used and consumed; or (iii) the performance of or causing to be performed any of the purposes of the Association. The Assessments shall be fixed in

accordance with the provisions of the Declaration. Should any Owner fail to pay such assessments before delinquency, the Board in its discretion is authorized to enforce the payment of such delinquent assessments as provided in the Declaration and by Nevada law, and to adopt rules and regulations providing for a late payment and/or collection fee schedule.

(e) The power and duty to enforce the provisions of the Declaration, the Articles, these Bylaws or other agreements of the Association.

(f) Subject to Section 5.7 of the Declaration, the power and duty to contract for and pay for fire, casualty, blanket liability, automobile liability, malicious mischief, vandalism, errors and omissions, liquor liability and other insurance, insuring the Unit Owners, the Association, the Board and other interested parties, in accordance with the provisions of the Declaration, covering and protecting against such damages or injuries as the Board deems advisable (which may include without limitation, medical expenses of persons injured on the Property). The Board shall review, not less frequently than annually, all insurance policies and bonds obtained by the Board on behalf of the Association.

(g) The power and duty to employ personnel necessary for the operation of the Common Elements and management of the Common Expenses, including legal and accounting services.

(h) The power but not the duty to delegate its powers according to law.

(i) The power and duty to keep, or cause to be kept, a complete record of all acts and corporate affairs of the Association and to present a statement thereof to the Unit Owners at the annual meeting of the Unit Owners and at any other time that such statement is requested by at least ten percent (10%) of the Unit Owners who are entitled to vote.

(j) The power but not the duty to appoint a membership committee responsible for contacting all purchasers of Units in the Condominium Project[?] as soon as any transfer of title to a Unit is discovered.

#### 6.6. *Election and Term of Office.*

(a) Subject to the right of Declarant to serve as Board Member or appoint the Board Members as described in Article 5 of the Declaration, the election of members of the Board shall be conducted annually by secret written ballot. Not less than 30 days before the preparation of a ballot for the election of members of the Board, the Secretary shall cause notice to be given to each Unit Owner of his or her eligibility to serve as a member of the Board. Each Unit Owner who is qualified to serve as a member of the Board may have his or her name placed on the ballot along with the names of any nominees selected by the members of the Board or by a nominating committee established by the Board. Each person whose name is placed on the ballot as a candidate

for election as a member of the Board must (i) make a good faith effort to disclose any financial, business, professional or personal relationship or interest that would result or would appear to a reasonable person to result in a potential conflict of interest for the candidate if the candidate were to be elected to serve as a member of the Board; and (ii) disclose whether the candidate is a member in good standing. For the purposes of this subsection, a candidate shall not be deemed to be in "good standing" if the candidate has any unpaid and past due assessments that are required to be paid to the association.

The candidate must make all disclosures required pursuant to this subsection in writing to the Association with his or her candidacy information. The Association shall distribute the disclosures to each Unit Owner with the ballot in the manner established in this section. Unless a person is appointed by the Declarant: (i) a person may not be a member of the Board or an officer of the Association if the person, his spouse or his parent or child, by blood, marriage or adoption, performs the duties of a community manager for that association; (ii) a person may not be a member of the Board of a master association or an officer of that master association if the person, his spouse or his parent or child, by blood, marriage or adoption, performs the duties of a community manager for that master association, or any association that is subject to the governing documents of that master association.

(b) In addition to the Declarant and persons appointed by the Declarant, an officer, employee, agent or director of a corporate owner of a Unit, a trustee or designated beneficiary of a trust that owns a Unit, a partner of a partnership that owns a Unit, a member or manager of a limited-liability company that owns a Unit, and a fiduciary of an estate that owns a Unit may be an officer of the Association or a member of the Board. In all events where such person serving or offering to serve as an officer of the Association or a member of the Board is not the record Owner, he or she shall file proof in the records of the Association that: (i) he or she is associated with the corporate Owner, trust, partnership, limited-liability company or estate as required by this subsection; and (ii) identifies the Unit or Units owned by the corporate owner, trust, partnership, limited-liability company or estate.

(c) The Secretary shall cause a secret ballot and a return envelope to be sent, prepaid by United States mail, to the mailing address of each Unit within the common-interest community or to any other mailing address designated in writing by the Unit Owner. The ballot shall specify the name of each candidate for a position on the Board and the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each candidate and shall provide that, where the Voting Member specifies a choice, the vote shall be cast in accordance therewith. A quorum is not required for the election of any member of the Board. Only ballots received within the time period specified in the solicitation shall be counted. Each Voting Member must be provided with at least 15 days after the date the secret written ballot is mailed to the Voting Member to return the secret written ballot to the Association. The secret written ballots must be opened and counted at a meeting of the Association. A quorum is not



required to be present when the secret written ballots are opened and counted at the meeting.

(d) The incumbent members of the Board and each person whose name is placed on the ballot as a candidate for a member of the Board may not possess, be given access to or participate in the opening or counting of the secret written ballots that are returned to the Association before those secret written ballots have been opened and counted at a meeting of the Association.

(e) The candidate receiving a plurality of votes shall be elected as a Member of the Board, and each remaining position on the Board shall be filled in turn by the candidate with the next greatest number of votes. Board members and officers shall take office immediately upon election or appointment. In the event of a tie vote for a number of open Board positions in which the number of open positions is insufficient to allow all candidates engaged in the tie to serve on the Board, a runoff election shall be held solely for such open Board positions affected by the tie, in the manner specified in subsection (c).

(f) Each Member of the Board shall, within 90 days after his appointment or election, certify in writing to the Association, on a form prescribed by the Nevada Real Estate Administrator, that he or she has read and understands the governing documents of the Association and the provisions of NRS Chapter 116 to the best of his or her ability.

(g) Each Board Member shall hold office until his or her successor has been elected or until his or her death, resignation, removal or judicial adjudication of mental incompetence. The Board may appoint any eligible person to fill vacancies created by the death, resignation, removal, judicial adjudication of mental incompetence of a Board Member. The term of office of each Board Member appointed to fill such a vacancy shall be the balance of the unserved term of his or her predecessor. Any person serving as a Board Member may be reelected, and there shall be no limitation on the number of terms during which he or she may serve. There shall be no cumulative voting.

#### 6.7. *Budgets.*

(a) The Board shall, not less than 30 days or more than 60 days before the beginning of the fiscal year of the Association, prepare and distribute to each Unit Owner either (i) copies of the budget for the daily operation of the Association, and the budget to provide adequate funding for the reserves, or (ii) a summary of those budgets, accompanied by a written notice that the actual budgets are available for review at the business office of the Association or some other suitable location within Washoe County, and that copies of the budgets will be provided upon request.

(b) The budget for the daily operation of the Association must include, without limitation, the estimated annual revenue and expenditures of the Association and any contributions to be made to the reserve account of the Association.

(c) The budget to provide adequate funding for the reserves must include, without limitation, (i) the current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the common elements; (ii) as of the end of the fiscal year for which the budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace or restore the major components of the common elements; (iii) a statement as to whether the Board has determined or anticipates that the levy of one or more special assessments will be necessary to repair, replace or restore any major component of the common elements or to provide adequate funding for the reserves designated for that purpose; and (iv) a general statement describing the procedures used for the estimation and accumulation of cash reserves, including the qualifications of the person responsible for the preparation of the study of the reserves.

(d) Within 60 days after adoption of any proposed budget for the common-interest community, the Board shall provide a summary of the proposed budget to each Unit Owner and shall set a date for a meeting of the Unit Owners to consider ratification of the proposed budget not less than 14 days or more than 30 days after the mailing of the summaries. Unless at that meeting seventy-five percent (75%) of all Voting Members and voting Unit Owners pursuant to section 5.3(b) of the Declaration reject the proposed budget, the proposed budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Unit Owners must be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

6.8. *Reserved.*

6.9. *Vacancies.* Any vacancy in the Board for a director position shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Any vacancy in the Board of a director position appointed by the Declarant shall be filled by the Declarant. A member of the Board may resign at any time by giving written notice to the President of the Association, the Secretary of the Association or the Board. Any member of the Board who originally was a Unit Owner, or was a Board Member by virtue of his or her affiliation with a Unit Owner as provided in subsection 6.6(b) of these Bylaws, and subsequently ceases to be a Unit Owner or so affiliated with a Unit Owner, shall be deemed to have resigned from the Board. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Board Member. Any vacancy not filled by the remaining Board Members may be filled by vote of the Owners in accordance with the procedures of these By-Laws.

6.10. *Reserved.*

6.11. *Organizational Meeting of the Board.* The first regular meeting of a newly elected Board shall be held within thirty (30) days of election of the Board, at such place and time as shall be fixed by the Board members, upon such notice as is required in these Bylaws

for regular meetings of the Board. The purposes of the meeting shall be for the organization of the affairs of the Board, the election of officers, and the transaction of other business.

6.12. *Regular Meetings of the Board.* A meeting of the Board must be held at least once every 90 days.

(a) Except in an Emergency, the Secretary shall, not less than 10 days before the date of a meeting of the Board, cause notice of the meeting to be given to the Unit Owners. Such notice must be (i) sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Unit Owner; (ii) if the Association offers to send notice by electronic mail, sent by electronic mail at the request of the Unit Owner to an electronic mail address designated in writing by the Unit Owner; or (iii) published in a newsletter or other similar publication that is circulated to each Unit Owner.

(b) In an Emergency, the Secretary shall, if practicable, cause notice of the meeting to be sent prepaid by United States mail to the mailing address of each Unit. If delivery of the notice in this manner is impracticable, the notice must be hand-delivered to each Unit or posted in a prominent place or places within the common elements of the Association.

(c) The notice of a meeting of the Board must state the time and place of the meeting and include a copy of the agenda for the meeting or the date on which, and the locations where, copies of the agenda may be conveniently obtained by the Unit Owners. The notice must include notification of the right of a Unit Owner to: (i) have a copy of the minutes or a summary of the minutes of the meeting provided to the Unit Owner upon request and, if required by the Board, upon payment to the Association of the cost of providing the copy to the Unit Owner; (ii) speak to the Association or Board, unless the Board is meeting in executive session.

(d) The form of agenda of the meeting of the Board must comply with the provisions of section 5.4(b) of these Bylaws. The period required to be devoted to comments by the Unit Owners and discussion of those comments must be scheduled for the beginning of each meeting. In an Emergency, the Board may take action on an item which is not listed on the agenda as an item on which action may be taken.

(e) At least once every 90 days, the Board shall review, at a minimum, the following financial information at one of its meetings: (i) a current year-to-date financial statement of the Association; (ii) a current year-to-date schedule of revenues and expenses for the operating account and the reserve account, compared to the budget for those accounts; (iii) a current reconciliation of the operating account of the Association; (iv) a current reconciliation of the reserve account of the Association; (v) the latest account statements prepared by the financial institutions in which the accounts of the Association are maintained; and (vi) the current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party.

(f) The Secretary shall cause minutes to be recorded or otherwise taken at each meeting of the Board. Not more than 30 days after each such meeting, the Secretary shall cause the minutes or a summary of the minutes of the meetings to be made available to the Unit Owners. A copy of the minutes or a summary of the minutes must be provided to any Unit Owner upon request and, if required by the Board, upon payment to the Association of the cost of providing the copy to the Unit Owner.

(g) Except as otherwise provided in section 6.13 of these Bylaws, and subject to the right of the Board to establish reasonable limitations on materials, remarks or other information to be included in the minutes of its meetings, the minutes of each meeting of the Board must include: (i) the date, time and place of the meeting; (ii) those members of the Board who were present and those members who were absent at the meeting; (iii) the substance of all matters proposed, discussed or decided at the meeting; (iv) a record of each Board Member's vote on any matter decided by vote at the meeting; and (v) the substance of remarks made by any Unit Owner who addresses the Board at the meeting if he requests that the minutes reflect his remarks or, if he has prepared written remarks, a copy of his prepared remarks if he submits a copy for inclusion.

(h) The Association shall maintain the minutes of each meeting of the Board until the common-interest community is terminated.

(i) A Unit Owner may record on audiotape or any other means of sound reproduction a meeting of the Board, unless the Board is meeting in executive session, if the Unit Owner, before recording the meeting, provides notice of his intent to record the meeting to the Members of the Board and the other Unit Owners who are in attendance at the meeting.

6.13. *Meetings of the Board in Executive Session.* Except as otherwise provided in this section, a Unit Owner may attend any meeting of the Unit Owners or of the Board and speak at any such meeting. The Board may establish reasonable limitations on the time a Unit Owner may speak at such a meeting.

(a) The Board may not meet in executive session to enter into, renew, modify, terminate or take any other action regarding a contract, unless it is a contract between the Association and an attorney.

(b) The Board may meet in executive session only to: (i) consult with an attorney for the Association on matters relating to proposed or pending litigation if the contents of the discussion would otherwise be governed by the privilege set forth in NRS 49.035 to 49.115, inclusive, or to enter into, renew, modify, terminate or take any other action regarding a contract between the Association and the attorney; (ii) discuss the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the Association; (iii) except as otherwise provided in subsection (c), discuss a violation of the governing documents, including, without limitation, the failure to pay an assessment; or (iv) discuss the alleged failure of a



Unit Owner to adhere to a schedule required pursuant to NRS 116.310305 if the alleged failure may subject the Unit Owner to a construction penalty.

(c) The Board shall meet in executive session to hold a hearing on an alleged violation of the governing documents unless the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted by the Board. If the person who may be sanctioned for the alleged violation requests in writing that an open hearing be conducted, the person: (i) is entitled to attend all portions of the hearing related to the alleged violation, including, without limitation, the presentation of evidence and the testimony of witnesses; and (ii) is not entitled to attend the deliberations of the Board.

(d) Except as otherwise provided in this subsection, any matter discussed by the Board when it meets in executive session must be generally noted in the minutes of the meeting of the Board. The Board shall maintain minutes of any decision made pursuant to subsection (c) concerning an alleged violation and, upon request, provide a copy of the decision to the person who was subject to being sanctioned at the hearing or to his designated representative.

(e) Except as otherwise provided in subsection (c), a Unit Owner is not entitled to attend or speak at a meeting of the Board held in executive session.

6.17. *Quorum and Adjournment.* Except as otherwise expressly provided herein, at all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting to another time. At any such reconvened meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice if a quorum is present.

6.19. *Committees.* The Board, by resolution or written consent, may from time to time designate such advisory and other committees as it shall desire, and may establish the purposes and powers of each such committee created. The resolution or written consent designating and establishing the committee shall provide for the appointment of its members (at least one of whom must be a director), as well as a chairman, shall state the purposes of the committee and shall provide for reports, termination and other administrative matters as deemed appropriate by the Board. No such committee may (i) amend, alter or repeal these Bylaws; (ii) elect, appoint or remove any member of any such committee or any director or officer of the Association; (iii) amend or repeal the Articles; (iv) adopt a plan of merger or a plan of consolidation with another corporation; (v) authorize the sale, lease or exchange of all or substantially all of the property and assets of the Association; (vi) authorize the voluntary dissolution of the Association or revoke proceedings therefor; (vii) adopt a plan for the distribution of the assets of the Association; or (viii) amend, alter or repeal any resolution of the Board unless it provides by its terms that it may be amended, altered or repealed by a committee.

## *7. Officers.*

7.1. *Designation.* The principal officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Board. The Board may elect one (1) or more Vice Presidents, an Assistant Treasurer, an Assistant Secretary and such other officers as in its judgment may be necessary. Officers other than the President need not be directors. Without limiting the provisions of this Section 7.1, Presidents appointed by Declarant during Declarant's Period of Control need not be directors. The following persons may serve as officers: a Unit Owner, an officer, employee, agent or director of a corporate owner of a Unit, a trustee or designated beneficiary of a trust that owns a Unit, a partner of a partnership that owns a Unit, a member or manager of a limited-liability company that owns a Unit, or a fiduciary of an estate that owns a Unit.

7.2. *Election of Officers.* Subject to the right of Declarant to appoint the officers of the Association as provided in Section 5.5 of the Declaration, the officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board, and each officer shall hold his or her office at the pleasure of the Board, until he or she shall resign or be removed or otherwise be disqualified to serve or his or her successor shall be elected and qualified to serve.

7.3. *Removal of Officers.* Subject to the right of Declarant to appoint the officers of the Association as provided in Section 5.5 of the Declaration, upon an affirmative vote of a majority of the entire Board, any officer may be removed, either with or without cause, and his or her successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board or to the President of the Association or the Secretary of the Association. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective.

7.4. *Compensation.* Officers, agents and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board; provided, however, that no officer shall receive any compensation for services performed in the conduct of the Association's business unless such compensation is approved by the vote or written consent of Voting Members or voting Unit Owners representing at least a majority of the voting power of the Association; and provided, further, that (i) nothing herein contained shall be construed to preclude any officer from serving the Association in some other capacity and receiving compensation therefor, and (ii) any officer may be reimbursed for his or her actual expenses incurred in the performance of his or her duties. Appointment of any officer, agent or employee shall not of itself create contractual rights of compensation for services performed by such officer, agent or employee.

7.5. *President.* The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Board and shall have all of the general powers and duties that are usually vested in the office of the President of a

corporation. The President shall, subject to the control of the Board, have general supervision, direction and control of the business of the Association. The President shall sign all instruments; provided, however, that the President need not do so if persons other than the President are authorized by the Board to do so in accordance with Sections 12.1 or 12.2 of these Bylaws. The President shall be an ex officio member of all standing committees, and he or she shall have such other powers and duties as may be prescribed by the Board or these Bylaws.

7.6. *Vice President.* The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or disabled or whenever the President refuses or is unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board or these Bylaws.

7.7. *Secretary.* The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association at the principal office of the Association or at such other place as the Board may order. The Secretary shall keep the seal of the Association in safe custody and shall have charge of such books and papers as the Board may direct; and the Secretary shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall give, or cause to be given, notices of meetings of the Unit Owners and of the Board required by these Bylaws or by law to be given. The Secretary shall maintain a record book of the Unit Owners, listing the names, mailing addresses and telephone numbers of the Owners, as furnished to the Association (the "*Membership Register*"). Termination or transfer of ownership by any Unit Owner shall be recorded in the Membership Register by the Secretary, together with the date of the transfer, in accordance with the provisions of the Declaration. The Secretary shall perform such other duties as may be prescribed by the Board or these Bylaws.

7.8. *Treasurer.* The Treasurer shall be the chief financial officer of the Association and shall have responsibility for Association funds and securities and shall be responsible for keeping, or causing to be kept, full and accurate accounts, tax records and business transactions of the Association, including accounts of all assets, liabilities, receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, in accordance with the Declaration, shall render to the President and directors, upon request, an account of all of his transactions as Treasurer and of the financial conditions of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these Bylaws. The Treasurer shall sign all checks; provided, however, that the Treasurer need not do so if persons other than the Treasurer are authorized by the Board to do so in accordance with Sections 12.1 or 12.2 of these Bylaws.

8. *Assessments.* All Unit Owners are obligated to pay, in accordance with the Declaration and the Act, all Assessments imposed by the Association, to meet all expenses of the

Association. All delinquent assessments shall be enforced, collected or foreclosed in the manner provided in the Act.

9. *Amendments.*

9.1. *Amendments to These Bylaws.*

(a) The Association may amend these Bylaws by the vote or written consent of Voting Members or voting Unit Owners representing at least sixty-seven percent (67%) of the voting power of the Association; provided, however, that the specified percentage of the Owners necessary to amend a specific Section or provision of these Bylaws shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision.

(b) These Bylaws may be amended by a majority of the entire Board at any time prior to the Close of Escrow for the sale of the first Unit.

9.2. *Approval by Eligible Mortgagees.* Any amendment to these Bylaws that materially affects the rights of Eligible Mortgagees must be approved by the affirmative vote of at least a majority of the Eligible Mortgagees. In the event any Eligible Mortgagee is notified at the address designated by such Eligible Mortgagee to the Association of any proposed amendment for which such Eligible Mortgagee would be entitled to vote and such Eligible Mortgagee fails to submit a written response within thirty (30) days after notice of such proposed amendment, then such Eligible Mortgagee shall be deemed to have given its approval as to such amendment and such implied approval shall be conclusive as to all persons relying thereon in good faith. A certificate signed by the Secretary of the Association as to any Eligible Mortgagee's failure to so respond shall be deemed to be sufficient evidence of such approval.

9.3. *Amendment to the Declaration.* Any two (2) officers of the Association may prepare, execute, certify and record amendments to the Declaration on behalf of the Association, as such procedure is more fully described in the Declaration.

9.4. *Provision of Amendments to Owners.* If any change is made to the Governing Documents, the Secretary of the Association shall, within thirty (30) days after the change is made, prepare and cause to be hand-delivered or sent prepaid United States mail to the address specified in the Membership Register or, if none is specified, to the mailing address of such Owner's Unit, a copy of the change that was made.

10. *Mortgagees.*

10.1. *Notice to the Association.* Upon request by the Association, a Unit Owner shall notify the Association through the manager, or through the Secretary of the Association in the event there is no manager, of the name and address of each Owner's Mortgagee; and the Association shall maintain such information at its principal office (or such other place within the Condominium Project as the Board by prescribe). Upon request, any such Unit Owner shall likewise notify the Association as to the release or discharge of any such Mortgage.



10.2. *Notice of Unpaid Assessments.* The Board shall at the request of a Mortgagee of a Unit, report any unpaid assessments due from the Owner of such Unit.

11. *Indemnification of Directors and Officers of the Association.* If a Member of the Board or an officer of the Association is named as a respondent or sued for liability for actions undertaken in his or her role as a Member of the Board or an officer of the Association, the Association shall indemnify him or her for losses or claims, and undertake all costs of defense, unless and until it is proven that he or she acted with willful or wanton misfeasance or with gross negligence. After such proof, the Association is no longer liable for the cost of defense, and may recover costs already expended from the Member of the Board or officer of the Association who so acted. Members of the Board are not personally liable to the victims of crimes occurring on the property.

12. *Miscellaneous.*

12.1. *Checks, Drafts and Documents.* All checks, drafts, orders for payment of money, notes and other evidences of indebtedness issued in the name of or payable to the Association shall be signed or endorsed in the manner and by the person or persons as the Board shall determine by resolution; provided, however, that money in the Reserve Fund may not be withdrawn without the signature of at least two (2) directors or the signatures of at least one (1) director and one (1) officer of the Association who is not a director.

12.2. *Execution of Documents.* The Board may authorize any officer(s) or agent(s) of the Association to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent, committee member or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

12.3. *Availability of Association Documents.* The Association shall maintain at its principal office (or at such other place within the Condominium Project as the Board may prescribe) the books, records and other papers of the Association, including the governing documents and the Association's books of account, the financial statements of the Association, the budgets of the Association, the study of the reserves, minutes of meetings of the Unit Owners, the Board and Board committees, and the Membership Register, each of which shall be made available for inspection and copying by any Unit Owner or the Owner's duly appointed representative upon written request of the Unit Owner in accordance with Nevada Law; provided, however, that the personal records of Association employees and records relating to another Owner shall not be made available.

12.4. *Fiscal Year.* The Fiscal Year of the Association shall be determined by the Board, and having been so determined, is subject to change from time to time as the Board shall determine.

12.5. *Parliamentary Rules.* Except when specifically or impliedly waived by the chairperson of a meeting (either of the Owners or the Board), Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with applicable laws or the governing documents; provided, however, that a strict or technical reading of such rules shall not be made so as to frustrate the will of the persons properly participating in said meeting.

13. *Notice and Hearing Procedure.*

13.1. *Suspension of Privileges.* In the event of an alleged violation of the governing documents and after written notice of such alleged failure is delivered personally or mailed to the Unit Owner or any agent of the Unit Owner (the "respondent") alleged to be in default, by first-class mail or by certified mail return receipt requested, or both, the Board shall have the right, after affording the respondent an opportunity for a public hearing as set forth in section 6.13 of these Bylaws, and upon an affirmative vote of a majority of all directors, to take any or all of the following actions: (i) levy a Special Assessment as provided in the Declaration; (ii) suspend said Unit Owner's voting privileges as further provided in the Declaration; (iii) enter upon a Unit to make necessary repairs, or to perform maintenance which, according to the Declaration, is the responsibility of the Owner of such Unit; (iv) enforce and foreclose upon a lien against the Unit in accordance with the Declaration and Nevada law; (v) suspend or condition the right of said Unit Owner to use any recreational facilities in the Common Elements; or (vi) charge the Unit Owner for any maintenance performed upon his or her Unit. Any such suspension shall be for a period of not more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any Assessment after the same becomes delinquent) may be imposed for so long as the violation continues. The failure of the Board to enforce the governing documents shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by the governing documents shall be cumulative and none shall be exclusive.

13.2. *Written Complaint.* A hearing to determine whether to take action against a Unit Owner as set forth in Section 13.1 of these Bylaws shall be initiated by the filing of a written complaint (a "Complaint") by any Owner or by any officer of the Association or any director, with the President of the Association or other presiding member of the Board. The Complaint shall constitute a written statement of charges that shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, and a reference to the specific provisions of the governing documents which the respondent is alleged to have violated. A copy of the Complaint shall be delivered to the respondent in accordance with the notice procedures set forth in the Declaration.

14. *Construction.*

14.1. *Controlling Documents.* In case of any conflict between the Declaration, the Articles and these Bylaws, the Declaration shall control over the Articles and these Bylaws and the Articles shall control over these Bylaws.