

IN THE SUPREME COURT OF THE STATE OF NEVADA

Supreme Court Case No.

Electronically Filed
Apr 09 2024 11:10 AM
Elizabeth A. Brown
Clerk of Supreme Court

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

Petitioners,

v.

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

Respondents,

and

ALBERT THOMAS, individually; JANE DUNLAP, individually; JOHN DUNLAP, individually; BARRY HAY, individually; MARIE-ANNE ALEXANDER, as Trustee of the MARIE-ANNIE ALEXANDER LIVING TRUST; MELISSA VAGUJHELYI and 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; DONALD SCHREIFELS, 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, individually; FARAD TORABKHAN, individually; SAHAR TAVAKOL, individually; M&Y HOLDINGS, LLC; JL&YL HOLDINGS, LLC; SANDI RAINES, individually; R. RAGHURAM, individually; USHA RAGHURAM, individually; LORI K. TOKUTOMI, individually; GARRET TOM, individually; ANITA TOM, individually; RAMON FADRILAN, individually; FAYE FADRILAN, individually; PETER K. LEE and MONICA L. 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 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, individually; MAY ANN HOM, as Trustee of the MAY ANN HOM TRUST; MICHAEL HURLEY, individually; DOMINIC YIN, individually; DUANE WINDHORST, individually; MARILYN WINDHORST, individually; VINOD BHAN, individually; ANNE BHAN, individually; GUY P. BROWNE, individually; GARTH A. WILLIAMS, individually; PAMELA Y. ARATANI, individually; DARLENE LINDGREN, individually; LAVERNE ROBERTS, individually; DOUG MECHAM, individually; CHRISINE MECHAM, individually; KWANGSOO SON, individually; SOO YEUN 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 HAM, individually; YOUNG JA CHOI, individually; SANG DAE SOHN, individually; KUK HYUNG (CONNIE), individually; SANG (MIKE) YOO, individually; BRETT MENMUIR, as Trustee of the CAYENNE TRUST; WILLIAM MINER, JR., individually; CHANH TRUONG, individually; ELIZABETH ANDERS MECUA, individually; SHEPHERD MOUNTAIN, LLC; ROBERT BRUNNER, individually; AMY BRUNNER, individually; JEFF RIOPELLE, individually; PATRICIA M. MOLL, individually; DANIEL MOLL, individually;

Real Parties in Interest.

**APPENDIX IN SUPPORT OF PETITION FOR WRIT OF MANDAMUS
OR, IN THE ALTERNATIVE, PROHIBITION**

VOLUME 3 of 10

Jordan T. Smith, Esq., Bar No. 12097
Brianna Smith, Esq., Bar No. 11795
Daniel R. Brady, Esq., Bar No. 15508
PISANELLI BICE PLLC
400 South 7th Street, Suite 300
Las Vegas, Nevada 89101

Abran Vigil, Esq., Bar No. 7548
Ann Hall, Esq., Bar No. 5447
David C. McElhinney, Esq., Bar No. 33
MERUELO GROUP, LLC
Legal Services Department
5th Floor Executive Offices
2535 Las Vegas Boulevard South
Las Vegas, NV 89109

Attorneys for Petitioners

CHRONOLOGICAL INDEX

Description	Date	Vol. Nos.	Bates Nos.
Complaint	8/27/2012	1	PA0001-0022
Second Amended Complaint	3/26/2013	1	PA0023-0048
Answer to Second Amended Complaint and Counterclaim	5/23/2013	1	PA0049-0065
Order Granting Plaintiffs' Motion for Case-Terminating Sanctions	10/3/2014	1	PA0066-0078
Motion for Appointment of Receiver	10/16/2014	1-2	PA0079-0408
Defendants' Opposition to Plaintiffs' Motion for a Receiver	11/5/2014	2	PA0409-0415
Reply in Support of Motion for Appointment of Receiver	11/17/2014	2-3	PA0416-0460
Default	11/26/2014	3	PA0461-0462
Order Appointing Receiver and Directing Defendants' Compliance	1/7/2015	3	PA0463-0620
Notice of Entry of Order	1/7/2015	3	PA0621-0635
Findings of Fact, Conclusions of Law and Order	10/9/2015	3	PA0636-0659
Stipulation and Order Regarding the Court's Findings of Fact, Conclusions of Law and Judgment	11/3/2015	3	PA0660-0661
Defendants' Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	5/21/2020	3-4	PA0662-0704

Description	Date	Vol. Nos.	Bates Nos.
Opposition to Defendants' Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	6/18/2020	4	PA0705-0717
Defendants' Reply in Support of Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	7/10/2020	4-6	PA0718-1198
Reply in Support of Motion for Instructions to Receiver to Take Over Control of Rents, Dues, Revenues, and Bank Accounts	4/21/2021	6	PA1199-1236
Defendants' Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	6/24/2021	6-7	PA1237-1559
Opposition to Defendants' Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	10/11/2021	7-8	PA1560-1601
Defendants' Reply in Support of Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	11/2/2021	8	PA1602-1629
Motion to Dismiss Pursuant to NRCP 41(e)	2/23/2022	8-9	PA1630-1893
Order	1/26/2023	9	PA1894-1896
Order	1/26/2023	9	PA1897-1899
Final Judgment	2/2/2023	9	PA1900-1903
Transcript of Proceedings – Bench Trial	6/6/2023	9	PA1904-1959
Transcript of Proceedings – Contempt Trial Day 2	6/7/2023	9	PA1960-1995
Transcript of Proceedings – Order to Show Cause	6/8/2023	9-10	PA1996-2069

Description	Date	Vol. Nos.	Bates Nos.
Transcript of Proceedings – Contempt Trial Day 4	6/9/2023	10	PA2070- 2123
Order Finding Defendants in Contempt	7/27/2023	10	PA2124- 2126
Motion for Attorneys' Fees Incurred for Order to Show Cause Trial	8/16/2023	10	PA2127- 2163
Opposition to Plaintiffs' Motion for Attorney's Fees Incurred for Order to Show Cause Trial	8/25/2023	10	PA2164- 2176
Reply in Support of Motion for Attorneys' Fees Incurred for Order to Show Cause Trial	9/5/2023	10	PA2177- 2202
Order	10/3/2023	10	PA2203- 2206
Amended Order	11/28/2023	10	PA2207- 2210
Order Granting in Part Plaintiffs' Fees	1/4/2024	10	PA2211- 2212

ALPHABETICAL INDEX

Description	Date	Vol. Nos.	Bates Nos.
Amended Order	11/28/2023	10	PA2207- 2210
Answer to Second Amended Complaint and Counterclaim	5/23/2013	1	PA0049- 0065
Complaint	8/27/2012	1	PA0001- 0022
Default	11/26/2014	3	PA0461- 0462

Description	Date	Vol. Nos.	Bates Nos.
Defendants' Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	6/24/2021	6-7	PA1237-1559
Defendants' Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	5/21/2020	3-4	PA0662-0704
Defendants' Opposition to Plaintiffs' Motion for a Receiver	11/5/2014	2	PA0409-0415
Defendants' Reply in Support of Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	11/2/2021	8	PA1602-1629
Defendants' Reply in Support of Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	7/10/2020	4-6	PA0718-1198
Final Judgment	2/2/2023	9	PA1900-1903
Findings of Fact, Conclusions of Law and Order	10/9/2015	3	PA0636-0659
Motion for Appointment of Receiver	10/16/2014	1-2	PA0079-0408
Motion for Attorneys' Fees Incurred for Order to Show Cause Trial	8/16/2023	10	PA2127-2163
Motion to Dismiss Pursuant to NRCP 41(e)	2/23/2022	8-9	PA1630-1893
Notice of Entry of Order	1/7/2015	3	PA0621-0635
Opposition to Defendants' Motion for Instructions Regarding Reimbursement of 2020 Capital Expenditures	10/11/2021	7-8	PA1560-1601
Opposition to Defendants' Motion for Instructions to Receiver Regarding Reimbursement of Capital Expenditures	6/18/2020	4	PA0705-0717

Description	Date	Vol. Nos.	Bates Nos.
Opposition to Plaintiffs' Motion for Attorney's Fees Incurred for Order to Show Cause Trial	8/25/2023	10	PA2164-2176
Order	1/26/2023	9	PA1894-1896
Order	1/26/2023	9	PA1897-1899
Order	10/3/2023	10	PA2203-2206
Order Appointing Receiver and Directing Defendants' Compliance	1/7/2015	3	PA0463-0620
Order Finding Defendants in Contempt	7/27/2023	10	PA2124-2126
Order Granting in Part Plaintiffs' Fees	1/4/2024	10	PA2211-2212
Order Granting Plaintiffs' Motion for Case-Terminating Sanctions	10/3/2014	1	PA0066-0078
Reply in Support of Motion for Appointment of Receiver	11/17/2014	2-3	PA0416-0460
Reply in Support of Motion for Attorneys' Fees Incurred for Order to Show Cause Trial	9/5/2023	10	PA2177-2202
Reply in Support of Motion for Instructions to Receiver to Take Over Control of Rents, Dues, Revenues, and Bank Accounts	4/21/2021	6	PA1199-1236
Second Amended Complaint	3/26/2013	1	PA0023-0048
Stipulation and Order Regarding the Court's Findings of Fact, Conclusions of Law and Judgment	11/3/2015	3	PA0660-0661
Transcript of Proceedings – Bench Trial	6/6/2023	9	PA1904-1959

Description	Date	Vol. Nos.	Bates Nos.
Transcript of Proceedings – Contempt Trial Day 2	6/7/2023	9	PA1960- 1995
Transcript of Proceedings – Contempt Trial Day 4	6/9/2023	10	PA2070- 2123
Transcript of Proceedings – Order to Show Cause	6/8/2023	9-10	PA1996- 2069

DATED this 8th day of April 2024.

PISANELLI BICE PLLC

By: /s/ Jordan T. Smith

Jordan T. Smith, Esq., #12097
 Brianna Smith, Esq., #11795
 Daniel R. Brady, Esq., #15508
 400 South 7th Street, Suite 300
 Las Vegas, Nevada 89101

Abran Vigil, Esq., # 7548
 Ann Hall, Esq., # 5447
 David C. McElhinney, Esq., # 33
 MERUELO GROUP, LLC
 Legal Services Department
 5th Floor Executive Offices
 2535 Las Vegas Boulevard South
 Las Vegas, NV 89109

Attorneys for Petitioners

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am an employee of PISANELLI BICE PLLC and that, on this 8th day of April 2024, I caused to be served via email (FTP) a true and correct copy of the above and foregoing **APPENDIX IN SUPPORT OF PETITION FOR WRIT OF MANDAMUS OR, IN THE ALTERNATIVE, PROHIBITION VOLUME 3 of 10** properly addressed to the following:

G. David Robertson, Esq., SBN 1001
Jarrad C. Miller, Esq., SBN 7093
Briana N. Collings, Esq., SBN 14694
ROBERSTON, JOHNSON, MILLER
& WILLIAMSON
50 West Liberty Street, Suite 600
Reno, Nevada 89501
jarrad@nvlawyers.com
briana@nvlawyers.com

Robert L. Eisenberg, Esq., SBN 0950
LEMONS, GRUNDY & EISENBERG
6005 Plumas Street, Third Floor
Reno, Nevada 89519
rle@lge.net

Attorneys for Real Parties in Interest

F. DeArmond Sharp, Esq., SBN 780
Stefanie T. Sharp, Esq. SBN 8661
ROBISON, SHARP, SULLIVAN &
BRUST
71 Washington Street
Reno, Nevada 89503
dsharp@rssblaw.com
ssharp@rssblaw.com

*Attorneys for the Respondent Receiver
Richard M. Teichner*

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

Respondent

/s/ Cinda Towne
An employee of PISANELLI BICE PLLC

APN	Situs	Unit	Owner1
012-551-07	2500 E 2ND ST	2014	GAGE VILLAGE COMML DEV LLC et al
012-552-17	2500 E 2ND ST	2018	GAGE VILLAGE COMML DEV LLC et al
012-552-16	2500 E 2ND ST	2020	GAGE VILLAGE COMML DEV LLC et al
012-552-15	2500 E 2ND ST	2022	GAGE VILLAGE COMML DEV LLC et al
012-552-04	2500 E 2ND ST	2023	GAGE VILLAGE COMML DEV LLC et al
012-552-14	2500 E 2ND ST	2024	GAGE VILLAGE COMML DEV LLC et al
012-552-13	2500 E 2ND ST	2026	GAGE VILLAGE COMML DEV LLC et al
012-552-06	2500 E 2ND ST	2027	GAGE VILLAGE COMML DEV LLC et al
012-552-12	2500 E 2ND ST	2028	GAGE VILLAGE COMML DEV LLC et al
012-552-07	2500 E 2ND ST	2029	GAGE VILLAGE COMML DEV LLC et al
012-552-11	2500 E 2ND ST	2030	GAGE VILLAGE COMML DEV LLC et al
012-552-08	2500 E 2ND ST	2031	GAGE VILLAGE COMML DEV LLC et al
012-552-09	2500 E 2ND ST	2034	GAGE VILLAGE COMML DEV LLC et al
012-553-01	2500 E 2ND ST	2037	GAGE VILLAGE COMML DEV LLC et al
012-553-02	2500 E 2ND ST	2039	GAGE VILLAGE COMML DEV LLC et al
012-553-04	2500 E 2ND ST	2043	GAGE VILLAGE COMML DEV LLC et al
012-553-06	2500 E 2ND ST	2047	GAGE VILLAGE COMML DEV LLC et al
012-553-07	2500 E 2ND ST	2049	GAGE VILLAGE COMML DEV LLC et al
012-554-23	2500 E 2ND ST	2052	GAGE VILLAGE COMML DEV LLC et al
012-554-22	2500 E 2ND ST	2054	GAGE VILLAGE COMML DEV LLC et al
012-554-21	2500 E 2ND ST	2056	GAGE VILLAGE COMML DEV LLC et al
012-554-03	2500 E 2ND ST	2057	GAGE VILLAGE COMML DEV LLC et al
012-554-20	2500 E 2ND ST	2058	GAGE VILLAGE COMML DEV LLC et al
012-554-19	2500 E 2ND ST	2060	GAGE VILLAGE COMML DEV LLC et al
012-554-18	2500 E 2ND ST	2062	GAGE VILLAGE COMML DEV LLC et al
012-554-17	2500 E 2ND ST	2064	GAGE VILLAGE COMML DEV LLC et al
012-554-16	2500 E 2ND ST	2066	GAGE VILLAGE COMML DEV LLC et al
012-554-08	2500 E 2ND ST	2067	GAGE VILLAGE COMML DEV LLC et al
012-554-14	2500 E 2ND ST	2070	GAGE VILLAGE COMML DEV LLC et al
012-554-10	2500 E 2ND ST	2071	GAGE VILLAGE COMML DEV LLC et al
012-554-13	2500 E 2ND ST	2072	GAGE VILLAGE COMML DEV LLC et al
012-554-11	2500 E 2ND ST	2073	GAGE VILLAGE COMML DEV LLC et al
012-554-12	2500 E 2ND ST	2074	GAGE VILLAGE COMML DEV LLC et al
012-555-17	2500 E 2ND ST	2078	GAGE VILLAGE COMML DEV LLC et al
012-555-15	2500 E 2ND ST	2082	GAGE VILLAGE COMML DEV LLC et al
012-555-14	2500 E 2ND ST	2084	GAGE VILLAGE COMML DEV LLC et al
012-555-06	2500 E 2ND ST	2085	GAGE VILLAGE COMML DEV LLC et al
012-555-13	2500 E 2ND ST	2086	GAGE VILLAGE COMML DEV LLC et al
012-555-12	2500 E 2ND ST	2088	GAGE VILLAGE COMML DEV LLC et al
012-555-08	2500 E 2ND ST	2089	GAGE VILLAGE COMML DEV LLC et al
012-555-11	2500 E 2ND ST	2090	GAGE VILLAGE COMML DEV LLC et al
012-555-09	2500 E 2ND ST	2091	GAGE VILLAGE COMML DEV LLC et al
012-555-10	2500 E 2ND ST	2092	GAGE VILLAGE COMML DEV LLC et al
012-561-01	2500 E 2ND ST	2101	GAGE VILLAGE COMML DEV LLC et al
012-561-13	2500 E 2ND ST	2102	GAGE VILLAGE COMML DEV LLC et al
012-561-02	2500 E 2ND ST	2103	GAGE VILLAGE COMML DEV LLC et al
012-561-03	2500 E 2ND ST	2105	GAGE VILLAGE COMML DEV LLC et al
012-561-04	2500 E 2ND ST	2107	GAGE VILLAGE COMML DEV LLC et al

APN	Situs	Unit	Owner1
012-561-05	2500 E 2ND ST	2109	GAGE VILLAGE COMMML DEV LLC et al
012-561-06	2500 E 2ND ST	2111	GAGE VILLAGE COMMML DEV LLC et al
012-561-08	2500 E 2ND ST	2112	GAGE VILLAGE COMMML DEV LLC et al
012-561-07	2500 E 2ND ST	2114	GAGE VILLAGE COMMML DEV LLC et al
012-562-01	2500 E 2ND ST	2117	GAGE VILLAGE COMMML DEV LLC et al
012-562-17	2500 E 2ND ST	2118	GAGE VILLAGE COMMML DEV LLC et al
012-562-02	2500 E 2ND ST	2119	GAGE VILLAGE COMMML DEV LLC et al
012-562-16	2500 E 2ND ST	2120	GAGE VILLAGE COMMML DEV LLC et al
012-562-03	2500 E 2ND ST	2121	GAGE VILLAGE COMMML DEV LLC et al
012-562-15	2500 E 2ND ST	2122	GAGE VILLAGE COMMML DEV LLC et al
012-562-04	2500 E 2ND ST	2123	GAGE VILLAGE COMMML DEV LLC et al
012-562-14	2500 E 2ND ST	2124	GAGE VILLAGE COMMML DEV LLC et al
012-562-05	2500 E 2ND ST	2125	GAGE VILLAGE COMMML DEV LLC et al
012-562-13	2500 E 2ND ST	2126	GAGE VILLAGE COMMML DEV LLC et al
012-562-06	2500 E 2ND ST	2127	GAGE VILLAGE COMMML DEV LLC et al
012-562-12	2500 E 2ND ST	2128	GAGE VILLAGE COMMML DEV LLC et al
012-562-07	2500 E 2ND ST	2129	GAGE VILLAGE COMMML DEV LLC et al
012-562-11	2500 E 2ND ST	2130	GAGE VILLAGE COMMML DEV LLC et al
012-562-08	2500 E 2ND ST	2131	GAGE VILLAGE COMMML DEV LLC et al
012-562-10	2500 E 2ND ST	2132	GAGE VILLAGE COMMML DEV LLC et al
012-562-09	2500 E 2ND ST	2134	GAGE VILLAGE COMMML DEV LLC et al
012-563-01	2500 E 2ND ST	2137	GAGE VILLAGE COMMML DEV LLC et al
012-563-02	2500 E 2ND ST	2139	GAGE VILLAGE COMMML DEV LLC et al
012-563-03	2500 E 2ND ST	2141	GAGE VILLAGE COMMML DEV LLC et al
012-563-04	2500 E 2ND ST	2143	GAGE VILLAGE COMMML DEV LLC et al
012-563-05	2500 E 2ND ST	2145	GAGE VILLAGE COMMML DEV LLC et al
012-563-06	2500 E 2ND ST	2147	GAGE VILLAGE COMMML DEV LLC et al
012-563-08	2500 E 2ND ST	2148	GAGE VILLAGE COMMML DEV LLC et al
012-563-07	2500 E 2ND ST	2149	GAGE VILLAGE COMMML DEV LLC et al
012-564-23	2500 E 2ND ST	2152	GAGE VILLAGE COMMML DEV LLC et al
012-564-22	2500 E 2ND ST	2154	GAGE VILLAGE COMMML DEV LLC et al
012-564-02	2500 E 2ND ST	2155	GAGE VILLAGE COMMML DEV LLC et al
012-564-21	2500 E 2ND ST	2156	GAGE VILLAGE COMMML DEV LLC et al
012-564-20	2500 E 2ND ST	2158	GAGE VILLAGE COMMML DEV LLC et al
012-564-04	2500 E 2ND ST	2159	GAGE VILLAGE COMMML DEV LLC et al
012-564-19	2500 E 2ND ST	2160	GAGE VILLAGE COMMML DEV LLC et al
012-564-05	2500 E 2ND ST	2161	GAGE VILLAGE COMMML DEV LLC et al
012-564-18	2500 E 2ND ST	2162	GAGE VILLAGE COMMML DEV LLC et al
012-564-06	2500 E 2ND ST	2163	GAGE VILLAGE COMMML DEV LLC et al
012-564-17	2500 E 2ND ST	2164	GAGE VILLAGE COMMML DEV LLC et al
012-564-16	2500 E 2ND ST	2166	GAGE VILLAGE COMMML DEV LLC et al
012-564-15	2500 E 2ND ST	2168	GAGE VILLAGE COMMML DEV LLC et al
012-564-14	2500 E 2ND ST	2170	GAGE VILLAGE COMMML DEV LLC et al
012-564-13	2500 E 2ND ST	2172	GAGE VILLAGE COMMML DEV LLC et al
012-564-11	2500 E 2ND ST	2173	GAGE VILLAGE COMMML DEV LLC et al
012-564-12	2500 E 2ND ST	2174	GAGE VILLAGE COMMML DEV LLC et al
012-565-18	2500 E 2ND ST	2176	GAGE VILLAGE COMMML DEV LLC et al
012-565-17	2500 E 2ND ST	2178	GAGE VILLAGE COMMML DEV LLC et al

APN	Situs	Unit	Owner1
012-565-16	2500 E 2ND ST	2180	GAGE VILLAGE COMMML DEV LLC et al
012-565-15	2500 E 2ND ST	2182	GAGE VILLAGE COMMML DEV LLC et al
012-565-14	2500 E 2ND ST	2184	GAGE VILLAGE COMMML DEV LLC et al
012-565-13	2500 E 2ND ST	2186	GAGE VILLAGE COMMML DEV LLC et al
012-565-12	2500 E 2ND ST	2188	GAGE VILLAGE COMMML DEV LLC et al
012-565-11	2500 E 2ND ST	2190	GAGE VILLAGE COMMML DEV LLC et al
012-565-10	2500 E 2ND ST	2192	GAGE VILLAGE COMMML DEV LLC et al
012-571-01	2500 E 2ND ST	2201	GAGE VILLAGE COMMML DEV LLC et al
012-571-13	2500 E 2ND ST	2202	GAGE VILLAGE COMMML DEV LLC et al
012-571-02	2500 E 2ND ST	2203	GAGE VILLAGE COMMML DEV LLC et al
012-571-12	2500 E 2ND ST	2204	GAGE VILLAGE COMMML DEV LLC et al
012-571-03	2500 E 2ND ST	2205	GAGE VILLAGE COMMML DEV LLC et al
012-571-11	2500 E 2ND ST	2206	GAGE VILLAGE COMMML DEV LLC et al
012-571-04	2500 E 2ND ST	2207	GAGE VILLAGE COMMML DEV LLC et al
012-571-10	2500 E 2ND ST	2208	GAGE VILLAGE COMMML DEV LLC et al
012-571-05	2500 E 2ND ST	2209	GAGE VILLAGE COMMML DEV LLC et al
012-571-09	2500 E 2ND ST	2210	GAGE VILLAGE COMMML DEV LLC et al
012-571-06	2500 E 2ND ST	2211	GAGE VILLAGE COMMML DEV LLC et al
012-571-08	2500 E 2ND ST	2212	GAGE VILLAGE COMMML DEV LLC et al
012-571-07	2500 E 2ND ST	2214	GAGE VILLAGE COMMML DEV LLC et al
012-572-01	2500 E 2ND ST	2217	GAGE VILLAGE COMMML DEV LLC et al
012-572-17	2500 E 2ND ST	2218	GAGE VILLAGE COMMML DEV LLC et al
012-572-02	2500 E 2ND ST	2219	GAGE VILLAGE COMMML DEV LLC et al
012-572-16	2500 E 2ND ST	2220	GAGE VILLAGE COMMML DEV LLC et al
012-572-03	2500 E 2ND ST	2221	GAGE VILLAGE COMMML DEV LLC et al
012-572-15	2500 E 2ND ST	2222	GAGE VILLAGE COMMML DEV LLC et al
012-572-04	2500 E 2ND ST	2223	GAGE VILLAGE COMMML DEV LLC et al
012-572-14	2500 E 2ND ST	2224	GAGE VILLAGE COMMML DEV LLC et al
012-572-05	2500 E 2ND ST	2225	GAGE VILLAGE COMMML DEV LLC et al
012-572-13	2500 E 2ND ST	2226	GAGE VILLAGE COMMML DEV LLC et al
012-572-06	2500 E 2ND ST	2227	GAGE VILLAGE COMMML DEV LLC et al
012-572-12	2500 E 2ND ST	2228	GAGE VILLAGE COMMML DEV LLC et al
012-572-07	2500 E 2ND ST	2229	GAGE VILLAGE COMMML DEV LLC et al
012-572-11	2500 E 2ND ST	2230	GAGE VILLAGE COMMML DEV LLC et al
012-572-08	2500 E 2ND ST	2231	GAGE VILLAGE COMMML DEV LLC et al
012-572-10	2500 E 2ND ST	2232	GAGE VILLAGE COMMML DEV LLC et al
012-572-09	2500 E 2ND ST	2234	GAGE VILLAGE COMMML DEV LLC et al
012-573-01	2500 E 2ND ST	2237	GAGE VILLAGE COMMML DEV LLC et al
012-573-13	2500 E 2ND ST	2238	GAGE VILLAGE COMMML DEV LLC et al
012-573-02	2500 E 2ND ST	2239	GAGE VILLAGE COMMML DEV LLC et al
012-573-12	2500 E 2ND ST	2240	GAGE VILLAGE COMMML DEV LLC et al
012-573-03	2500 E 2ND ST	2241	GAGE VILLAGE COMMML DEV LLC et al
012-573-11	2500 E 2ND ST	2242	GAGE VILLAGE COMMML DEV LLC et al
012-573-04	2500 E 2ND ST	2243	GAGE VILLAGE COMMML DEV LLC et al
012-573-10	2500 E 2ND ST	2244	GAGE VILLAGE COMMML DEV LLC et al
012-573-05	2500 E 2ND ST	2245	GAGE VILLAGE COMMML DEV LLC et al
012-573-09	2500 E 2ND ST	2246	GAGE VILLAGE COMMML DEV LLC et al
012-573-06	2500 E 2ND ST	2247	GAGE VILLAGE COMMML DEV LLC et al

APN	Situs	Unit	Owner1
012-573-08	2500 E 2ND ST	2248	GAGE VILLAGE COMML DEV LLC et al
012-573-07	2500 E 2ND ST	2249	GAGE VILLAGE COMML DEV LLC et al
012-574-23	2500 E 2ND ST	2252	GAGE VILLAGE COMML DEV LLC et al
012-574-01	2500 E 2ND ST	2253	GAGE VILLAGE COMML DEV LLC et al
012-574-22	2500 E 2ND ST	2254	GAGE VILLAGE COMML DEV LLC et al
012-574-02	2500 E 2ND ST	2255	GAGE VILLAGE COMML DEV LLC et al
012-574-21	2500 E 2ND ST	2256	GAGE VILLAGE COMML DEV LLC et al
012-574-03	2500 E 2ND ST	2257	GAGE VILLAGE COMML DEV LLC et al
012-574-04	2500 E 2ND ST	2259	GAGE VILLAGE COMML DEV LLC et al
012-574-19	2500 E 2ND ST	2260	GAGE VILLAGE COMML DEV LLC et al
012-574-18	2500 E 2ND ST	2262	GAGE VILLAGE COMML DEV LLC et al
012-574-06	2500 E 2ND ST	2263	GAGE VILLAGE COMML DEV LLC et al
012-574-17	2500 E 2ND ST	2264	GAGE VILLAGE COMML DEV LLC et al
012-574-07	2500 E 2ND ST	2265	GAGE VILLAGE COMML DEV LLC et al
012-574-16	2500 E 2ND ST	2266	GAGE VILLAGE COMML DEV LLC et al
012-574-08	2500 E 2ND ST	2267	GAGE VILLAGE COMML DEV LLC et al
012-574-15	2500 E 2ND ST	2268	GAGE VILLAGE COMML DEV LLC et al
012-574-09	2500 E 2ND ST	2269	GAGE VILLAGE COMML DEV LLC et al
012-574-14	2500 E 2ND ST	2270	GAGE VILLAGE COMML DEV LLC et al
012-574-10	2500 E 2ND ST	2271	GAGE VILLAGE COMML DEV LLC et al
012-574-13	2500 E 2ND ST	2272	GAGE VILLAGE COMML DEV LLC et al
012-574-11	2500 E 2ND ST	2273	GAGE VILLAGE COMML DEV LLC et al
012-574-12	2500 E 2ND ST	2274	GAGE VILLAGE COMML DEV LLC et al
012-575-18	2500 E 2ND ST	2276	GAGE VILLAGE COMML DEV LLC et al
012-575-17	2500 E 2ND ST	2278	GAGE VILLAGE COMML DEV LLC et al
012-575-16	2500 E 2ND ST	2280	GAGE VILLAGE COMML DEV LLC et al
012-575-15	2500 E 2ND ST	2282	GAGE VILLAGE COMML DEV LLC et al
012-575-14	2500 E 2ND ST	2284	GAGE VILLAGE COMML DEV LLC et al
012-575-13	2500 E 2ND ST	2286	GAGE VILLAGE COMML DEV LLC et al
012-575-12	2500 E 2ND ST	2288	GAGE VILLAGE COMML DEV LLC et al
012-575-11	2500 E 2ND ST	2290	GAGE VILLAGE COMML DEV LLC et al
012-575-10	2500 E 2ND ST	2292	GAGE VILLAGE COMML DEV LLC et al
012-581-01	2500 E 2ND ST	2301	GAGE VILLAGE COMML DEV LLC et al
012-581-13	2500 E 2ND ST	2302	GAGE VILLAGE COMML DEV LLC et al
012-581-02	2500 E 2ND ST	2303	GAGE VILLAGE COMML DEV LLC et al
012-581-03	2500 E 2ND ST	2305	GAGE VILLAGE COMML DEV LLC et al
012-581-04	2500 E 2ND ST	2307	GAGE VILLAGE COMML DEV LLC et al
012-581-10	2500 E 2ND ST	2308	GAGE VILLAGE COMML DEV LLC et al
012-581-05	2500 E 2ND ST	2309	GAGE VILLAGE COMML DEV LLC et al
012-581-09	2500 E 2ND ST	2310	GAGE VILLAGE COMML DEV LLC et al
012-581-06	2500 E 2ND ST	2311	GAGE VILLAGE COMML DEV LLC et al
012-581-08	2500 E 2ND ST	2312	GAGE VILLAGE COMML DEV LLC et al
012-581-07	2500 E 2ND ST	2314	GAGE VILLAGE COMML DEV LLC et al
012-582-01	2500 E 2ND ST	2317	GAGE VILLAGE COMML DEV LLC et al
012-582-17	2500 E 2ND ST	2318	GAGE VILLAGE COMML DEV LLC et al
012-582-02	2500 E 2ND ST	2319	GAGE VILLAGE COMML DEV LLC et al
012-582-16	2500 E 2ND ST	2320	GAGE VILLAGE COMML DEV LLC et al
012-582-03	2500 E 2ND ST	2321	GAGE VILLAGE COMML DEV LLC et al

APN	Situs	Unit	Owner1
012-582-15	2500 E 2ND ST	2322	GAGE VILLAGE COMMML DEV LLC et al
012-582-14	2500 E 2ND ST	2324	GAGE VILLAGE COMMML DEV LLC et al
012-582-05	2500 E 2ND ST	2325	GAGE VILLAGE COMMML DEV LLC et al
012-582-06	2500 E 2ND ST	2327	GAGE VILLAGE COMMML DEV LLC et al
012-582-07	2500 E 2ND ST	2329	GAGE VILLAGE COMMML DEV LLC et al
012-582-08	2500 E 2ND ST	2331	GAGE VILLAGE COMMML DEV LLC et al
012-582-10	2500 E 2ND ST	2332	GAGE VILLAGE COMMML DEV LLC et al
012-582-09	2500 E 2ND ST	2334	GAGE VILLAGE COMMML DEV LLC et al
012-583-03	2500 E 2ND ST	2341	GAGE VILLAGE COMMML DEV LLC et al
012-583-04	2500 E 2ND ST	2343	GAGE VILLAGE COMMML DEV LLC et al
012-583-07	2500 E 2ND ST	2349	GAGE VILLAGE COMMML DEV LLC et al
012-584-23	2500 E 2ND ST	2352	GAGE VILLAGE COMMML DEV LLC et al
012-584-01	2500 E 2ND ST	2353	GAGE VILLAGE COMMML DEV LLC et al
012-584-02	2500 E 2ND ST	2355	GAGE VILLAGE COMMML DEV LLC et al
012-584-21	2500 E 2ND ST	2356	GAGE VILLAGE COMMML DEV LLC et al
012-584-20	2500 E 2ND ST	2358	GAGE VILLAGE COMMML DEV LLC et al
012-584-06	2500 E 2ND ST	2363	GAGE VILLAGE COMMML DEV LLC et al
012-584-16	2500 E 2ND ST	2366	GAGE VILLAGE COMMML DEV LLC et al
012-584-15	2500 E 2ND ST	2368	GAGE VILLAGE COMMML DEV LLC et al
012-584-14	2500 E 2ND ST	2370	GAGE VILLAGE COMMML DEV LLC et al
012-584-12	2500 E 2ND ST	2374	GAGE VILLAGE COMMML DEV LLC et al
012-585-18	2500 E 2ND ST	2376	GAGE VILLAGE COMMML DEV LLC et al
012-585-02	2500 E 2ND ST	2377	GAGE VILLAGE COMMML DEV LLC et al
012-585-16	2500 E 2ND ST	2380	GAGE VILLAGE COMMML DEV LLC et al
012-585-05	2500 E 2ND ST	2383	GAGE VILLAGE COMMML DEV LLC et al
012-585-07	2500 E 2ND ST	2387	GAGE VILLAGE COMMML DEV LLC et al
012-585-09	2500 E 2ND ST	2391	GAGE VILLAGE COMMML DEV LLC et al
012-585-10	2500 E 2ND ST	2392	GAGE VILLAGE COMMML DEV LLC et al
012-591-01	2500 E 2ND ST	2401	GAGE VILLAGE COMMML DEV LLC et al
012-591-13	2500 E 2ND ST	2402	GAGE VILLAGE COMMML DEV LLC et al
012-591-02	2500 E 2ND ST	2403	GAGE VILLAGE COMMML DEV LLC et al
012-591-12	2500 E 2ND ST	2404	GAGE VILLAGE COMMML DEV LLC et al
012-591-03	2500 E 2ND ST	2405	GAGE VILLAGE COMMML DEV LLC et al
012-591-11	2500 E 2ND ST	2406	GAGE VILLAGE COMMML DEV LLC et al
012-591-04	2500 E 2ND ST	2407	GAGE VILLAGE COMMML DEV LLC et al
012-591-10	2500 E 2ND ST	2408	GAGE VILLAGE COMMML DEV LLC et al
012-591-05	2500 E 2ND ST	2409	GAGE VILLAGE COMMML DEV LLC et al
012-591-09	2500 E 2ND ST	2410	GAGE VILLAGE COMMML DEV LLC et al
012-591-06	2500 E 2ND ST	2411	GAGE VILLAGE COMMML DEV LLC et al
012-591-07	2500 E 2ND ST	2414	GAGE VILLAGE COMMML DEV LLC et al
012-592-01	2500 E 2ND ST	2417	GAGE VILLAGE COMMML DEV LLC et al
012-592-17	2500 E 2ND ST	2418	GAGE VILLAGE COMMML DEV LLC et al
012-592-02	2500 E 2ND ST	2419	GAGE VILLAGE COMMML DEV LLC et al
012-592-16	2500 E 2ND ST	2420	GAGE VILLAGE COMMML DEV LLC et al
012-592-03	2500 E 2ND ST	2421	GAGE VILLAGE COMMML DEV LLC et al
012-592-15	2500 E 2ND ST	2422	GAGE VILLAGE COMMML DEV LLC et al
012-592-04	2500 E 2ND ST	2423	GAGE VILLAGE COMMML DEV LLC et al
012-592-14	2500 E 2ND ST	2424	GAGE VILLAGE COMMML DEV LLC et al

APN	Situs	Unit	Owner1
012-592-05	2500 E 2ND ST	2425	GAGE VILLAGE COMMML DEV LLC et al
012-592-13	2500 E 2ND ST	2426	GAGE VILLAGE COMMML DEV LLC et al
012-592-06	2500 E 2ND ST	2427	GAGE VILLAGE COMMML DEV LLC et al
012-592-12	2500 E 2ND ST	2428	GAGE VILLAGE COMMML DEV LLC et al
012-592-07	2500 E 2ND ST	2429	GAGE VILLAGE COMMML DEV LLC et al
012-592-11	2500 E 2ND ST	2430	GAGE VILLAGE COMMML DEV LLC et al
012-592-08	2500 E 2ND ST	2431	GAGE VILLAGE COMMML DEV LLC et al
012-592-10	2500 E 2ND ST	2432	GAGE VILLAGE COMMML DEV LLC et al
012-592-09	2500 E 2ND ST	2434	GAGE VILLAGE COMMML DEV LLC et al
012-593-01	2500 E 2ND ST	2437	GAGE VILLAGE COMMML DEV LLC et al
012-593-13	2500 E 2ND ST	2438	GAGE VILLAGE COMMML DEV LLC et al
012-593-02	2500 E 2ND ST	2439	GAGE VILLAGE COMMML DEV LLC et al
012-593-12	2500 E 2ND ST	2440	GAGE VILLAGE COMMML DEV LLC et al
012-593-03	2500 E 2ND ST	2441	GAGE VILLAGE COMMML DEV LLC et al
012-593-11	2500 E 2ND ST	2442	GAGE VILLAGE COMMML DEV LLC et al
012-593-04	2500 E 2ND ST	2443	GAGE VILLAGE COMMML DEV LLC et al
012-593-10	2500 E 2ND ST	2444	GAGE VILLAGE COMMML DEV LLC et al
012-593-05	2500 E 2ND ST	2445	GAGE VILLAGE COMMML DEV LLC et al
012-593-09	2500 E 2ND ST	2446	GAGE VILLAGE COMMML DEV LLC et al
012-593-06	2500 E 2ND ST	2447	GAGE VILLAGE COMMML DEV LLC et al
012-593-08	2500 E 2ND ST	2448	GAGE VILLAGE COMMML DEV LLC et al
012-593-07	2500 E 2ND ST	2449	GAGE VILLAGE COMMML DEV LLC et al
012-594-19	2500 E 2ND ST	2452	GAGE VILLAGE COMMML DEV LLC et al
012-594-18	2500 E 2ND ST	2454	GAGE VILLAGE COMMML DEV LLC et al
012-594-01	2500 E 2ND ST	2455	GAGE VILLAGE COMMML DEV LLC et al
012-594-17	2500 E 2ND ST	2456	GAGE VILLAGE COMMML DEV LLC et al
012-594-02	2500 E 2ND ST	2457	GAGE VILLAGE COMMML DEV LLC et al
012-594-16	2500 E 2ND ST	2458	GAGE VILLAGE COMMML DEV LLC et al
012-594-15	2500 E 2ND ST	2460	GAGE VILLAGE COMMML DEV LLC et al
012-594-14	2500 E 2ND ST	2462	GAGE VILLAGE COMMML DEV LLC et al
012-594-13	2500 E 2ND ST	2464	GAGE VILLAGE COMMML DEV LLC et al
012-594-04	2500 E 2ND ST	2465	GAGE VILLAGE COMMML DEV LLC et al
012-594-12	2500 E 2ND ST	2466	GAGE VILLAGE COMMML DEV LLC et al
012-594-11	2500 E 2ND ST	2468	GAGE VILLAGE COMMML DEV LLC et al
012-594-06	2500 E 2ND ST	2469	GAGE VILLAGE COMMML DEV LLC et al
012-594-10	2500 E 2ND ST	2470	GAGE VILLAGE COMMML DEV LLC et al
012-594-07	2500 E 2ND ST	2471	GAGE VILLAGE COMMML DEV LLC et al
012-594-09	2500 E 2ND ST	2472	GAGE VILLAGE COMMML DEV LLC et al
012-594-08	2500 E 2ND ST	2474	GAGE VILLAGE COMMML DEV LLC et al
012-595-18	2500 E 2ND ST	2476	GAGE VILLAGE COMMML DEV LLC et al
012-595-02	2500 E 2ND ST	2477	GAGE VILLAGE COMMML DEV LLC et al
012-595-17	2500 E 2ND ST	2478	GAGE VILLAGE COMMML DEV LLC et al
012-595-16	2500 E 2ND ST	2480	GAGE VILLAGE COMMML DEV LLC et al
012-595-04	2500 E 2ND ST	2481	GAGE VILLAGE COMMML DEV LLC et al
012-595-15	2500 E 2ND ST	2482	GAGE VILLAGE COMMML DEV LLC et al
012-595-14	2500 E 2ND ST	2484	GAGE VILLAGE COMMML DEV LLC et al
012-595-06	2500 E 2ND ST	2485	GAGE VILLAGE COMMML DEV LLC et al
012-595-13	2500 E 2ND ST	2486	GAGE VILLAGE COMMML DEV LLC et al

APN	Situs	Unit	Owner1
012-595-07	2500 E 2ND ST	2487	GAGE VILLAGE COMMML DEV LLC et al
012-595-12	2500 E 2ND ST	2488	GAGE VILLAGE COMMML DEV LLC et al
012-595-11	2500 E 2ND ST	2490	GAGE VILLAGE COMMML DEV LLC et al
012-595-09	2500 E 2ND ST	2491	GAGE VILLAGE COMMML DEV LLC et al
012-595-10	2500 E 2ND ST	2492	GAGE VILLAGE COMMML DEV LLC et al
012-585-14	2500 E 2ND ST	2384	GRAND SIERRA RESORT UNIT-OWNER, ASSOCIATION
012-494-05	2500 E 2ND ST	1761	MEI GSR HOLDING LLC
012-502-08	2500 E 2ND ST	1831	MEI GSR HOLDING LLC
012-505-04	2500 E 2ND ST	1881	MEI GSR HOLDING LLC
012-513-06	2500 E 2ND ST	1947	MEI GSR HOLDING LLC
012-491-01	2500 E 2ND ST	1701	MEI GSR HOLDINGS LLC
012-491-12	2500 E 2ND ST	1704	MEI GSR HOLDINGS LLC
012-491-08	2500 E 2ND ST	1712	MEI GSR HOLDINGS LLC
012-493-05	2500 E 2ND ST	1745	MEI GSR HOLDINGS LLC
012-495-03	2500 E 2ND ST	1779	MEI GSR HOLDINGS LLC
012-495-14	2500 E 2ND ST	1784	MEI GSR HOLDINGS LLC
012-504-05	2500 E 2ND ST	1861	MEI GSR HOLDINGS LLC
012-511-06	2500 E 2ND ST	1911	MEI GSR HOLDINGS LLC
012-512-08	2500 E 2ND ST	1931	MEI GSR HOLDINGS LLC
012-551-11	2500 E 2ND ST	2006	MEI GSR HOLDINGS LLC
012-553-13	2500 E 2ND ST	2038	MEI GSR HOLDINGS LLC
012-564-10	2500 E 2ND ST	2171	MEI GSR HOLDINGS LLC
012-565-05	2500 E 2ND ST	2183	MEI GSR HOLDINGS LLC
012-583-02	2500 E 2ND ST	2339	MEI GSR HOLDINGS LLC
012-585-04	2500 E 2ND ST	2381	MEI GSR HOLDINGS LLC
012-585-13	2500 E 2ND ST	2386	MEI GSR HOLDINGS LLC
012-594-05	2500 E 2ND ST	2467	MEI GSR HOLDINGS LLC
012-503-04	2500 E 2ND ST	1843	MEI-GSR
012-513-04	2500 E 2ND ST	1943	MEI-GSR
012-583-09	2500 E 2ND ST	2346	MEI-GSR
012-495-02	2500 E 2ND ST	1777	MEI-GSR HOLDING LLC
012-504-02	2500 E 2ND ST	1855	MEI-GSR HOLDING LLC
012-512-03	2500 E 2ND ST	1921	MEI-GSR HOLDING LLC
012-512-07	2500 E 2ND ST	1929	MEI-GSR HOLDING LLC
012-513-11	2500 E 2ND ST	1942	MEI-GSR HOLDING LLC
012-554-09	2500 E 2ND ST	2069	MEI-GSR HOLDING LLC
012-575-08	2500 E 2ND ST	2289	MEI-GSR HOLDING LLC
012-575-09	2500 E 2ND ST	2291	MEI-GSR HOLDING LLC
012-583-12	2500 E 2ND ST	2340	MEI-GSR HOLDING LLC
012-585-15	2500 E 2ND ST	2382	MEI-GSR HOLDING LLC
012-585-12	2500 E 2ND ST	2388	MEI-GSR HOLDING LLC
012-581-11	2500 E 2ND ST	2306	MEI-GSR HOLDING LLC-TIM SMITH
012-491-13	2500 E 2ND ST	1702	MEI-GSR HOLDINGS LLC
012-491-04	2500 E 2ND ST	1707	MEI-GSR HOLDINGS LLC
012-491-05	2500 E 2ND ST	1709	MEI-GSR HOLDINGS LLC
012-492-02	2500 E 2ND ST	1719	MEI-GSR HOLDINGS LLC
012-492-03	2500 E 2ND ST	1721	MEI-GSR HOLDINGS LLC
012-492-04	2500 E 2ND ST	1723	MEI-GSR HOLDINGS LLC

APN	Situs	Unit	Owner1
012-492-15	2500 E 2ND ST	1724	MEI-GSR HOLDINGS LLC
012-492-05	2500 E 2ND ST	1725	MEI-GSR HOLDINGS LLC
012-492-14	2500 E 2ND ST	1726	MEI-GSR HOLDINGS LLC
012-492-06	2500 E 2ND ST	1727	MEI-GSR HOLDINGS LLC
012-493-01	2500 E 2ND ST	1737	MEI-GSR HOLDINGS LLC
012-493-02	2500 E 2ND ST	1739	MEI-GSR HOLDINGS LLC
012-493-06	2500 E 2ND ST	1747	MEI-GSR HOLDINGS LLC
012-494-23	2500 E 2ND ST	1752	MEI-GSR HOLDINGS LLC
012-494-20	2500 E 2ND ST	1758	MEI-GSR HOLDINGS LLC
012-494-04	2500 E 2ND ST	1759	MEI-GSR HOLDINGS LLC
012-494-19	2500 E 2ND ST	1760	MEI-GSR HOLDINGS LLC
012-494-17	2500 E 2ND ST	1764	MEI-GSR HOLDINGS LLC
012-494-07	2500 E 2ND ST	1765	MEI-GSR HOLDINGS LLC
012-494-12	2500 E 2ND ST	1774	MEI-GSR HOLDINGS LLC
012-495-15	2500 E 2ND ST	1782	MEI-GSR HOLDINGS LLC
012-495-05	2500 E 2ND ST	1783	MEI-GSR HOLDINGS LLC
012-495-06	2500 E 2ND ST	1785	MEI-GSR HOLDINGS LLC
012-495-13	2500 E 2ND ST	1786	MEI-GSR HOLDINGS LLC
012-501-10	2500 E 2ND ST	1808	MEI-GSR HOLDINGS LLC
012-501-05	2500 E 2ND ST	1809	MEI-GSR HOLDINGS LLC
012-501-09	2500 E 2ND ST	1810	MEI-GSR HOLDINGS LLC
012-501-08	2500 E 2ND ST	1812	MEI-GSR HOLDINGS LLC
012-502-17	2500 E 2ND ST	1820	MEI-GSR HOLDINGS LLC
012-502-03	2500 E 2ND ST	1821	MEI-GSR HOLDINGS LLC
012-502-07	2500 E 2ND ST	1829	MEI-GSR HOLDINGS LLC
012-502-12	2500 E 2ND ST	1830	MEI-GSR HOLDINGS LLC
012-502-09	2500 E 2ND ST	1833	MEI-GSR HOLDINGS LLC
012-503-02	2500 E 2ND ST	1839	MEI-GSR HOLDINGS LLC
012-503-12	2500 E 2ND ST	1840	MEI-GSR HOLDINGS LLC
012-503-03	2500 E 2ND ST	1841	MEI-GSR HOLDINGS LLC
012-503-11	2500 E 2ND ST	1842	MEI-GSR HOLDINGS LLC
012-504-01	2500 E 2ND ST	1853	MEI-GSR HOLDINGS LLC
012-504-21	2500 E 2ND ST	1856	MEI-GSR HOLDINGS LLC
012-504-20	2500 E 2ND ST	1858	MEI-GSR HOLDINGS LLC
012-504-16	2500 E 2ND ST	1866	MEI-GSR HOLDINGS LLC
012-504-08	2500 E 2ND ST	1867	MEI-GSR HOLDINGS LLC
012-504-13	2500 E 2ND ST	1872	MEI-GSR HOLDINGS LLC
012-505-01	2500 E 2ND ST	1875	MEI-GSR HOLDINGS LLC
012-505-18	2500 E 2ND ST	1876	MEI-GSR HOLDINGS LLC
012-505-15	2500 E 2ND ST	1882	MEI-GSR HOLDINGS LLC
012-505-12	2500 E 2ND ST	1888	MEI-GSR HOLDINGS LLC
012-505-08	2500 E 2ND ST	1889	MEI-GSR HOLDINGS LLC
012-505-09	2500 E 2ND ST	1891	MEI-GSR HOLDINGS LLC
012-511-12	2500 E 2ND ST	1904	MEI-GSR HOLDINGS LLC
012-512-01	2500 E 2ND ST	1917	MEI-GSR HOLDINGS LLC
012-512-16	2500 E 2ND ST	1920	MEI-GSR HOLDINGS LLC
012-512-04	2500 E 2ND ST	1923	MEI-GSR HOLDINGS LLC
012-512-14	2500 E 2ND ST	1924	MEI-GSR HOLDINGS LLC

APN	Situs	Unit	Owner1
012-512-05	2500 E 2ND ST	1925	MEI-GSR HOLDINGS LLC
012-512-06	2500 E 2ND ST	1927	MEI-GSR HOLDINGS LLC
012-512-12	2500 E 2ND ST	1928	MEI-GSR HOLDINGS LLC
012-513-12	2500 E 2ND ST	1940	MEI-GSR HOLDINGS LLC
012-513-03	2500 E 2ND ST	1941	MEI-GSR HOLDINGS LLC
012-513-08	2500 E 2ND ST	1948	MEI-GSR HOLDINGS LLC
012-514-03	2500 E 2ND ST	1957	MEI-GSR HOLDINGS LLC
012-514-17	2500 E 2ND ST	1964	MEI-GSR HOLDINGS LLC
012-514-09	2500 E 2ND ST	1969	MEI-GSR HOLDINGS LLC
012-514-11	2500 E 2ND ST	1973	MEI-GSR HOLDINGS LLC
012-515-03	2500 E 2ND ST	1979	MEI-GSR HOLDINGS LLC
012-515-04	2500 E 2ND ST	1981	MEI-GSR HOLDINGS LLC
012-515-06	2500 E 2ND ST	1985	MEI-GSR HOLDINGS LLC
012-515-07	2500 E 2ND ST	1987	MEI-GSR HOLDINGS LLC
012-551-10	2500 E 2ND ST	2008	MEI-GSR HOLDINGS LLC
012-552-01	2500 E 2ND ST	2017	MEI-GSR HOLDINGS LLC
012-552-02	2500 E 2ND ST	2019	MEI-GSR HOLDINGS LLC
012-552-03	2500 E 2ND ST	2021	MEI-GSR HOLDINGS LLC
012-552-05	2500 E 2ND ST	2025	MEI-GSR HOLDINGS LLC
012-552-10	2500 E 2ND ST	2032	MEI-GSR HOLDINGS LLC
012-553-12	2500 E 2ND ST	2040	MEI-GSR HOLDINGS LLC
012-553-03	2500 E 2ND ST	2041	MEI-GSR HOLDINGS LLC
012-554-01	2500 E 2ND ST	2053	MEI-GSR HOLDINGS LLC
012-554-05	2500 E 2ND ST	2061	MEI-GSR HOLDINGS LLC
012-555-02	2500 E 2ND ST	2077	MEI-GSR HOLDINGS LLC
012-555-03	2500 E 2ND ST	2079	MEI-GSR HOLDINGS LLC
012-555-04	2500 E 2ND ST	2081	MEI-GSR HOLDINGS LLC
012-555-05	2500 E 2ND ST	2083	MEI-GSR HOLDINGS LLC
012-563-12	2500 E 2ND ST	2140	MEI-GSR HOLDINGS LLC
012-565-01	2500 E 2ND ST	2175	MEI-GSR HOLDINGS LLC
012-565-02	2500 E 2ND ST	2177	MEI-GSR HOLDINGS LLC
012-565-06	2500 E 2ND ST	2185	MEI-GSR HOLDINGS LLC
012-575-06	2500 E 2ND ST	2285	MEI-GSR HOLDINGS LLC
012-575-07	2500 E 2ND ST	2287	MEI-GSR HOLDINGS LLC
012-581-12	2500 E 2ND ST	2304	MEI-GSR HOLDINGS LLC
012-582-04	2500 E 2ND ST	2323	MEI-GSR HOLDINGS LLC
012-582-11	2500 E 2ND ST	2330	MEI-GSR HOLDINGS LLC
012-583-13	2500 E 2ND ST	2338	MEI-GSR HOLDINGS LLC
012-583-10	2500 E 2ND ST	2344	MEI-GSR HOLDINGS LLC
012-583-08	2500 E 2ND ST	2348	MEI-GSR HOLDINGS LLC
012-584-22	2500 E 2ND ST	2354	MEI-GSR HOLDINGS LLC
012-584-19	2500 E 2ND ST	2360	MEI-GSR HOLDINGS LLC
012-584-05	2500 E 2ND ST	2361	MEI-GSR HOLDINGS LLC
012-584-18	2500 E 2ND ST	2362	MEI-GSR HOLDINGS LLC
012-584-09	2500 E 2ND ST	2369	MEI-GSR HOLDINGS LLC
012-584-13	2500 E 2ND ST	2372	MEI-GSR HOLDINGS LLC
012-585-17	2500 E 2ND ST	2378	MEI-GSR HOLDINGS LLC
012-591-08	2500 E 2ND ST	2412	MEI-GSR HOLDINGS LLC

APN	Situs	Unit	Owner1
012-595-03	2500 E 2ND ST	2479	MEI-GSR HOLDINGS LLC
012-595-05	2500 E 2ND ST	2483	MEI-GSR HOLDINGS LLC
012-595-08	2500 E 2ND ST	2489	MEI-GSR HOLDINGS LLC
012-493-04	2500 E 2ND ST	1743	MEI-GSR LLC
012-504-03	2500 E 2ND ST	1857	MEI-GSR LLC
012-515-05	2500 E 2ND ST	1983	MEI-GSR LLC
012-563-11	2500 E 2ND ST	2142	MEI-GSR LLC
012-492-16	2500 E 2ND ST	1722	AKINBODUNSE, JOHNSON
012-511-13	2500 E 2ND ST	1902	ALEXANDER LIVING TRUST, MARIE-ANNE
012-512-11	2500 E 2ND ST	1930	BHAN, ANNE & VINOD
012-553-10	2500 E 2ND ST	2044	BROWNE, GUY P
012-512-13	2500 E 2ND ST	1926	CAMERON, GREGORY A & ROBIN L
012-493-11	2500 E 2ND ST	1742	CARRERA PROPERTIES LLC
012-561-12	2500 E 2ND ST	2104	CHANDLER, NORMAN M
012-511-10	2500 E 2ND ST	1908	CHENG, PETER & ELISA
012-511-10	2500 E 2ND ST	1908	CHENG, PETER & ELISA
012-575-03	2500 E 2ND ST	2279	CHOI, KI NAM & YOUNG JA
012-511-11	2500 E 2ND ST	1906	CONDOTEL 1906 LLC
012-514-06	2500 E 2ND ST	1963	DUNLAP, JOHN & JANE
012-494-06	2500 E 2ND ST	1763	FADRILAN, RAMON V & FAYE B
012-582-12	2500 E 2ND ST	2328	FISH, FREDERICK S & LISA N
012-583-06	2500 E 2ND ST	2347	FISH, FREDERICK S & LISA N
012-492-08	2500 E 2ND ST	1731	GUPTA, AJIT
012-512-02	2500 E 2ND ST	1919	GUPTA, AJIT
012-553-05	2500 E 2ND ST	2045	GUPTA, AJIT
012-555-01	2500 E 2ND ST	2075	HAY, BARRY
012-501-13	2500 E 2ND ST	1802	HAY, BARRY D
012-502-11	2500 E 2ND ST	1832	HENDERSON, WILLIAM A & CHRISTINE E
012-494-21	2500 E 2ND ST	1756	HOM TRUST, MAY ANNE
012-564-08	2500 E 2ND ST	2167	HURLEY, MICHAEL T
012-583-01	2500 E 2ND ST	2337	IZADY, MICHAEL et al
012-564-07	2500 E 2ND ST	2165	JL & YL HOLDINGS LLC
012-504-12	2500 E 2ND ST	1874	KAPLAN, TIMOTHY D
012-492-13	2500 E 2ND ST	1728	KOSSICK, MARY A
012-492-12	2500 E 2ND ST	1730	KOSSICK, MARY A
012-513-05	2500 E 2ND ST	1945	KOSSICK, MARY A
012-554-02	2500 E 2ND ST	2055	KOSSICK, MARY A
012-554-15	2500 E 2ND ST	2068	KOSSICK, MARY A
012-511-03	2500 E 2ND ST	1905	LEE FAMILY TRUST
012-511-04	2500 E 2ND ST	1907	LEE FAMILY TRUST
012-564-03	2500 E 2ND ST	2157	LINDGREN, DARLEEN
012-555-07	2500 E 2ND ST	2087	LUTZ, RICHARD D & SANDRA L
012-564-09	2500 E 2ND ST	2169	M & Y HOLDINGS LLC
012-491-09	2500 E 2ND ST	1710	MECHAM, DOUG & CHRISTINE et al
012-584-10	2500 E 2ND ST	2371	MINER, WILLIAM B JR
012-503-13	2500 E 2ND ST	1838	MIYAMOTO, PAUL et al
012-501-11	2500 E 2ND ST	1806	MOLL, PATRICIA M
012-505-13	2500 E 2ND ST	1886	NADINES REAL ESTATE INVESTMENTS LLC

APN	Situs	Unit	Owner1
012-584-07	2500 E 2ND ST	2365	NUNN, HENRY P III & D'ARCY C
012-491-11	2500 E 2ND ST	1706	ORDOVER, JANUSZ & LORI
012-491-10	2500 E 2ND ST	1708	ORDOVER, JANUSZ & LORI
012-565-03	2500 E 2ND ST	2179	PARKER, SUZANNE & LOREN
012-584-04	2500 E 2ND ST	2359	PEDERSON 1990 TRUST
012-503-06	2500 E 2ND ST	1847	PEDERSON, ROBERT R & LOU ANN
012-514-05	2500 E 2ND ST	1961	PEDERSON, ROBERT R & LOU ANN
012-574-05	2500 E 2ND ST	2261	PEDERSON, ROBERT R & LOU ANN
012-583-05	2500 E 2ND ST	2345	PEDERSON, ROBERT R & LOU ANN
012-493-12	2500 E 2ND ST	1740	POPE, TERRY & NANCY
012-504-14	2500 E 2ND ST	1870	QUINN, JEFFREY J & BARBARA R
012-515-02	2500 E 2ND ST	1977	QUINN, JEFFREY J & BARBARA R
012-495-11	2500 E 2ND ST	1790	RAGHURAM LIVING TRUST, RAJ & USHA
012-501-02	2500 E 2ND ST	1803	RAINES, SANDI
012-501-03	2500 E 2ND ST	1805	RAINES, SANDI
012-504-07	2500 E 2ND ST	1865	RICHE, KENNETH & MAXINE
012-515-01	2500 E 2ND ST	1975	RICHE, KENNETH & MAXINE
012-584-03	2500 E 2ND ST	2357	RICHE, KENNETH & MAXINE
012-554-04	2500 E 2ND ST	2059	RIOPELLE FAMILY TRUST
012-492-07	2500 E 2ND ST	1729	ROBERTS, LAVERNE K
012-575-01	2500 E 2ND ST	2275	SHAMIEH, ELIAS & EMAN N
012-513-02	2500 E 2ND ST	1939	SHEN, DI
012-491-07	2500 E 2ND ST	1714	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-492-17	2500 E 2ND ST	1720	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-493-07	2500 E 2ND ST	1749	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-494-02	2500 E 2ND ST	1755	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-494-03	2500 E 2ND ST	1757	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-494-11	2500 E 2ND ST	1773	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-495-17	2500 E 2ND ST	1778	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-495-16	2500 E 2ND ST	1780	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-495-04	2500 E 2ND ST	1781	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-495-09	2500 E 2ND ST	1791	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-502-13	2500 E 2ND ST	1828	SHEPHERD MOUNTAIN INVESTMENT GROUP LLC
012-554-06	2500 E 2ND ST	2063	SILKSCAPE INCORPORATED
012-595-01	2500 E 2ND ST	2475	SOHN, SANG DAE & KEUM S
012-565-08	2500 E 2ND ST	2189	SON, KWANG S et al
012-492-11	2500 E 2ND ST	1732	TAKAKI TRUST, STEVEN W
012-494-09	2500 E 2ND ST	1769	TAYLOR, JAMES E & CAROL C et al
012-495-01	2500 E 2ND ST	1775	TAYLOR, JAMES E & CAROL C et al
012-554-07	2500 E 2ND ST	2065	THOMAS, ALBERT R
012-494-18	2500 E 2ND ST	1762	TMI PROPERTY GROUP LLC
012-494-14	2500 E 2ND ST	1770	TMI PROPERTY GROUP LLC
012-491-06	2500 E 2ND ST	1711	TOKUTOMI, LORI
012-503-05	2500 E 2ND ST	1845	TOM TRUST, GARRET & ANITA
012-511-02	2500 E 2ND ST	1903	TOM TRUST, GARRET & ANITA
012-555-18	2500 E 2ND ST	2076	TORABKHAN, FARHAD et al
012-513-13	2500 E 2ND ST	1938	TRUONG FAMILY TRUST, CAO
012-585-08	2500 E 2ND ST	2389	TRUONG, CHANH T

APN	Situs	Unit	Owner1
012-502-06	2500 E 2ND ST	1827	VAGUJHELYI FAMILY TRUST, GEORGE & MELISSA
012-514-10	2500 E 2ND ST	1971	VAN DER BOKKE, LEE & MADELYN
012-585-06	2500 E 2ND ST	2385	VANDERBOKKE, LEE
012-582-13	2500 E 2ND ST	2326	WEISS FAMILY TRUST
012-502-16	2500 E 2ND ST	1822	WILLIAMS, ROBERT A
012-502-15	2500 E 2ND ST	1824	WILLIAMS, ROBERT A
012-502-14	2500 E 2ND ST	1826	WILLIAMS, ROBERT A
012-565-04	2500 E 2ND ST	2181	WINDHORST TRUST, DUANE H et al
012-503-01	2500 E 2ND ST	1837	YIN, DOMINIC
012-575-05	2500 E 2ND ST	2283	YOO, KUK HUYN & SANG SOON

EXHIBIT “5”

EXHIBIT “5”

EXHIBIT “5”



OWNER ACCOUNT STATEMENT

Account Number: 50673
 Unit Number: 2357
 Invoice Date: September 15, 2014
 Period: 08/01/2014 - 08/31/2014
 Balance (to)/ from Owner: \$19,378.52

KENNETH & MAXINE RICHE
 2459 SARATOGA ROAD

****PAYABLE UPON RECEIPT****

WAUKESHA, WI 53186

Reservation Detail								
Arrival	Departure	Wing	Room	Nights	Gross Revenue	Daily Use Fee	Revenue Split	(Room Revenue) / Fees
TOTAL								

Misc. Credit/Expenses	
Description	Amount

Statement Summary	
(Room Revenue) / Fees:	\$0.00
Contracted Hotel Fees *:	\$710.85
Misc. (Credits) / Expenses:	\$0.00
Previous Balance:	\$18,667.67
Payment Received:	\$0.00
Net Due to Owner:	\$0.00
Net Due from Owner:	\$19,378.52

* This is the Hotel Expenses (Hotel, Shared Facility and Cleaning Fee) and Hotel Reserves (Hotel, Shared Facility, FF&E).
 Please refer to CC&R Article 6 and the Unit Maintenance Agreement Schedule A for definitions of these Expenses and Reserves.

Please Make Checks Payable to:

GRAND SIERRA RESORT
 ATTN: ACCOUNTS RECEIVABLE
 2500 EAST SECOND ST.
 RENO, NV 89595

THE SUMMIT

AT GRAND SIERRA RESORT

OWNER ACCOUNT STATEMENT

Account Number: 50669
 Unit Number: 1865
 Invoice Date: September 15, 2014
 Period: 08/01/2014 - 08/31/2014
 Balance (to)/ from Owner: \$19,356.14

KENNETH & MAXINE RICKE
 2459 SARATOGA ROAD
 WAUKESHA, WI 53186

****PAYABLE UPON RECEIPT****

Reservation Detail								
Arrival	Departure	Wing	Room	Nights	Gross Revenue	Daily Use Fee	Revenue Split	(Room Revenue) / Fees
TOTAL								

Misc. Credit/Expenses	
Description	Amount

Statement Summary	
(Room Revenue) / Fees:	\$0.00
Contracted Hotel Fees *:	\$710.85
Misc. (Credits) / Expenses:	\$0.00
Previous Balance:	\$18,645.29
Payment Received:	\$0.00
Net Due to Owner:	\$0.00
Net Due from Owner:	\$19,356.14

* This is the Hotel Expenses (Hotel, Shared Facility and Cleaning Fee) and Hotel Reserves (Hotel, Shared Facility, FF&E).
 Please refer to CC&R Article 6 and the Unit Maintenance Agreement Schedule A for definitions of these Expenses and Reserves.

Please Make Checks Payable to:

GRAND SIERRA RESORT
 ATTN: ACCOUNTS RECEIVABLE
 2900 EAST SECOND ST.

RENO, NV 89595

THE SUMMIT

AT GRAND SIERRA RESORT

OWNER ACCOUNT STATEMENT

Account Number: 50590
 Unit Number: 2075
 Invoice Date: October 14, 2014
 Period: 09/01/2014 - 09/30/2014
 Balance (to)/ from Owner: \$16,917.76

BARRY HAY
 33774 TRAILSIDE WAY

****PAYABLE UPON RECEIPT****

UNION CITY, CA 94587-4368

Reservation Detail								
Arrival	Departure	Wing	Room	Nights	Gross Revenue	Daily Use Fee	Revenue Split	(Room Revenue) / Fees
TOTAL								

Misc. Credit/Expenses	
Description	Amount

Statement Summary	
(Room Revenue) / Fees:	\$0.00
Contracted Hotel Fees *:	\$577.60
Misc. (Credits) / Expenses:	\$0.00
Previous Balance:	\$16,340.16
Payment Received:	\$0.00
Net Due to Owner:	\$0.00
Net Due from Owner:	\$16,917.76

* This is the Hotel Expenses (Hotel, Shared Facility and Cleaning Fee) and Hotel Reserves (Hotel, Shared Facility, FF&E).
 Please refer to CC&R Article 6 and the Unit Maintenance Agreement Schedule A for definitions of these Expenses and Reserves.

Please Make Checks Payable to:

GRAND SIERRA RESORT
 ATTN: ACCOUNTS RECEIVABLE
 2500 EAST SECOND ST.
 RENO, NV 89595

THE SUMMIT

AT GRAND SIERRA RESORT

OWNER ACCOUNT STATEMENT

Account Number: 50513
 Unit Number: 1802
 Invoice Date: October 14, 2014
 Period: 09/01/2014 - 09/30/2014
 Balance (to)/ from Owner: \$17,474.72

BARRY HAY
 33774 TRAILSIDE WAY

****PAYABLE UPON RECEIPT****

UNION CITY, CA 94587-4368

Reservation Detail								
Arrival	Departure	Wing	Room	Nights	Gross Revenue	Daily Use Fee	Revenue Split	(Room Revenue) / Fees
TOTAL								

Misc. Credit/Expenses	
Description	Amount

Statement Summary	
(Room Revenue) / Fees:	\$0.00
Contracted Hotel Fees *:	\$583.65
Misc. (Credits) / Expenses:	\$0.00
Previous Balance:	\$16,891.07
Payment Received:	\$0.00
Net Due to Owner:	\$0.00
Net Due from Owner:	\$17,474.72

* This is the Hotel Expenses (Hotel, Shared Facility and Cleaning Fee) and Hotel Reserves (Hotel, Shared Facility, FF&E). Please refer to CC&R Article 6 and the Unit Maintenance Agreement Schedule A for definitions of these Expenses and Reserves.

Please Make Checks Payable to:

GRAND SIERRA RESORT
 ATTN: ACCOUNTS RECEIVABLE
 2500 EAST SECOND ST.
 RENO, NV 89595

CV12-02222
DC-09900061780-022
ALBERT THOMAS ETAL. VS. MEI- 2 Pages
District Court 11/26/2014 10:03 AM
Washoe County
1550-
K100P

CODE: 1550

FILED

2014 NOV 26 AM 10:03

Jacqueline Bryant
ACTING CLERK OF THE COURT
BY [Signature]
DEPUTY

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

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ALBERT THOMAS, individually; *et al.*,

Plaintiffs,

vs.

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

Defendants.

Case No. CV12-02222
Dept. No. 10

DEFAULT

WHEREAS, on or about January 27, 2014, the Plaintiffs herein filed *Plaintiffs' Motion for Case-Terminating Sanctions* under NRCP 37 ("Motion"), the Motion having been fully briefed, this Court having conducted hearings on the Motion and entered an *Order Granting Plaintiffs' Motion for Case-Terminating Sanctions* on or about October 3, 2014, which struck Defendants' Answer, Default is hereby entered against the above-named Defendants as to the Plaintiffs' Second Amended Complaint on file herein.

DATED this 26th day of November, 2014.

JACQUELINE BRYANT
CLERK OF THE COURT,

By: [Signature]
Deputy Clerk

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

3
4 **AFFIRMATION**
5 **Pursuant to NRS 239B.030**

6 The undersigned does hereby affirm that the preceding document, **Default:**

7 ☒ Document does not contain the social security number of any person

8 **-OR-**

9 ☐ Document contains the social security number of a person as required by:

10 ☐ A specific state or federal law, to wit:

11 _____
(State specific state or federal law)

12 **-or-**

13 ☐ For the administration of a public program

14 **-or-**

15 ☐ For an application for a federal or state grant

16 **-or-**

17 ☐ Confidential Family Court Information Sheet
18 (NRS 125.130, NRS 125.230 and NRS 125B.055)

19 Date: November 26, 2014

20 
(Signature)

21 Jarrad C. Miller
(Print Name)

22 Plaintiff
23 (for)

CV12-02222
DC-09900062812-001
ALBERT THOMAS ETAL. VS. MEI 10 Pages
District Court 01/07/2015 10:07 AM
Washoe County
nmr
2745
SMONGEY

1 CODE: 3245
2 Jarrad C. Miller, Esq. (NV Bar No. 7093)
3 Jonathan J. Tew, Esq. (NV Bar No. 11874)
4 Robertson, Johnson, Miller & Williamson
5 50 West Liberty Street, Suite 600
6 Reno, Nevada 89501
7 (775) 329-5600
8 Attorneys for Plaintiffs

FILED

JAN - 7 2015

JACQUELINE BRYANT, CLERK
By: *[Signature]*
DEPUTY CLERK

9
10
11 **SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
12 **IN AND FOR THE COUNTY OF WASHOE**
13

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

15 Plaintiffs,

16 vs.

Case No. CV12-02222
Dept. No. 10

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

25 Defendants.

26 **ORDER APPOINTING RECEIVER AND DIRECTING DEFENDANTS' COMPLIANCE**

27 This Court having examined Plaintiffs' Motion for Appointment of Receiver ("Motion"),
28 the related opposition and reply, and with *good* cause appearing finds that Plaintiffs have
submitted the credentials of a candidate to be appointed as Receiver of the assets, properties.
books and records, and other items of Defendants as defined herein below and have advised the
Court that this candidate is prepared to assume this responsibility if so ordered by the Court.

29 **IT IS HEREBY ORDERED** that, pursuant to this Court's October 3, 2014 Order, and
30 N.R.S. § 32.010(1), (3) and (6), effective as of the date of this Order, James S. Proctor, CPA,
31 CFE, CVA and CFF ("Receiver") shall be and is hereby appointed Receiver over Defendant
32 Grand Sierra Resort Unit Owners' Association, A Nevada Non-Profit Corporation ("GSRUOA").

33 The Receiver is appointed for the purpose of implementing compliance, among all
34 condominium units, including units owned by any Defendant in this action (collectively, "the

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

ORDER APPOINTING RECEIVER
PAGE 1

PA0463

Property”), with the Covenants Codes and Restrictions recorded against the condominium units, the Unit Maintenance Agreements and the original Unit Rental Agreements (“Governing Documents”). (See, Exhibits 1, 2 and 3.)

The Receiver is charged with accounting for all income and expenses associated with the compliance with the Governing Documents from forty-five (45) days from the date of entry of this Order until discharged.

All funds collected and/or exchanged under the Governing Documents, including those collected from Defendants, shall be distributed, utilized, or, held as reserves in accordance with the Governing Documents.

IT IS FURTHER ORDERED that the Receiver shall conduct itself as a neutral agent, of this court and not as an agent of any party.

IT IS FURTHER ORDERED that the Receiver is appointed without the need of filing or posting of a bond.

IT IS FURTHER ORDERED that Defendants MEI-GSR Holdings, LLC and Gage Village Commercial shall cooperate with the Receiver in accomplishing the terms described in this Order.

IT IS FURTHER ORDERED that, to enforce compliance with the Governing Documents the Receiver shall have the following powers, and responsibilities, and shall be authorized and empowered to:

1. General

a. To review and/or take control of:

i. all the records, correspondence, insurance policies, books and accounts of or relating to the Property which refer to the Property, any ongoing construction and improvements on the Property, the rent or liabilities pertaining to the Property.

ii. all office equipment used by Defendants in connection with development; improvement, leasing, sales, marketing and/or conveyance of the Property and the buildings thereon; including all computer equipment, all software programs and

1 passwords, and any other information, data, equipment or items necessary for the
2 operations with respect to the Property, whether in the possession and control of
3 Defendants or its principals, agents, servants or employees; provided, however
4 that such books, records, and office equipment shall be made available for the use
5 of the agents, servants and employees of Defendants in the normal course of the
6 performance of their duties not involving the Property.

7 iii. all deposits relating to the Property, regardless of when received, together
8 with all books, records, deposit books, checks and checkbooks, together with
9 names, addresses, contact names, telephone and facsimile numbers where any and
10 all deposits are held, plus all account numbers.

11 iv. all accounting records, accounting software, computers, laptops,
12 passwords, books of account, general ledgers, accounts receivable records,
13 accounts payable records, cash receipts records, checkbooks, accounts, passbooks,
14 and all other accounting documents relating, to the Property.

15 v. all accounts receivable, payments, rents, including all statements and
16 records of deposits, advances, and prepaid contracts or rents, if applicable,
17 including, any deposits with utilities and/or government entities relating to the
18 Property.

19 vi. all insurance policies relating to the Property.

20 vii. all documents relating to repairs of the Property, including all estimated
21 costs or repair.

22 viii. documents reasonably requested by Receiver.

23 b. To use or collect:

24 i. The Receiver may use any federal taxpayer identification number relating
25 to the Property for any lawful purpose.

26 ii. The Receiver is authorized and directed to collect and; open all mail of
27 GSRUOA relating to the Property.
28

1 c. The Receiver shall not become personally liable for environmental contamination
2 or health and safety violations.

3 d. The Receiver is an officer and master of the Court and, is entitled to effectuate the
4 Receiver's duties conferred by this Order, including the authority to communicate *ex parte* on the
5 record with the Court when in the opinion of the Receiver, emergency judicial action is
6 necessary.

7 e. All persons and entities owing, any money to GSRUOA directly or indirectly
8 relating to the Property shall pay the same directly to the Receiver. Without limiting the
9 generality of the foregoing; upon presentation of a conformed copy of this order, any financial
10 institution holding deposit accounts, funds or property of GSRUOA turnover to the Receiver
11 such funds at the request of the Receiver.

12 **2. Employment**

13 To hire, employ, and retain attorneys, certified public accountants; investigators, security
14 guards, consultants, property management companies, brokers, appraisers, title companies,
15 licensed construction control companies, and any other personnel or employees which the
16 Receiver deems necessary to assist it in the discharge of his duties.

17 **3. Insurance**

18 a. To maintain adequate insurance for the Property to the same extent and, in the
19 same manner as, it has heretofore been insured, or as in the judgment of the Receiver may seem
20 fit and proper, and to request all presently existing policies to be amended by adding the
21 Receiver and the receivership estate as an additional insured within 10-days of the entry of the
22 order appointing the Receiver. If there is inadequate insurance or if there are insufficient funds in
23 the receivership estate to procure adequate insurance, the Receiver is directed to immediately
24 petition the court for instructions. The Receiver may, in his discretion, apply for any bond or
25 insurance providing coverage for the Receiver's conduct and operations of the property, which
26 shall be an expense of the Property, during the period in which the Property is uninsured or
27 underinsured. Receiver shall not be personally responsible for any claims arising therefore.

1 b. To pay all necessary insurance premiums for such insurance and all taxes and
2 assessments levied on the Property during the receivership.

3 4. ***Treatment of Contracts***

4 a. To continue in effect any contracts presently existing and not in default relating to
5 the Property.

6 b. To negotiate, enter into and modify contracts affecting any part or all of the
7 Property.

8 c. The Receiver shall not be bound by any contract between Defendants and any
9 third party that the Receiver does not expressly assume in writing, including any portion of any
10 lease that constitutes the personal obligation of Defendants, but which does not affect a tenant's
11 quiet enjoyment of its leasehold estate.

12 d. To notify all local, state and federal governmental agencies, all vendors and
13 suppliers, and any and all others who provide goods or services to the Property of his
14 appointment-as Receiver of GSRUOA.

15 e. No insurance company may cancel its existing current-paid policy as a result of
16 the appointment of the Receiver, without prior order of this Court.

17 5. ***Collection***

18 To demand, collect and receive all dues, fees, reserves, rents and revenues derived from
19 the Property.

20 6. ***Litigation***

21 a. To bring and prosecute all proper actions for (i) the collection of rents or any
22 other income derived from the Property, (ii) the removal from the Property of persons not
23 entitled to entry thereon, (iii) the protection of the Property, (iv) damage caused to the Property;
24 and (v) the recovery of possession of the Property.

25 b. To settle and resolve any actual or potential litigation, whether or not an action
26 has been commenced, in a manner which, in the exercise of the Receiver's judgment is most
27 beneficial to the receivership estate.

1 7. ***Reporting***

2 a. The Receiver shall prepare on a monthly basis, commencing the month ending 30
3 days after his appointment, and by the last day of each month thereafter, so long as the Property
4 shall remain in his possession or care, reports listing any Receiver fees (as described herein
5 below), receipts and disbursements, and any other significant operational issues that have
6 occurred during the preceding month. The Receiver is directed to file such reports with this
7 Court. The Receiver shall serve a copy of this report on the attorneys of record for the parties to
8 this action.

9 b. The Receiver shall not be responsible for the preparation and filing of tax returns
10 on behalf of the parties.

11 8. ***Receivership Funds /Payments/ Disbursements***

12 a. To pay and discharge out of the Property's rents and/or GSRUOA monthly dues
13 collections all the reasonable and necessary expenses of the receivership and the costs and
14 expenses of operation and maintenance of the Property, including all of the Receiver's and
15 related fees, taxes, governmental assessments and charges and the nature thereof lawfully
16 imposed upon the Property.

17 b. To expend funds to purchase merchandise, materials, supplies and services as the
18 Receiver deems necessary and advisable to assist him in performing his duties hereunder and to
19 pay therefore the ordinary and usual rates and prices out of the funds that may come into the
20 possession of the Receiver.

21 c. To apply, obtain and pay any reasonable fees for any lawful license permit or
22 other governmental approval relating to the Property or the operation thereof, confirm the
23 existence of and, to the extent, permitted by law, exercise the privilege of any existing license or
24 permit or the operation thereof, and do all things necessary to protect and maintain such licenses,
25 permits and approvals.

26 d. To open and utilize bank accounts for receivership funds.
27
28

1 e. To present for payment any checks, money orders or other forms of payment
2 which constitute the rents and revenues of the Property, endorse same and collect the proceeds
3 thereof.

4 9. ***Administrative Fees and Costs***

5 a. The Receiver shall be compensated at a rate that is commensurate with industry
6 standards. As detailed below, a monthly report will be created by the Receiver describing the fee,
7 and work performed. In addition, the Receiver shall be reimbursed for all expenses incurred by
8 the Receiver on behalf of the Property.

9 b. The Receiver, his consultants, agents, employees, legal counsel, and professionals
10 shall be paid on an interim monthly basis. To be paid on a monthly basis, the Receiver must
11 serve, a statement of account on all parties each month for the time and expense incurred in the
12 preceding calendar month. If no objection thereto is filed with the Court and served on the
13 attorneys of record for the parties to this action on or within ten (10) days following service
14 thereof, such statement of account may be paid by the Receiver. If an objection is timely filed
15 and served, such statement of account shall not be paid absent further order of the Court. In the
16 event objections are timely made to fees and expenses, the portion of the fees and expenses as to
17 which no objection has been interposed may be paid immediately following the expiration of the
18 ten-day objection period: The portion of fees and expenses to which: an objection has been
19 timely interposed may be paid within ten (10) days of an agreement among the parties or entry of
20 a Court order adjudicating the matter.

21 c. Despite the periodic payment of Receiver's fees and administrative expenses, such
22 fees and expenses shall be submitted to the Court for final approval and confirmation in the form
23 of either, a stipulation among the parties or the, Receiver's final account and report.

24 d. To generally do such other things as may be necessary or incidental to the
25 foregoing specific powers directions and general authorities and take actions relating to
26 the Property beyond the scope contemplated by the provisions set forth above, provided the
27 Receiver obtains prior court approval for any actions beyond the scope contemplated herein.

1 10. ***Order in Aid of Receiver***

2 **IT IS FURTHER ORDERED** Defendants, and their agents, servants and employees,
3 and those acting in concert with them, and each of them, shall not engage in or perform directly
4 or indirectly, any or all of the following acts:

5 a. Interfering with the Receiver, directly or indirectly; in the management and
6 operation of the Property.

7 b. Transferring, concealing, destroying, defacing or altering any of the instruments,
8 documents, ledger cards, books, records, printouts or other writings relating to the Property, or
9 any portion thereof.

10 c. Doing any act which will, or which will tend to, impair, defeat, divert, prevent or
11 prejudice the preservation of the Property or the interest of Plaintiffs in the Property.

12 d. Filing suit against the Receiver or taking other action against the Receiver without
13 an order of this Court permitting the suit or action; provided, however, that no prior court order
14 is required to file a motion in this action to enforce the provisions of the Order or any other order
15 of this Court in this action.

16 **IT IS FURTHER ORDERED** that Defendants and any other person or entity who may
17 have possession, custody or control of any Property, including any of their agents,
18 representatives, assignees, and employees shall do the following:

19 a. Turn over to the Receiver all documents which constitute or pertain to all
20 licenses, permits or, governmental approvals relating to the Property.

21 b. Turn over to the Receiver all documents which constitute or pertain to insurance
22 policies, whether currently in effect or lapsed which relate to the Property.

23 c. Turn over to the Receiver all contracts, leases and subleases, royalty agreements,
24 licenses, assignments or other agreements of any kind whatsoever, whether currently in effect or
25 lapsed, which relate to any interest in the Property.

26 d. Turn over to the Receiver all documents pertaining to past, present or future
27 construction of any type with respect to all or any part of the Property.
28

1 e. Turn over to the Receiver all rents, dues, reserves and revenues derived from the
2 Property wherever and in whatsoever mode maintained.

3 f. Nothing in the Order shall be intended to, nor shall be construed to, require the
4 Defendants to turn over any documents protected from disclosure by either the attorney-client
5 privilege or the attorney work product privilege.

6 g. Immediately advise the Receiver about the nature and extent of insurance
7 coverage on the Property.

8 h. Immediately name the Receiver as an additional insured on each insurance policy
9 on the Property.

10 i. DO NOT cancel, reduce, or modify the insurance coverage.

11 **IT IS FURTHER ORDERED** that nothing contained herein, nor any powers conferred
12 on the Receiver pursuant to this Order, shall in any manner delegate, confer, empower or grant to
13 the Receiver any interest in the management of the gaming assets of the property, or confer any
14 rights to share in the management or the profit or loss of the casino operations, nor in any
15 manner manage any portion of the Property not specifically included in this order.

16 **IT IS FURTHER ORDERED** that the Receiver shall promptly, if requested to do so,
17 execute any further additional documents reasonably requested by Defendants' lenders or others
18 to confirm that other than as set forth herein, no transference, sale, hypothecation, or other
19 encumbrance has resulted which would create a change in ownership or management of MEI-
20 GSR.

21 DATED this 6 day of Jan, 2015.

22 
23 _____
24 DISTRICT COURT JUDGE

25 Submitted by:

26 /s/ Jarrad C. Miller

27 Jarrad C. Miller, Esq.
28 Attorney for Plaintiffs

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Index of Exhibits

<u>Number</u>	<u>Description</u>	<u>Pages</u>
1	Covenants Codes and Restrictions	111
2	Unit Maintenance Agreements	17
3	Unit Rental Agreements	17

CV12-02222 DC-03900062812-002
ALBERT THOMAS ETAL VS ME 112 Pages
District Court 01/07/2015 10:07 AM
Washoe County 2745
EX1 SMAILSF15

EXHIBIT “1”

EXHIBIT “1”

EXHIBIT “1”

5-5-23 6
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:

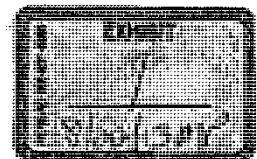
R. Shawn Oliphant, Esq.
Fahrendorf, Vitoria, Oliphant & Oster, LLP
327 California Avenue
Reno, Nevada 89509
(775) 348-9999



(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)



IUO-GSR 002440

PA0474

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>Page</u>
Article 1 DEFINITIONS.....	2
Article 2 UNITS.....	7
2.1 Description and Ownership.....	7
2.2 Certain Structures Not Constituting Part of a Unit.....	9
2.3 Shared Facilities Unit.....	9
2.4 Real Estate Taxes.....	10
Article 3 COMMON ELEMENTS.....	10
3.1 Description.....	10
3.2 Ownership of Common Elements.....	10
Article 4 GENERAL PROVISIONS AS TO UNITS AND COMMON ELEMENTS.....	11
4.1 Submission of Property to the Act.....	11
4.2 No Severance of Ownership.....	11
4.3 Easements.....	11
4.4 Use of the Common Elements and Public Shared Facilities.....	16
4.5 Maintenance, Repairs and Replacements.....	16
4.6 Negligence of Unit Owner.....	20
4.7 Joint Facilities.....	21
4.8 Additions, Alterations or Improvements.....	21
4.9 Cable Television System.....	22
4.10 Street and Utilities Dedication.....	23
4.11 Parking Area.....	23
Article 5 ADMINISTRATION.....	23
5.1 Administration of Association.....	23
5.2 Association.....	23
5.3 Voting Rights.....	24
5.4 Meetings.....	24
5.5 Board of Directors.....	24
5.6 General Powers of the Board.....	26
5.7 Insurance.....	29
5.8 Liability of the Board of Directors and Officers of the Association.....	33
5.9 Resale of Units.....	33
Article 6 COMMON EXPENSES & OTHER CHARGES.....	34
6.1 Preparation of Annual Budget.....	34
6.2 Capital Reserve; Supplemental Budget.....	34
6.3 Initial Budget.....	35
6.4 Failure to Prepare Annual Budget.....	35
6.5 Records of the Association.....	35
6.6 Status of Collected Funds.....	36

DRAFT – SUBJECT TO CHANGE

6.7	User Charges.....	36
6.8	Non-Use and Abandonment.....	37
6.9	Shared Facilities Expenses.....	37
6.10	Hotel Expenses.....	40
Article 7 HOTEL COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY..... 43		
7.1	Covenants and Restrictions as to Use, Occupancy and Maintenance.....	43
Article 8 DAMAGE, DESTRUCTION, CONDEMNATION AND RESTORATION OF BUILDING..... 47		
8.1	Application of Insurance Proceeds.....	47
8.2	Eminent Domain.....	48
8.3	Repair, Restoration or Reconstruction of the Improvements.....	48
Article 9 SALE OF THE PROPERTY..... 48		
9.1	Sale.....	48
Article 10 MISCELLANEOUS PROVISIONS RESPECTING MORTGAGES..... 49		
10.1	Mortgages.....	49
Article 11 ANNEXING ADDITIONAL PROPERTY..... 51		
11.1	Additional Parcel.....	51
11.2	Amendments to Condominium Declaration.....	52
11.3	Determination of Amendments to Percentages of Ownership Interest in the Allocated Interests.....	53
11.4	Determination of Amendments to duties to pay Shared Facilities Expenses and Hotel Expenses.....	54
11.5	Existing Mortgages.....	54
11.6	Binding Effect.....	54
Article 12 TRANSFER OF A UNIT, DECLARANT'S RIGHT OF REPURCHASE..... 56		
12.1	Unrestricted Transfers.....	56
12.2	Declarant's Right of Repurchase.....	56
12.3	Financing of Purchase by Association.....	58
12.4	Miscellaneous.....	58
Article 13 GENERAL PROVISIONS..... 58		
13.1	Manner of Giving Notices.....	58
13.2	Notice to Mortgagees.....	59
13.3	Notices of Estate or Representatives.....	59
13.4	Conveyance and Leases.....	59
13.5	No Waivers.....	59
13.6	Change, Modification or Rescission.....	59
13.7	Partial Invalidity.....	60
13.8	Perpetuities and Other Invalidity.....	60
13.9	Liberal Construction.....	60

DRAFT – SUBJECT TO CHANGE

13.10	Ownership by Land Trustee.....	60
13.11	Special Amendment.....	60
13.12	Assignments by Declarant.....	61
13.13	Intellectual Property Rights.....	61
13.14	Hotel Management Company.....	61
13.15	Dispute Resolution Addendum Agreement, and Agreement to Modify Statutorily Implied Warranties of Quality, to Run with the Land.....	62

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

D-1

3435671v1

IUO-GSR 002444

PA0478

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(c) 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 to 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 hereto). 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 may be, 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.

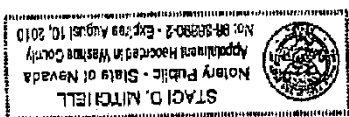
GRAND SIERRA OPERATING CORP., a Nevada Corporation

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.

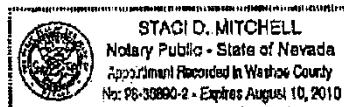
GIVEN under my hand and notarial seal this 6th day of June, 2007:



[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.

IN WITNESS WHEREOF, 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, has caused this Consent of Beneficiary of Deed of Trust to be signed by its duly authorized officer on its behalf, this 13 day of June, 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

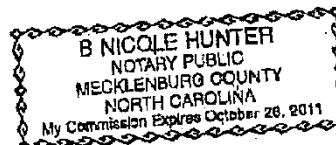
STATE OF NORTH CAROLINA)
) SS
COUNTY OF MECKLENBURG)

On this 7th 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

(Notary Seal)



LEGA1.02/30395809v1

IUO-GSR 002508

PA0542

EXHIBIT A

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

IUO-GSR 002509

PA0543

LEGAL DESCRIPTION OF THE PROPERTY

IUO-GSR 002510

Order No.: 807198

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, N.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°18'47" East along said Southerly right of
way 367.44 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
(1282)

STEWART TITLE
Guaranty Company

IUO-CSR 002511

PA0545

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.S.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. 297928; thence South 89°23'54" East, 51.51 feet;

THENCE North 89°53'06" East, 10.00 feet to the true point of beginning; thence North 0°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°00'00"; thence North 0°06'54" West, 60.00 feet; thence 15.71 feet on the arc of a curve to the left whose tangent bears North 89°53'06" East, having a radius of 10.00 feet and a central angle of 90°00'00"; thence North 0°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°00'00";

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

THENCE 18.55 feet on the arc of a tangent curve to the right, having a radius of 9.72 feet and a central angle of 91°37'19" to a point on the Southerly right of way of Glendale Avenue; thence along said Southerly right of way line North 88°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°15'47" West, having a radius of 10.00 feet and a central angle of 88°22'41"; thence South 0°06'54" East, 361.61 feet; thence South 89°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 2292388 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°53'37" 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°42'28" 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 MCM 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 2332339 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 763946 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 353.44 feet; 2) North $03^{\circ}28'08''$ West, a distance of 425.16 feet; 3) North $01^{\circ}28'55''$ 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 a 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 30.83 feet to a point on the Westerly line of Watson and Meahan 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 Meahan Corporation Property the following three (3) courses and distances: 1) South $00^{\circ}05'56''$ West, a distance of 358.44 feet; 2) South

Continued on next page

Order No. 507198

89°33'34" East, a distance of 348.52 feet; 3) North 00°05'34" East, a distance of 369.53 feet to a point on the southerly right of way line of Glendale Avenue, said point being the Northeast 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. 434453; thence North 88°16'07" East, along the southerly right of way line of Glendale Avenue, a distance of 155.65 feet; thence South 82°12'05" East a distance of 4.24 feet to the Northeast corner of a concrete block wall, thence South 82°12'05" 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 51.31 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 39.95 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°15'10" 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 08°13'13" East, a distance of 158.53 feet; 3) South 27°57'05" East, a distance of 129.07 feet; 4) South 43°18'46" East, a distance of 128.10 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 151.20 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 388.75 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 15.00 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 75°26'03", 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 804.00 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 1099.65 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 25°13'02" 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 708.34 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. 2456502, Official Records.

BASE 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 2456501 is provided pursuant to the requirements of Section 1. NRS 111.312

LEGAL DESCRIPTION OF THE PARCEL

IUO-GSR 002518

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 114.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 320.83 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 114.50 feet; thence South 06°46'36" East a distance of 114.50 feet; thence North 83°13'24" East a distance of 320.83 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:

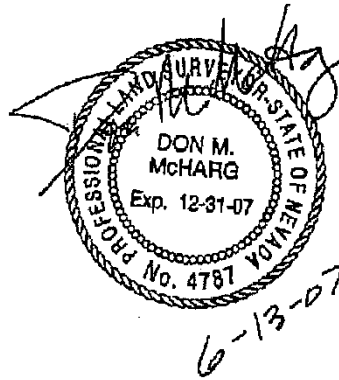
A portion of Parcel B as shown on Tract Map 4760, located between an elevation of 4709.55 and an elevation of 4722.80 within the following described parcel within Section 7, Township 19 North, Range 20 East, M.D.M., Reno, Washoe County, Nevada:

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.

DASIS 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

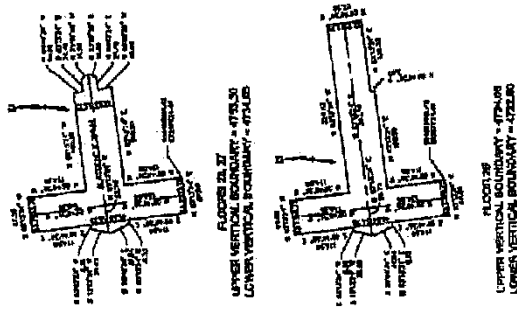
IJO-CSR 002523

PA0557

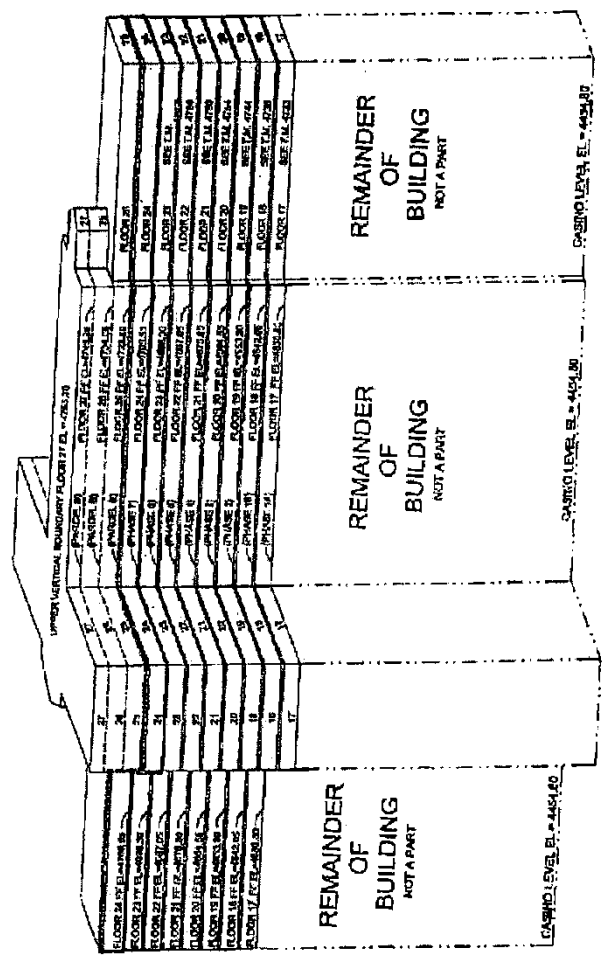
[COPIES OF MAPS TO BE PROVIDED PRIOR TO RECORDING]

IUO-GSR 002524

PA0558



PLAN VIEW OF PARCEL B

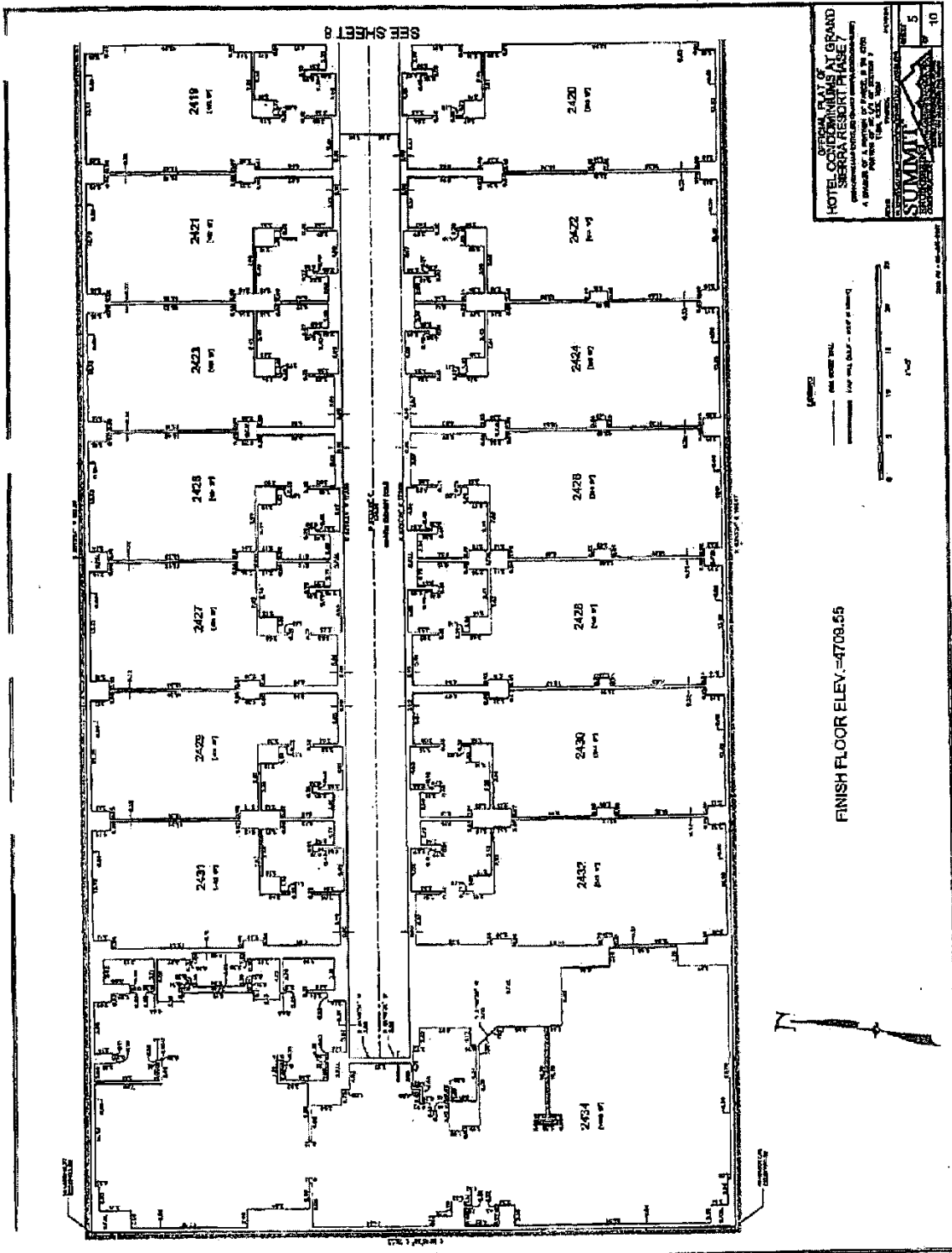


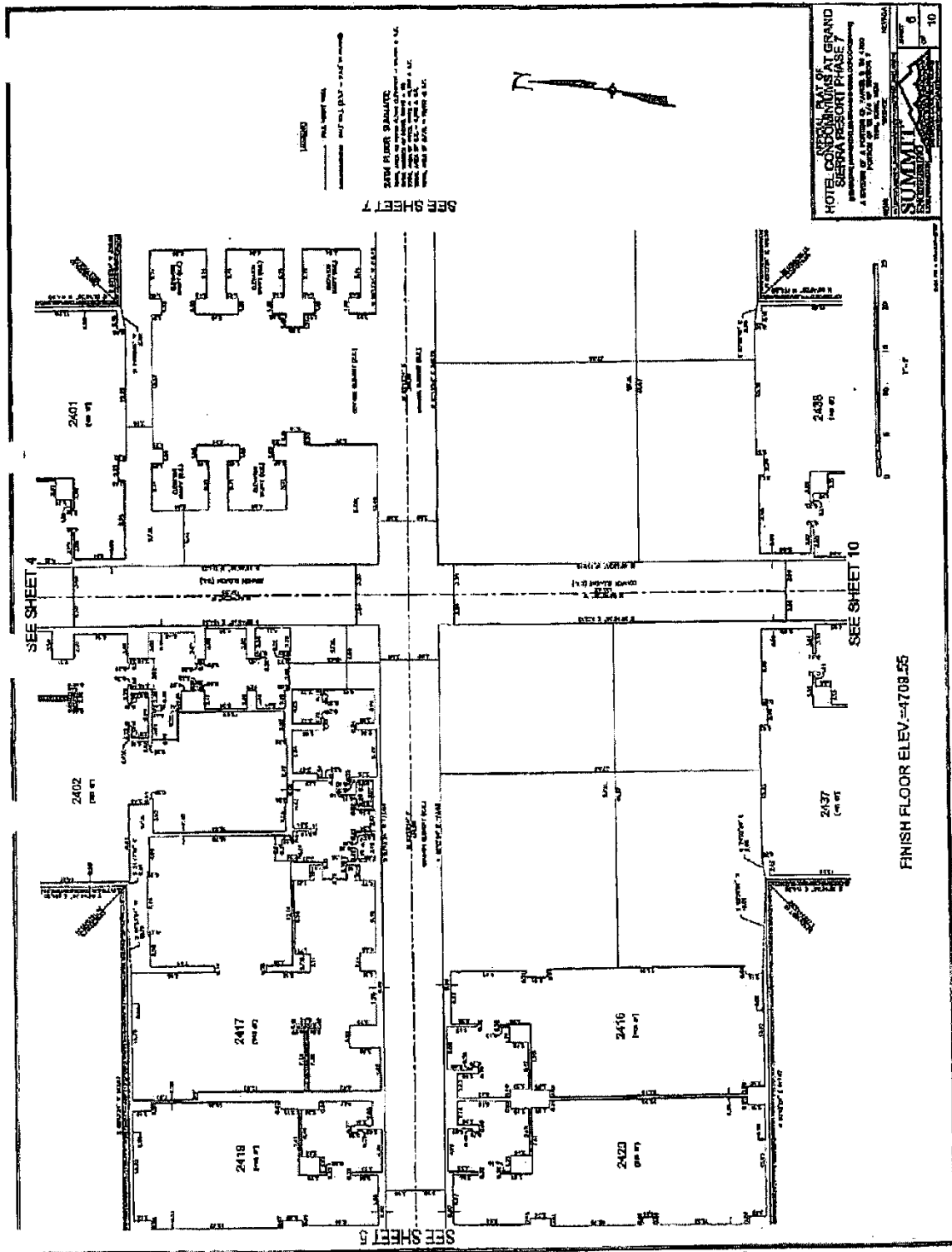
ISOMETRIC VIEW OF BUILDING PARCELS

S.F.U. BETWEEN CEILING AND FINISH FLOOR/ROOF ABOVE (HEIGHT VARIES) - SEE NOTE 5 ON PAGE 2



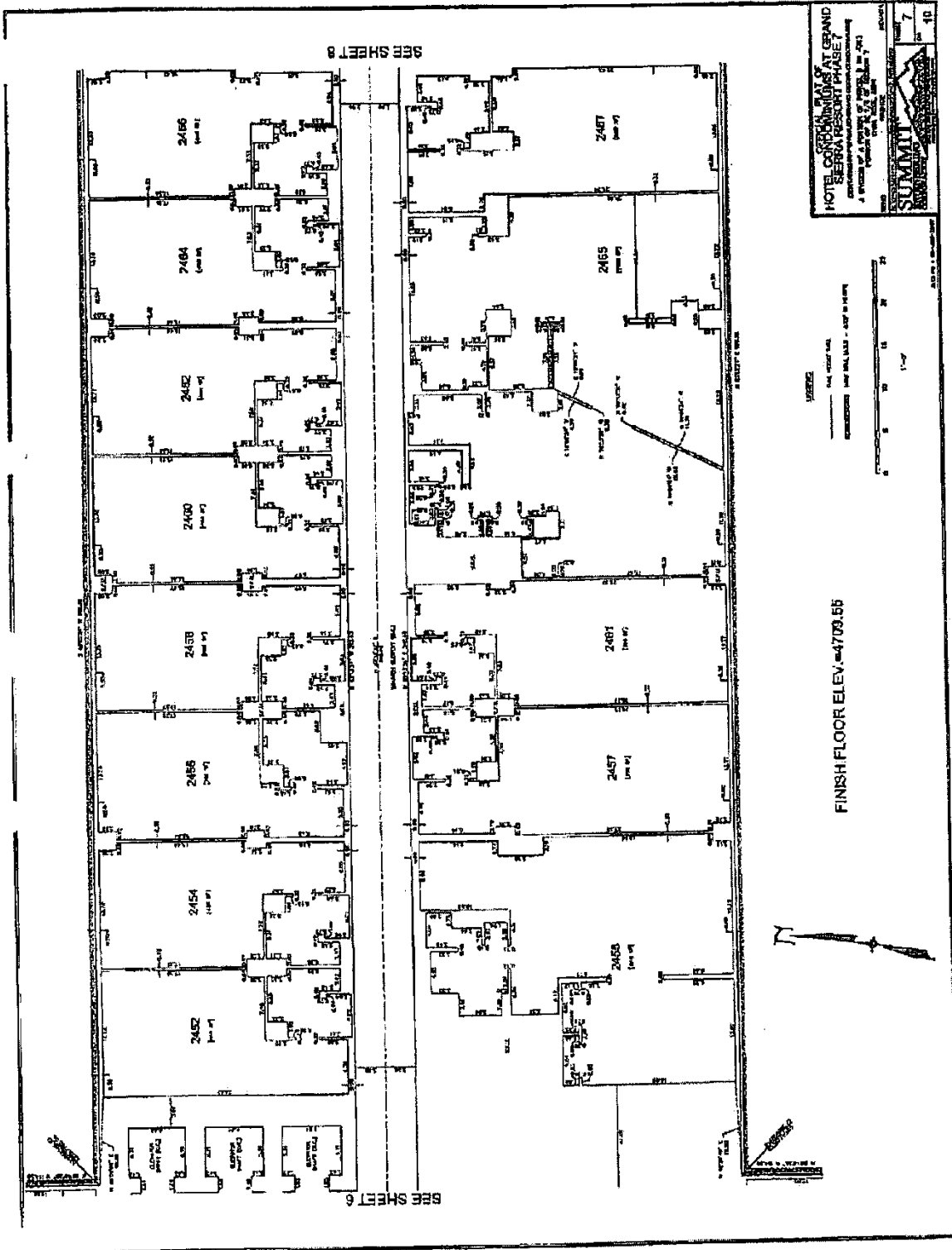
GRAND SUMMIT RESORT
HOTEL CONSTRUCTION AT GRAND SUMMIT RESORT PHASE 1
A PORTION OF A PROJECT OF PHASE 1 OF THE
GRAND SUMMIT RESORT DEVELOPMENT
SHEET NO. 10 OF 10
DATE: 11/11/2011
BY: [Signature]



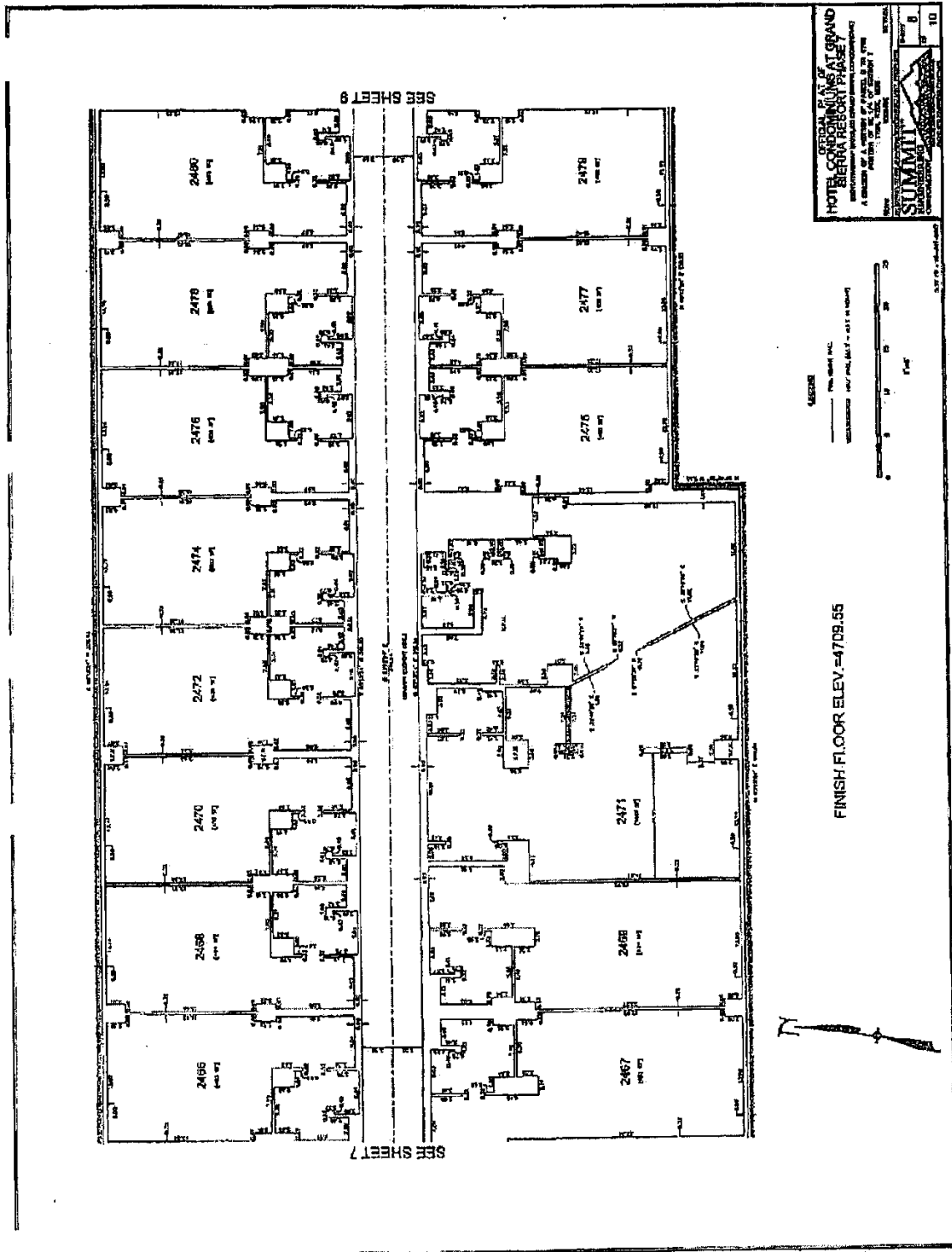


IUO-GSR 002530

PA0564

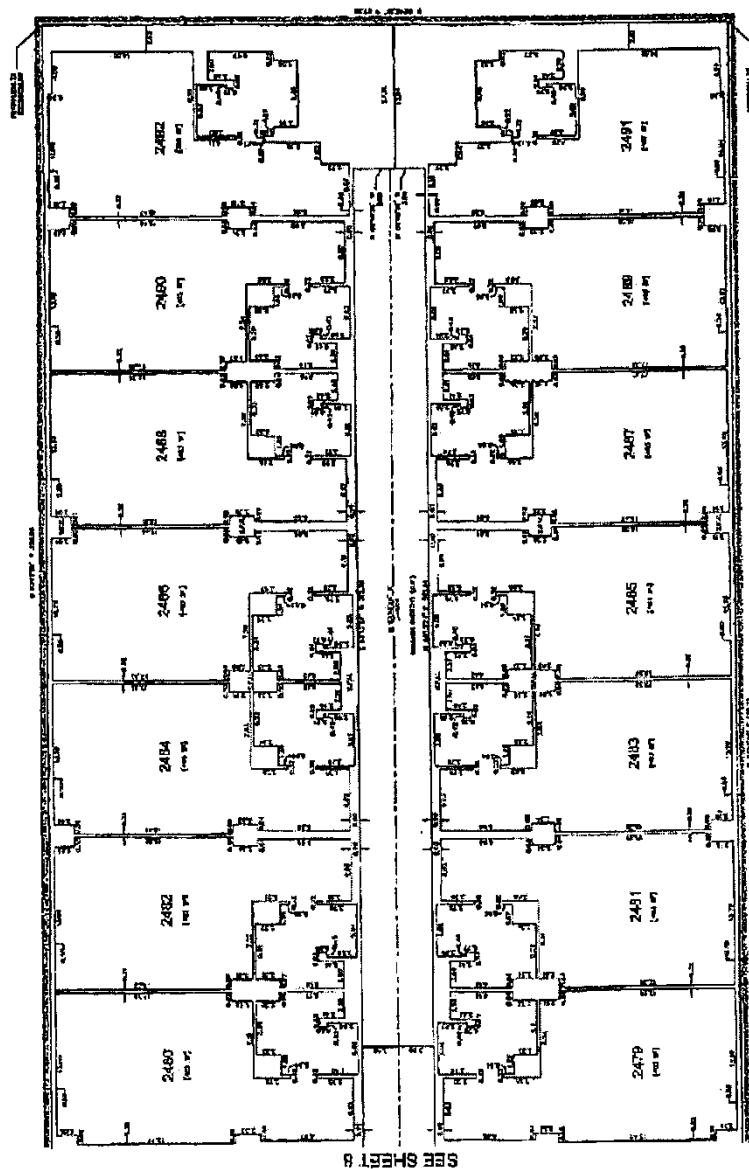


IUO-CSR 002531



IWO-CSR 002532

PA0566



**OPTICAL PLAY OF
HOTEL CONDOMINIUMS AT GRAND**

BIOPHA RESORT PHASE 7

Identification of Variants between Genotypes and Genotypes

**A STRONG & A POWERFUL PAPER, 9 IN 10
PAGES OF 100% OF SOLUBLE?**

WPA, RZA, NEW
... ELONG
... ELONG

638105-9 10-28-97 **10-28-97**

SUMMARY

ENGINEERING
CLASS ACTION
800-368-7244
OF 40

Printed on Recycled Paper

FINISH FLOOR ELEV.=4709.55

IJO-GSR.002533

PA0567

EXHIBIT B

ALLOCATION OF ALLOCATED INTERESTS

IUO-GSR 002535

Hotel-Condominiums at Grand Sierra Resort
Allocation of Allocated Interests - Floors 17, 18, 19, 20, 21, 22, 23 & 24 Only

Unit	Units	Area	Percentage	Value	Percentage
The Imperial Suite	16	1,340	0.394%	21,440	6.305%
The DMD Suite	8	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	0.458%	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 ² (A)	250	427	0.126%	106,750	31.391%
The Grand ² (B)	223	420	0.124%	93,660	27.542%
The Grand ² (C) / The Flat	2	436	0.128%	872	0.256%
The Grand ² (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%

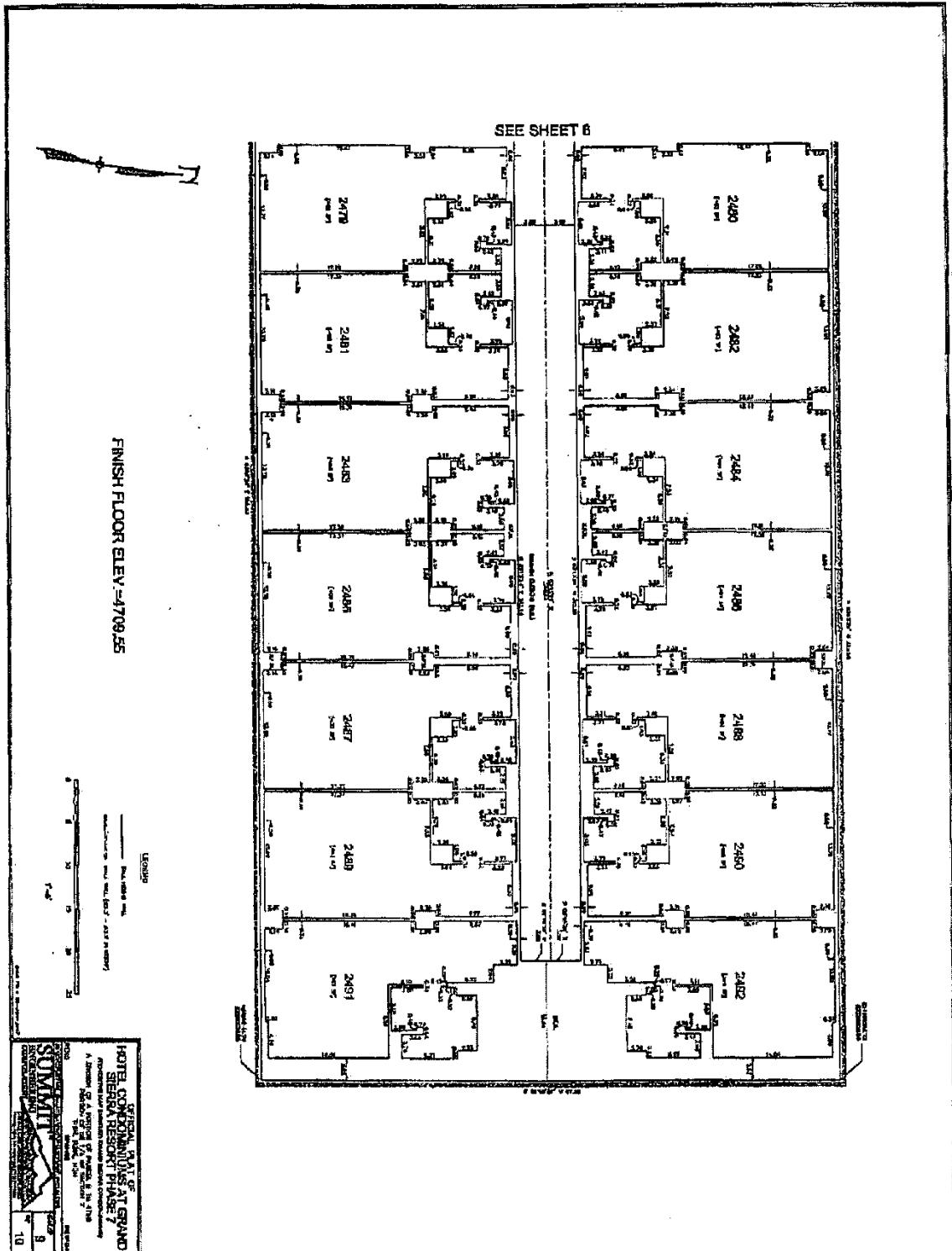
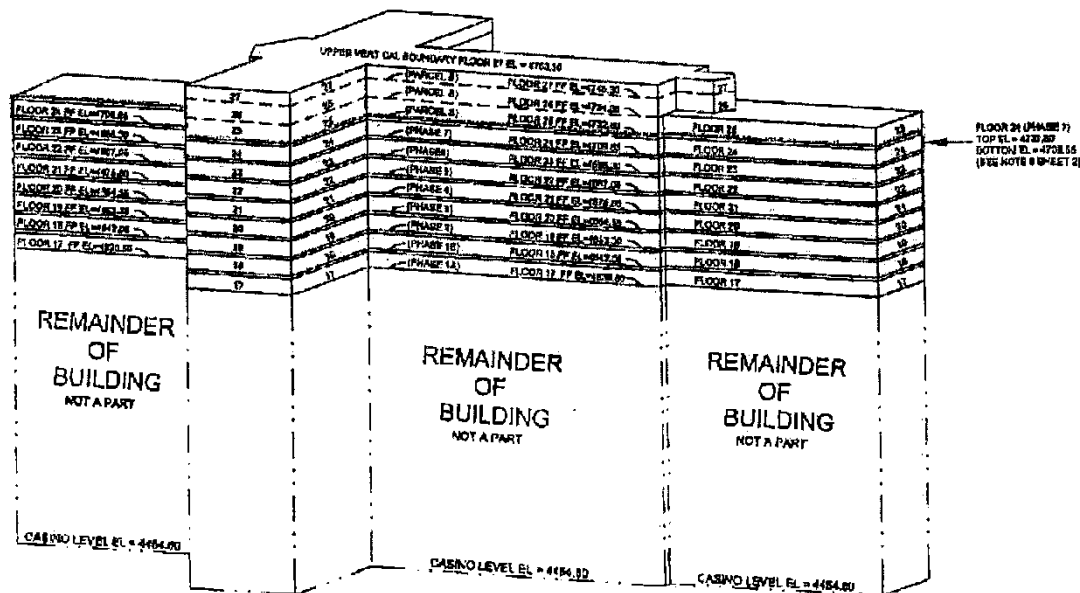


EXHIBIT C

**FUTURE EXPANSION PARCEL MAP
[TO BE PROVIDED PRIOR TO RECORDING]**

IUO-GSR 002539


PA0573

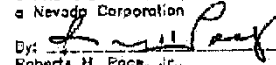


• NOTE


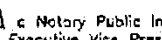
- PARCEL B IS THE FUTURE EXPANSION PARCEL. ANY AND ALL PORTIONS OF THE FUTURE EXPANSION PARCEL NEED NOT BE BUILT.
- ALL PORTIONS OF THE FUTURE EXPANSION PARCEL ARE SUBJECT TO DEVELOPMENTAL RIGHTS AS DESCRIBED IN THE DECLARATION
- ALL REAL ESTATE SHOWN ON THE OFFICIAL PLAT OF HOTEL CONDOMINIUMS AT GRAND SIERRA RESORT PHASE 1A, CONDOMINIUM TRACT MAP #4733, FILED ON THE 15TH DAY OF DECEMBER, 2008, 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: 
Roberto H. Pace, Jr.,
Executive Vice President &
Chief Operating Officer

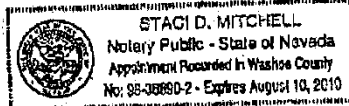
STATE OF NEVADA } SS
COUNTY OF WASHOE }

 a Notary Public in and for the County and State aforesaid, do hereby certify that  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

IUO-CSR 002540

PA0574

EXHIBIT D

ALLOCATION OF SFU AND HOTEL EXPENSES

IUO-GSR 002542

PA0576

Hotel-Condominiums at Grand Sierra Resort
Allocation of SFU and Hotel Expenses - Floors 17, 18, 19, 20, 21, 22, 23 & 24 Only

Unit	Floor	SFU	Hotel Exp	Total Exp	% of Total Exp
The Imperial Suite	18	1,340	0.395%	21,440	6.312%
The DMD Suite	6	2,101	0.619%	12,606	3.712%
The Loft (1)	8	922	0.271%	7,376	2.172%
The Loft (2)	4	1,006	0.296%	4,024	1.185%
The Loft (3)	4	856	0.252%	3,424	1.008%
The Presidential Suite	2	1,552	0.457%	3,104	0.914%
The Grand Suite (A)	64	558	0.164%	35,712	10.515%
The Grand Suite (B)	75	552	0.163%	41,400	12.189%
The Grand ² (A)	250	427	0.126%	106,750	31.430%
The Grand ² (B)	223	420	0.124%	93,660	27.576%
The Grand ² (C) / The Flat	2	436	0.128%	872	0.257%
The Grand ² (D) / The Flat	14	434	0.128%	6,076	1.789%
Delux Parlor Combined	2	1,600	0.471%	3,200	0.942%
	670			339,644	100.000%

EXHIBIT E

LIST OF STRUCTURAL AND UTILITY COMPONENTS

IUO-GSR 002544

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)

EXHIBIT F

FORMULA FOR ALLOCATION OF ALLOCATED INTERESTS

IUO-GSR 002546

Hotel-Condominiums at Grand Sierra Resort
Formula for Allocation of Allocated Interests

Unit	Unit No.	Sq. Ft.	Allocated Interest	Allocated Interest	Allocated Interest
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 ² (A)	320	427	0.101%	136,640	32.261%
The Grand ² (B)	275	420	0.099%	115,500	27.269%
The Grand ² (C)	2	436	0.103%	872	0.206%
The Grand ² (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

IUO-GSR 002548

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

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



WASHOE COUNTY RECORDER

OFFICE OF THE RECORDER
KATHRYN L. BURKE, RECORDER

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

LEGIBILITY NOTICE

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

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


Signature

6-27-07
Date

DON M. McBARRY
Printed Name

CV12-0222 DC-0900062812-003
ALBERT THOMAS ETAL, VS. MEI 18 Pages
District Court 01/07/2015 10:07 AM
Washoe County 2745
FY2
SMAN5FTE

EXHIBIT “2”

EXHIBIT “2”

EXHIBIT “2”

**GRAND SIERRA RESORT
UNIT MAINTENANCE AGREEMENT**

This UNIT MAINTENANCE AGREEMENT ("Agreement") is made and entered into this September 21, 2007 (the "Effective Date") by and between **GRAND SIERRA OPERATING CORP.**, a Nevada corporation, (the "Company") and George Papadimitriou & Melissa Papadimitriou (collectively and jointly and severally referred to in this Agreement as "Owner"), whose address is 9873 Shoup Circle Court, Reno, NV 89521.

Office Phone: 322-5050

Home Phone #: 853-2585

E-Mail Address: MANAGER@GRANDSIERRA.COM

Fax #: 322-6198

Owner's Designate: [Signature]

A. Owner has, concurrently herewith, purchased Hotel Unit # 1027 (the "Unit") in the Hotel-Condominiums at Grand Sierra Resort (the "Hotel"), and desires to receive certain hotel services from the Company with respect to Owner's Unit and Owner's personal use of the Unit.

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

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

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

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

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

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

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

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

201726

1

Owner Initials

Owner Initials [Signature]

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

- (a) **Reservation Services.** Reservation services for scheduling Owner's and Guest's use of the Unit; provided, however, that the Company shall have no responsibility for collecting payment from any rental guests booked either through Owner or Owner's third party rental agent, which shall be the sole responsibility of Owner and/or Owner's third party rental agent unless otherwise agreed to between Owner and the Company under a separate Unit Rental Agreement;
- (b) **Registration Services.** Registration of arrivals and departures by Owner and Guests, including verification of identity, preparation of electronic keys, and verification of arrivals and departures;
- (c) **Switchboard Operations.** Routing of all inbound and outbound telephone calls to Owner's Unit through a central telephone system;
- (d) **Linen and Housekeeping Services.** Linen service and housekeeping service during any period that the Unit is occupied either by Owner or Guests, in accordance with the standards in effect by the Company for the Hotel operations in general.
- (e) **Departure Cleaning.** Upon check-out by Owner or a Guest of the Unit, Departure Cleaning of the Unit, sufficient to return it to a condition ready for rental or occupancy;
- (f) **Additional Housekeeping Services.** Additional housekeeping or cleaning services, as requested by Owner or Guests;
- (g) **Annual Interior Deep Cleaning.** An annual interior deep cleaning of the Unit including, but not limited to, carpet and upholstery steam cleaning, floor waxing, external window washing and other cleaning services as necessary to maintain the Unit in a first-class, occupiable condition suitable for rental;
- (h) **Routine Maintenance Services.** Routine maintenance services which are, in the sole discretion of the Company, necessary to keep the Unit suitable for occupancy and in compliance with the Hotel's first class standards of operation. Such routine maintenance shall include, but not be limited to, tasks that are normally performed by property management and other semi-skilled personnel;
- (i) **Non-Routine Maintenance and Emergency Repairs.** Non-routine and emergency maintenance or repair work as determined necessary in the sole discretion of the Company to keep the Unit suitable for occupancy and in compliance with the first-class operating standards of the Hotel or upon discovery of a condition in the Unit which, in the Company's sole discretion, requires immediate attention.

02/17/06

Owner Initials

Owner Initials

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

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

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

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

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

0.11706

Owner Initials
Owner Initials

[Signature]

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

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

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

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

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

[Handwritten signature]

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

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

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

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

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

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

02/19/08

5

Owner Initials
Owner Initials



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

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

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

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

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

14. **OWNER'S ACKNOWLEDGEMENTS.**

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

251706

6

Owner Initials
Owner Initials

[Signature]

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

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

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

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

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

Owner Initials *[Signature]*
Owner Initials *[Signature]*

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

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

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

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

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

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

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

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

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

§

Owner Initials

Owner Initials

01700

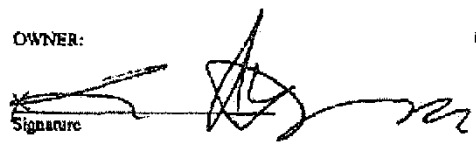
successors and assigns that the conveyance of any interest in the Unit to any other person or entity shall constitute an assumption by such successors, assigns or transferees of all of the duties and obligations arising under this Agreement.

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

GRAND SIERRA RESORT

OWNER:

By: _____
Signature

Signature 

Print Name: _____

Print name: George Vagstad

Title: _____

Signature of Co-Owner (if any)

Print name: Mildred Vagstad

Dated signed: _____

Date signed: 12-14-2007

051706

9

Owner Initials 
Owner Initials RV

SCHEDULE A
PRICE AND FEE SCHEDULE

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

SCHEDULE B

DISPUTE RESOLUTION ADDENDUM AGREEMENT

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

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

OWNER AND GRAND SIERRA AGREE THAT:

This addendum, when duly executed by both parties, will constitute a part of the

"Unit Maintenance Agreement" dated 12/1/88 between

George Vagushchyi & Melissa Vagushchyi referred to as "Owner," and Grand

Sierra Operating Corp., referred to as "Grand Sierra," covering Unit number 1822

located within the Hotel at 2500 East Second Street, Reno, Washoe County, Nevada.

1. DEFINITIONS

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

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

B-1

Grand Sierra Initials _____

Owner Initials AV

Owner Initials AV

121006

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

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

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

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

Grand Sierra Initials _____

B-2

Owner Initials _____

Owner Initials _____

25/10/18

II. SUBMISSION OF DISPUTES TO ARBITRATION

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

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

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

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

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

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

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

B-3

Grand Sierra Initials _____

Owner Initials JS
Owner Initials JS

05/02/02

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

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

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

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

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

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

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

Grand Sierra Initials _____

B-4

Owner Initials _____

Owner Initials _____

B-1004

III. LIMITATION OF AWARD AND LIABILITY

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

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

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

Grand Sierra Initials _____

B-5

Owner Initials _____
Owner Initials _____

651806

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

IV. MISCELLANEOUS

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

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

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

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

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

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

Grand Sierra Initials _____

B-6

Owner Initials _____

Owner Initials _____

PT 1802

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

GRAND SIERRA RESORT

OWNER:

By: _____

Signature

Signature

Print Name: _____

Print name: George Vagstad

Title: _____

Signature of Co-Owner (if any)

Print name: Melissa Vagstad

Dated signed: _____

Date signed: 11/14/2014

Grand Sierra Initials _____

B-7

Owner Initials

Owner Initials

051006

CV12-02222 DC-0900062812-004
ALBERT THOMAS ETAL. VS. MEI 18 Pages
District Court 01/07/2015 10:07 AM
Washoe County 2745
EXA CMONSETF

EXHIBIT “3”

EXHIBIT “3”

EXHIBIT “3”

**GRAND SIERRA RESORT
UNIT RENTAL AGREEMENT**

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

Home Phone #: (925) 686-2830

Office Phone: _____

Fax #: _____

E-Mail Address: kaplan.tim@yahoo.com Owner's Designate: _____

A. Owner wishes to participate in the Company's voluntary rental program to offer Owner's Hotel Unit #187 (the "Unit") in the Grand Sierra Hotel & Resort (the "Hotel") for rental under the terms and conditions set forth in this Agreement.

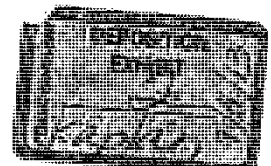
B. The Company plans to advertise and promote the rental of all rooms and suites in the Hotel (sometimes referred to collectively herein as "Hotel Units"), including those owned by individual owners of Hotel Units and those owned by the Company.

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

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

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

- (a) "Association" means the GRAND SIERRA RESORT UNIT OWNERS' ASSOCIATION.
- (b) "Association Management Agreement" means the Association Management Agreement that has been or will be entered into between the Company, as initial owner of Units, and the Association Manager, pursuant to which Association Manager will manage the Association.
- (c) "Association Manager" means the entity engaged by the company to manage the Association.



- (d) **"Blackout Dates"** means the dates established annually by the Company in accordance with Section 10(c) hereof which will not be available for Owner use of the Unit in order that the Company may book group business on those dates.
- (e) **"CC&Rs"** means the Covenants, Conditions, Restrictions and Reservations of Easements for the Hotel-Condominiums at Grand Sierra Resort, as may be amended from time to time.
- (f) **"Daily Use Fees"** means the Daily Use Fees for unit maintenance services provided by the Company under the Unit Maintenance Agreement (other than the Annual Interior Deep Cleaning charge).
- (g) **"FF&E Reserve"** means the reserve for periodic replacement of furniture, fixtures and equipment, as provided for in the Unit Maintenance Agreement.
- (h) **"Furnishings Package"** means the furnishing, furniture, accessories, appliances, curtains, carpeting, wall coverings, kitchen, bath and bedding items and such other personal property initially purchased with the Unit from the Company, including, without limitation, linens, bedding and bath accessories.
- (i) **"Guest"** means any person or persons who rents the Unit from the Company, including complimentary Guests, but excluding Owner, Owner's immediate family and other non-paying guests of Owner.
- (j) **"Hotel Management Agreement"** means the agreement, if any, between the Company and any Manager engaged by the Company to act as manager of the Hotel. If the Company manages the Hotel directly, there will be no Hotel Management Agreement.
- (k) **"Hotel Expenses"** means the expenses charged to Owner for certain Hotel costs, as described in the CC&Rs.
- (l) **"Hotel Services"** means the services provided by the Company in connection with the operation, maintenance, repair and renovation of the Unit under the Unit Maintenance Agreement.
- (m) **"Marketing Services"** means the brand and marketing services provided to the Hotel by the Company, such as marketing, reservations, guest frequency programs and related accounting services.

- (n) **"Net Room Revenue"** means all revenue derived from the rental of the Unit (but not including food and beverage, in-room entertainment, parking, telephone, internet rental, spa revenue, retail space revenue, parking revenue or other incidental revenue sources of the Hotel or any state, local or other taxes paid by any guest in the Unit in respect of his or her occupancy), less the actual cost of commissions and/or other charges paid to third party travel arrangers (including travel agents, wholesalers, membership associations, online booking arrangers, global distribution or other central reservations services providers, and the like) as well as credit card adjustments, uncollected accounts receivable and walked guest expenses.
- (o) **"Non-Routine Maintenance and Emergency Repairs Charges"** means the charges made by the Company for non-routine maintenance and emergency repairs to the Unit, in the amounts provided for in the Unit Maintenance Agreement.
- (p) **"Owner"** means the owner of the Unit identified in the introductory paragraph of this Agreement and his or her immediate family, and any other guests of Owner whose reservation is made by Owner pursuant to Section 10.
- (q) **"Rotation System"** means the unit management system used by the Company in order to ensure that in a manner determined in the Company's sole discretion, all of the Rental Units are fairly and equitably offered for rental. The Company may divide the Units into different groups based on factors such as size, location and rental rate.
- (r) **"Shared Facilities Expenses"** means the expenses charged to Owner for the Shared Facilities Unit, as described in the CC&Rs.
- (s) **"Unit"** means the Unit identified in Recitals.
- (t) **"Unit Maintenance Agreement"** means that certain agreement between the Company and Owner executed and delivered at the time of the purchase by Owner of the Unit with respect to certain Hotel Services and the payment of expenses incurred in the provision of such services, all as described therein.
- (u) **"Units"** means all of the hotel condominium units at the Hotel for which the Company serves as the exclusive rental agent.

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

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

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

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

- (a) **Short Term Rentals.** The Company agrees that it will offer the Unit for rent on any days not reserved by Owner on the Owner Usage Calendar. All rentals will be on a short-term basis, and the Unit shall not be rented to any one Rental Guest for a period of 28 or more days. Accordingly, all rentals shall be subject to transient occupancy taxes.
- (b) **Rental Rates.** The Company has the exclusive right to establish and adjust, from time to time, the rental rates for the Unit without notice to Owner, and to rent the Unit for the rates that it considers appropriate, in its discretion, based upon occupancy levels, seasonal demand, changes in operating costs, rates of competitive properties, and other prevailing market conditions.
- (c) **Rotation System.** During the term of this Agreement, Owner acknowledges that the Company intends to rent the Unit to Guests on a

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

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

5. MAINTENANCE AND CLEANING OF UNIT.

- (a) Unit Maintenance Standards. Throughout the term of this Agreement, Owner shall cause the Unit to be maintained, repaired and cleaned to a standard consistent with the other accommodations offered by the Company in the Hotel pursuant to the Unit Maintenance Agreement. The Company may refuse to rent the Unit if, in the Company's sole discretion, the Unit is not being maintained in a condition consistent with the accommodations offered by the Company in the Hotel. Owner shall be responsible for all costs associated with the maintenance, repair and cleaning of the Unit, in accordance with the terms of the Unit Maintenance Agreement.
- (b) Linen and Housekeeping. The Company shall provide linen service and housekeeping service for all Guests of the Unit commensurate with levels of service in comparable condominium-hotel lodging establishments.
- (c) Damage to Unit. Owner understands and agrees that as a result of rentals, damage to the Unit and its contents may occur, inadvertently or otherwise. The Company shall take reasonable steps to insure that Guests leave the Unit in the same condition as received, normal wear and tear excepted. In the event of damage, breakage or theft by Guests, the Company shall take reasonable steps to see that the Guests responsible restore the breakage or damage as necessary, in a timely manner. If the Company is unable to obtain restitution from the Guest, the Company may file a claim with the Hotel's property insurer on behalf of Owner or repair the damage and charge the cost of the repair to Shared Facilities Expenses. Owner will be responsible for the insurance deductible amount on the Association's or the Company's property insurance covering the damage to the Unit, unless

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

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

7. **FURNISHING, EQUIPPING, REFURBISHING AND UPGRADES.**

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

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

8. **UNIT RENTAL.** The Company and Owner agree to the following:
- (a) **Rotation System.** The Company will establish the Rotation System for the purpose of renting all units in the Hotel on a rotating and equal basis. Owner acknowledges, however, that there can be no guarantee that either operation of the rotation system or hotel guest preference will not result in the Company's hotel rooms, or the units of other owners, being rented more often than Owner's Unit. Owner hereby waives any claim Owner may have for injury or damage under this Agreement arising from the rental of hotel rooms or units of other owners under the Rotation System.
 - (b) **Discount Rates.** The Company shall have the right, in its sole and absolute discretion, to grant Guests a discount of up to 100% of the daily gross rent in the event any repairs of the Unit are required during the period of occupancy or for other guest satisfaction issues. The Company shall also have the right, in its sole discretion, to transfer the Guest renting the Unit to another Unit in the event the rebate is unacceptable to the Guest; provided that Owner shall be paid a pro rata portion of any rent received by the Company for the period in which Guest occupied the Unit.
 - (c) **Forfeited Deposits.** All reservation deposits that are forfeited and captured, and all other related cancellation charges pursuant to the Company's cancellation policy shall be allocated first to any Daily Use Fees that apply to the Unit and then shared between Owner and the Company in the percentages provided in Section 9(b) hereof.
 - (d) **Confirmed Reservations Valid Upon Termination.** Termination of this Agreement for any reason shall not cancel any confirmed reservations for the Unit, and the reservations, if not actually transferred by the Company to another Unit, shall remain binding upon, Owner, Owner's heirs, executors, legal representatives and assigns after termination of this Agreement. In the event of a termination, the Company is entitled to any commissions, fees earned and/or expenses due as a result of the reservation made or for the Marketing Services provided during the term of this Agreement.
 - (e) **Reservations.** All reservations, including Owner referrals, must be made through the Company so that they may be coordinated with other confirmed reservations. Owner shall schedule personal use of the Unit with the Company in accordance with Section 10(a) and will register with the Company upon Owner's arrival. No notice of reservations secured by the Company for Guests will be provided to Owner, except by specific request. Owner will not be able to occupy, use or enter the Unit during periods of time when the Unit has been rented, and will not be able to schedule occupancy of the Unit during periods of time when the Unit has

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

- (f) Photographs of Unit. Owner shall allow the Company to photograph the interior and/or exterior of the Unit for marketing purposes. Such photographs shall be the sole property of the Company and may be used for marketing purposes.
- (g) Changes in Rules. The rules set forth in this Section may, at the discretion of the Company, be modified so long as reasonable notice of such changes is provided to Owner.

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

- (a) Monthly Profit and Loss. The Company will maintain a separate profit and loss statement for the Unit on a monthly and annually basis. The monthly and annual statements shall include calculation of Net Room Revenue, the Daily Use Fees, the amount of Rent, and any deductions from the Rent to pay amounts owed by Owner under this Agreement or under the Unit Maintenance Agreement and CC&Rs.
- (b) Calculation of Rent. Within fifteen (15) days following the end of each calendar month during the term, the Company shall calculate rent to be paid to Owner for the prior month by:
 - i) Calculating Net Room Revenue;
 - ii) Deducting therefrom the Daily Use Fees for each night that a Guest uses the Unit;
 - iii) To the extent that there shall be a balance of Net Room Revenue available after the foregoing deductions, it shall be allocated fifty percent (50%) to the Company and fifty percent (50%) to Owner as rent ("Rent").
- (c) Payment of Rent to Owner. The Owner's Rent, less the amounts payable by the Owner under the CC&Rs for Association assessments and assessments for Shared Facilities Expenses and Hotel Expenses, and under the Unit Maintenance Agreement for the FF&E Reserve and the Annual Interior Deep Cleaning charge and all transient rental taxes, and any Non-Routine Maintenance and Emergency Repairs Charges, shall be paid to Owner, except as otherwise provided in this Agreement, by check on or before the twentieth (20th) day of the month following the month for which rent is being paid. To the extent that the amount of Owner's Rent

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

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

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

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

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

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

- (c) Owner Use on Non-Calendar Dates. Notwithstanding the reservation requirements in Section 10(a), if Owner desires to personally use the Unit on a date other than as set forth on the Owner Usage Calendar, Owner shall notify Manager of the desire to personally use the Unit. If Manager has not received a tentative or confirmed reservation for the Unit on the dates requested by Owner, Manager shall make every reasonable effort to accommodate such a request. If Manager has received a tentative or confirmed reservation for use of the Unit, Manager may deny such request and Owner shall have no right to personally use the Unit. Manager is under no obligation to inform Owner of any changes in availability based on cancellations, no-shows, change in dates, reduced blocks for group reservations, or any other similar circumstances.
- (d) Blackout Dates. The Company shall have the right to establish, by annual written notice to Owner, up to twelve (12) dates per year that shall not be available for Owner usage of the Unit ("Blackout Dates"). Owner acknowledges that these Blackout Dates are necessary in order for the Company to book certain large convention and group business, and that these dates will vary from year to year. By December 1 of each year, the Company will provide notice to Owner of the Blackout Dates for the 12 month period beginning February 1 of each year. The Company agrees that Blackout Dates shall not include any of the following days: Christmas, New Year's, Memorial Day, July 4th, Labor Day, or any of the days designated by the City of Reno for the annual events known as "Hot August Nights," "National Air Races," or "Street Vibrations."
- (e) Registration, Check-in and Check-out Policies. Owner shall register at the front desk of the Hotel in order to receive a key to Owner's Unit. Owner and his or her personal guests shall: (i) comply with any applicable arrival/departure requirements established by Manager for use of the Unit during holidays, special events, and peak occupancy periods; and (ii) comply with any established check-in and check-out procedures and times. Owner shall not enter the Unit, nor use any common areas appurtenant to the Unit, nor permit any person, whether family member, repairman, or Owner's non-rental guest to do so, other than during previously reserved dates of occupancy by Owner, without prior notification to, approval of, and coordination with Manager.
- (f) Hotel Services. For any day that Owner or Guests use the Unit, the Company will provide its standard daily housekeeping and cleaning service and supply the standard hotel amenities (such as soap, shampoo, coffee, etc), pursuant to the terms of the Unit Maintenance Agreement.
- (g) Credit Card Authorization. In order to assure Owner's timely payment of funds, Owner agrees to maintain a valid credit card authorization on file

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

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

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

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

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

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

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

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

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

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

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

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

19. OWNER'S ACKNOWLEDGEMENTS.

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

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

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

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

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

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

- (b) Entire Agreement; Amendments. The parties hereto agree and acknowledge that this Agreement, together with the Unit Maintenance Agreement, constitutes the entire Agreement between the parties with respect to the rental of the Unit, and there are no oral or written amendments, modifications, other agreements or representations. The Company may, no more frequently than once each year, upon at least sixty (60) days prior written notice to Owner, modify the services to be provided by the Company and/or adjust the charges payable for services provided for herein to reflect additions or changes in services provided by the Company generally to all Hotel guests, and to reflect actual changes in the cost of providing services by the Company generally to all Hotel guests; provided that the Company shall not increase the charges to Owner by more than seven percent (7%) per year without Owner's written consent. Except for this annual adjustment to services and charges, this Agreement may not be amended, supplemented, terminated or modified except with the prior written agreement of Owner and the Company.
- (c) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Nevada, without giving application to principles of conflicts of laws which shall control all matters relating to the execution, validity and enforcement of this Agreement.
- (d) Alternative Dispute Resolution. The parties agree that any disputes arising out of or relating to this Agreement shall be resolved in accordance with the Dispute Resolution Addendum Agreement attached to the Unit Maintenance Agreement as SCHEDULE B, and that all references to the Unit Maintenance Agreement in the Dispute Resolution Addendum Agreement shall be deemed to refer to this Agreement for purposes of the resolution of disputes arising out of or with respect to this Agreement.
- (e) Authority of Single Owner. Recognizing the fact that there may be several Owners of a single Unit, it is hereby agreed that Owner's designate, as listed on the front page of this Agreement, shall have the authority to issue any and all instructions to the Company, and the Company shall act in reliance thereon.
- (f) Severability. If any clause or provision of this Agreement shall be held invalid or void for any reason, such invalid or void clause or provision shall not affect the whole of this Agreement and the balance of the provisions of this Agreement shall remain in full force and effect.
- (g) Notices. Any notice or demand required under this Agreement or by law shall be in writing and shall be deemed effective upon receipt if sent by personal delivery, upon one (1) business day if sent by express overnight delivery with a nationally recognized courier service (such as Federal Express) or three (3) business days after having been sent by US mail,

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

- (h) Authorization. Owner represents and warrants to the Company that Owner has the full authority to enter into this Agreement, and that there is no other party with an interest in the Unit whose joinder in this Agreement is necessary.
- (i) Time of the Essence. For all purposes of this Agreement it shall be understood that time is of the essence.

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

GRAND SIERRA OPERATING CORP.

OWNER:

By:

Signature

Signature

Print Name:

DEQUAS REMINGTON

Print name:

TIMOTHY D. KAPLAN

Title:

Dir - Cust. - Serv.

Signature of Co-Owner (if any)

Print Name:

Print name:

Dated signed:

Signed and delivered in the presence of:

Witness:

[type: Name of Witness]

Witness:

[type: Name of Witness]

Date signed:

2/5/07

Smoking / Non-smoking Unit Designation:

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

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

1 CODE: 2540
Jarrad C. Miller, Esq. (NV Bar No. 7093)
2 Jonathan J. Tew, Esq. (NV Bar No. 11874)
Robertson, Johnson, Miller & Williamson
3 50 West Liberty Street, Suite 600
Reno, Nevada 89501
4 Telephone: (775) 329-5600
Attorneys for Plaintiffs
5
6

7 **SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
8 **IN AND FOR THE COUNTY OF WASHOE**
9

10 ALBERT THOMAS, individually; *et al.*,
11 Plaintiffs,
12 vs.

Case No. CV12-02222
Dept. No. 10

13 MEI-GSR Holdings, LLC, a Nevada Limited
Liability Company, GRAND SIERRA
14 RESORT UNIT OWNERS' ASSOCIATION,
a Nevada nonprofit corporation, GAGE
15 VILLAGE COMMERCIAL
DEVELOPMENT, LLC, a Nevada Limited
16 Liability Company and DOE DEFENDANTS
1 THROUGH 10, inclusive,
17 Defendants.
18

19 **NOTICE OF ENTRY OF ORDER**
20

21 **PLEASE TAKE NOTICE** that on January 7, 2015, the Court issued an Order
22 Appointing Receiver and Directing Defendants' Compliance ("Order Appointing Receiver"). A
23 copy of the Order Appointing Receiver *without exhibits* is attached hereto as Exhibit "1" and
24 made a part hereof by reference.

25 //

26 //

27 //

28 //

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

AFFIRMATION

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

Dated this 7th day of January, 2015.

ROBERTSON, JOHNSON,
MILLER & WILLIAMSON

By: /s/ Jarrad C. Miller
Jarrad C. Miller, Esq.
Jonathan J. Tew, Esq.
Attorneys for Plaintiff

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 7th day of January, 2015, I
5 electronically filed the foregoing **NOTICE OF ENTRY OF ORDER [without Exhibit Nos. 1,**
6 **2 and 3 to the Order Appointing Receiver]** with the Clerk of the Court by using the ECF
7 system which served the following parties electronically:

8 H. Stan Johnson, Esq.
9 Steven B. Cohen, Esq.
10 Cohen-Johnson, LLC
11 255 E. Warm Springs Road, Suite 100
12 Las Vegas, NV 89119
13 Facsimile: (702) 823-3400
14 Email: sjohnson@cohenjohnson.com
15 *Attorneys for Defendants*

Mark Wray, Esq.
The Law Offices of Mark Wray
608 Lander Street
Reno, NV 89509
Facsimile: (775) 348-8351
Email: mwray@markwraylaw.com
Attorneys for Defendants

13 I further certify that on the 7th day of January, 2015, I caused to be hand delivered, a true
14 and correct copy of the foregoing **NOTICE OF ENTRY OF ORDER [including Exhibit Nos.**
15 **1, 2 and 3 to the Order Appointing Receiver]**, addressed to the following:

16 Mark Wray, Esq.
17 The Law Offices of Mark Wray
18 608 Lander Street
19 Reno, NV 89509
20 Facsimile: (775) 348-8351
21 Email: mwray@markwraylaw.com
22 *Attorneys for Defendants*

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

INDEX OF EXHIBITS

<u>Ex.</u>	<u>Description</u>	<u>Pgs.</u>
1.	Order Appointing Receiver and Directing Defendants' Compliance [without exhibits]	10

EXHIBIT “1”

EXHIBIT “1”

EXHIBIT “1”

CV12-02222
DC-09900062812-001
ALBERT THOMAS ETAL. VS. MEI 10 Pages
District Court 01/07/2015 10:07 AM
Washoe County
nmr
2745
SMONGEY

1 CODE: 3245
2 Jarrad C. Miller, Esq. (NV Bar No. 7093)
3 Jonathan J. Tew, Esq. (NV Bar No. 11874)
4 Robertson, Johnson, Miller & Williamson
5 50 West Liberty Street, Suite 600
6 Reno, Nevada 89501
7 (775) 329-5600
8 Attorneys for Plaintiffs

FILED

JAN - 7 2015

JACQUELINE BRYANT, CLERK
By: *[Signature]*
DEPUTY CLERK

9
10
11 **SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
12 **IN AND FOR THE COUNTY OF WASHOE**
13

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

15 Plaintiffs,

16 vs.

Case No. CV12-02222
Dept. No. 10

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

25 Defendants.

26 **ORDER APPOINTING RECEIVER AND DIRECTING DEFENDANTS' COMPLIANCE**

27 This Court having examined Plaintiffs' Motion for Appointment of Receiver ("Motion"),
28 the related opposition and reply, and with *good* cause appearing finds that Plaintiffs have
submitted the credentials of a candidate to be appointed as Receiver of the assets, properties.
books and records, and other items of Defendants as defined herein below and have advised the
Court that this candidate is prepared to assume this responsibility if so ordered by the Court.

IT IS HEREBY ORDERED that, pursuant to this Court's October 3, 2014 Order, and
N.R.S. § 32.010(1), (3) and (6), effective as of the date of this Order, James S. Proctor, CPA,
CFE, CVA and CFF ("Receiver") shall be and is hereby appointed Receiver over Defendant
Grand Sierra Resort Unit Owners' Association, A Nevada Non-Profit Corporation ("GSRUOA").

The Receiver is appointed for the purpose of implementing compliance, among all
condominium units, including units owned by any Defendant in this action (collectively, "the

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

Property”), with the Covenants Codes and Restrictions recorded against the condominium units, the Unit Maintenance Agreements and the original Unit Rental Agreements (“Governing Documents”). (See, Exhibits 1, 2 and 3.)

The Receiver is charged with accounting for all income and expenses associated with the compliance with the Governing Documents from forty-five (45) days from the date of entry of this Order until discharged.

All funds collected and/or exchanged under the Governing Documents, including those collected from Defendants, shall be distributed, utilized, or, held as reserves in accordance with the Governing Documents.

IT IS FURTHER ORDERED that the Receiver shall conduct itself as a neutral agent, of this court and not as an agent of any party.

IT IS FURTHER ORDERED that the Receiver is appointed without the need of filing or posting of a bond.

IT IS FURTHER ORDERED that Defendants MEI-GSR Holdings, LLC and Gage Village Commercial shall cooperate with the Receiver in accomplishing the terms described in this Order.

IT IS FURTHER ORDERED that, to enforce compliance with the Governing Documents the Receiver shall have the following powers, and responsibilities, and shall be authorized and empowered to:

1. General

a. To review and/or take control of:

i. all the records, correspondence, insurance policies, books and accounts of or relating to the Property which refer to the Property, any ongoing construction and improvements on the Property, the rent or liabilities pertaining to the Property.

ii. all office equipment used by Defendants in connection with development; improvement, leasing, sales, marketing and/or conveyance of the Property and the buildings thereon; including all computer equipment, all software programs and

1 passwords, and any other information, data, equipment or items necessary for the
2 operations with respect to the Property, whether in the possession and control of
3 Defendants or its principals, agents, servants or employees; provided, however
4 that such books, records, and office equipment shall be made available for the use
5 of the agents, servants and employees of Defendants in the normal course of the
6 performance of their duties not involving the Property.

7 iii. all deposits relating to the Property, regardless of when received, together
8 with all books, records, deposit books, checks and checkbooks, together with
9 names, addresses, contact names, telephone and facsimile numbers where any and
10 all deposits are held, plus all account numbers.

11 iv. all accounting records, accounting software, computers, laptops,
12 passwords, books of account, general ledgers, accounts receivable records,
13 accounts payable records, cash receipts records, checkbooks, accounts, passbooks,
14 and all other accounting documents relating, to the Property.

15 v. all accounts receivable, payments, rents, including all statements and
16 records of deposits, advances, and prepaid contracts or rents, if applicable,
17 including, any deposits with utilities and/or government entities relating to the
18 Property.

19 vi. all insurance policies relating to the Property.

20 vii. all documents relating to repairs of the Property, including all estimated
21 costs or repair.

22 viii. documents reasonably requested by Receiver.

23 b. To use or collect:

24 i. The Receiver may use any federal taxpayer identification number relating
25 to the Property for any lawful purpose.

26 ii. The Receiver is authorized and directed to collect and; open all mail of
27 GSRUOA relating to the Property.
28

1 c. The Receiver shall not become personally liable for environmental contamination
2 or health and safety violations.

3 d. The Receiver is an officer and master of the Court and, is entitled to effectuate the
4 Receiver's duties conferred by this Order, including the authority to communicate *ex parte* on the
5 record with the Court when in the opinion of the Receiver, emergency judicial action is
6 necessary.

7 e. All persons and entities owing, any money to GSRUOA directly or indirectly
8 relating to the Property shall pay the same directly to the Receiver. Without limiting the
9 generality of the foregoing; upon presentation of a conformed copy of this order, any financial
10 institution holding deposit accounts, funds or property of GSRUOA turnover to the Receiver
11 such funds at the request of the Receiver.

12 **2. Employment**

13 To hire, employ, and retain attorneys, certified public accountants; investigators, security
14 guards, consultants, property management companies, brokers, appraisers, title companies,
15 licensed construction control companies, and any other personnel or employees which the
16 Receiver deems necessary to assist it in the discharge of his duties.

17 **3. Insurance**

18 a. To maintain adequate insurance for the Property to the same extent and, in the
19 same manner as, it has heretofore been insured, or as in the judgment of the Receiver may seem
20 fit and proper, and to request all presently existing policies to be amended by adding the
21 Receiver and the receivership estate as an additional insured within 10-days of the entry of the
22 order appointing the Receiver. If there is inadequate insurance or if there are insufficient funds in
23 the receivership estate to procure adequate insurance, the Receiver is directed to immediately
24 petition the court for instructions. The Receiver may, in his discretion, apply for any bond or
25 insurance providing coverage for the Receiver's conduct and operations of the property, which
26 shall be an expense of the Property, during the period in which the Property is uninsured or
27 underinsured. Receiver shall not be personally responsible for any claims arising therefore.

1 b. To pay all necessary insurance premiums for such insurance and all taxes and
2 assessments levied on the Property during the receivership.

3 4. ***Treatment of Contracts***

4 a. To continue in effect any contracts presently existing and not in default relating to
5 the Property.

6 b. To negotiate, enter into and modify contracts affecting any part or all of the
7 Property.

8 c. The Receiver shall not be bound by any contract between Defendants and any
9 third party that the Receiver does not expressly assume in writing, including any portion of any
10 lease that constitutes the personal obligation of Defendants, but which does not affect a tenant's
11 quiet enjoyment of its leasehold estate.

12 d. To notify all local, state and federal governmental agencies, all vendors and
13 suppliers, and any and all others who provide goods or services to the Property of his
14 appointment-as Receiver of GSRUOA.

15 e. No insurance company may cancel its existing current-paid policy as a result of
16 the appointment of the Receiver, without prior order of this Court.

17 5. ***Collection***

18 To demand, collect and receive all dues, fees, reserves, rents and revenues derived from
19 the Property.

20 6. ***Litigation***

21 a. To bring and prosecute all proper actions for (i) the collection of rents or any
22 other income derived from the Property, (ii) the removal from the Property of persons not
23 entitled to entry thereon, (iii) the protection of the Property, (iv) damage caused to the Property;
24 and (v) the recovery of possession of the Property.

25 b. To settle and resolve any actual or potential litigation, whether or not an action
26 has been commenced, in a manner which, in the exercise of the Receiver's judgment is most
27 beneficial to the receivership estate.

1 7. ***Reporting***

2 a. The Receiver shall prepare on a monthly basis, commencing the month ending 30
3 days after his appointment, and by the last day of each month thereafter, so long as the Property
4 shall remain in his possession or care, reports listing any Receiver fees (as described herein
5 below), receipts and disbursements, and any other significant operational issues that have
6 occurred during the preceding month. The Receiver is directed to file such reports with this
7 Court. The Receiver shall serve a copy of this report on the attorneys of record for the parties to
8 this action.

9 b. The Receiver shall not be responsible for the preparation and filing of tax returns
10 on behalf of the parties.

11 8. ***Receivership Funds /Payments/ Disbursements***

12 a. To pay and discharge out of the Property's rents and/or GSRUOA monthly dues
13 collections all the reasonable and necessary expenses of the receivership and the costs and
14 expenses of operation and maintenance of the Property, including all of the Receiver's and
15 related fees, taxes, governmental assessments and charges and the nature thereof lawfully
16 imposed upon the Property.

17 b. To expend funds to purchase merchandise, materials, supplies and services as the
18 Receiver deems necessary and advisable to assist him in performing his duties hereunder and to
19 pay therefore the ordinary and usual rates and prices out of the funds that may come into the
20 possession of the Receiver.

21 c. To apply, obtain and pay any reasonable fees for any lawful license permit or
22 other governmental approval relating to the Property or the operation thereof, confirm the
23 existence of and, to the extent, permitted by law, exercise the privilege of any existing license or
24 permit or the operation thereof, and do all things necessary to protect and maintain such licenses,
25 permits and approvals.

26 d. To open and utilize bank accounts for receivership funds.
27
28

1 e. To present for payment any checks, money orders or other forms of payment
2 which constitute the rents and revenues of the Property, endorse same and collect the proceeds
3 thereof.

4 9. ***Administrative Fees and Costs***

5 a. The Receiver shall be compensated at a rate that is commensurate with industry
6 standards. As detailed below, a monthly report will be created by the Receiver describing the fee,
7 and work performed. In addition, the Receiver shall be reimbursed for all expenses incurred by
8 the Receiver on behalf of the Property.

9 b. The Receiver, his consultants, agents, employees, legal counsel, and professionals
10 shall be paid on an interim monthly basis. To be paid on a monthly basis, the Receiver must
11 serve, a statement of account on all parties each month for the time and expense incurred in the
12 preceding calendar month. If no objection thereto is filed with the Court and served on the
13 attorneys of record for the parties to this action on or within ten (10) days following service
14 thereof, such statement of account may be paid by the Receiver. If an objection is timely filed
15 and served, such statement of account shall not be paid absent further order of the Court. In the
16 event objections are timely made to fees and expenses, the portion of the fees and expenses as to
17 which no objection has been interposed may be paid immediately following the expiration of the
18 ten-day objection period: The portion of fees and expenses to which: an objection has been
19 timely interposed may be paid within ten (10) days of an agreement among the parties or entry of
20 a Court order adjudicating the matter.

21 c. Despite the periodic payment of Receiver's fees and administrative expenses, such
22 fees and expenses shall be submitted to the Court for final approval and confirmation in the form
23 of either, a stipulation among the parties or the, Receiver's final account and report.

24 d. To generally do such other things as may be necessary or incidental to the
25 foregoing specific powers directions and general authorities and take actions relating to
26 the Property beyond the scope contemplated by the provisions set forth above, provided the
27 Receiver obtains prior court approval for any actions beyond the scope contemplated herein.

1 10. ***Order in Aid of Receiver***

2 **IT IS FURTHER ORDERED** Defendants, and their agents, servants and employees,
3 and those acting in concert with them, and each of them, shall not engage in or perform directly
4 or indirectly, any or all of the following acts:

5 a. Interfering with the Receiver, directly or indirectly; in the management and
6 operation of the Property.

7 b. Transferring, concealing, destroying, defacing or altering any of the instruments,
8 documents, ledger cards, books, records, printouts or other writings relating to the Property, or
9 any portion thereof.

10 c. Doing any act which will, or which will tend to, impair, defeat, divert, prevent or
11 prejudice the preservation of the Property or the interest of Plaintiffs in the Property.

12 d. Filing suit against the Receiver or taking other action against the Receiver without
13 an order of this Court permitting the suit or action; provided, however, that no prior court order
14 is required to file a motion in this action to enforce the provisions of the Order or any other order
15 of this Court in this action.

16 **IT IS FURTHER ORDERED** that Defendants and any other person or entity who may
17 have possession, custody or control of any Property, including any of their agents,
18 representatives, assignees, and employees shall do the following:

19 a. Turn over to the Receiver all documents which constitute or pertain to all
20 licenses, permits or, governmental approvals relating to the Property.

21 b. Turn over to the Receiver all documents which constitute or pertain to insurance
22 policies, whether currently in effect or lapsed which relate to the Property.

23 c. Turn over to the Receiver all contracts, leases and subleases, royalty agreements,
24 licenses, assignments or other agreements of any kind whatsoever, whether currently in effect or
25 lapsed, which relate to any interest in the Property.

26 d. Turn over to the Receiver all documents pertaining to past, present or future
27 construction of any type with respect to all or any part of the Property.
28

1 e. Turn over to the Receiver all rents, dues, reserves and revenues derived from the
2 Property wherever and in whatsoever mode maintained.

3 f. Nothing in the Order shall be intended to, nor shall be construed to, require the
4 Defendants to turn over any documents protected from disclosure by either the attorney-client
5 privilege or the attorney work product privilege.

6 g. Immediately advise the Receiver about the nature and extent of insurance
7 coverage on the Property.

8 h. Immediately name the Receiver as an additional insured on each insurance policy
9 on the Property.

10 i. DO NOT cancel, reduce, or modify the insurance coverage.

11 **IT IS FURTHER ORDERED** that nothing contained herein, nor any powers conferred
12 on the Receiver pursuant to this Order, shall in any manner delegate, confer, empower or grant to
13 the Receiver any interest in the management of the gaming assets of the property, or confer any
14 rights to share in the management or the profit or loss of the casino operations, nor in any
15 manner manage any portion of the Property not specifically included in this order.

16 **IT IS FURTHER ORDERED** that the Receiver shall promptly, if requested to do so,
17 execute any further additional documents reasonably requested by Defendants' lenders or others
18 to confirm that other than as set forth herein, no transference, sale, hypothecation, or other
19 encumbrance has resulted which would create a change in ownership or management of MEI-
20 GSR.

21 DATED this 6 day of Jan, 2015
22 2014.

23 
24 DISTRICT COURT JUDGE

25 Submitted by:

26 /s/ Jarrad C. Miller

27 Jarrad C. Miller, Esq.
28 Attorney for Plaintiffs

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Index of Exhibits

<u>Number</u>	<u>Description</u>	<u>Pages</u>
1	Covenants Codes and Restrictions	111
2	Unit Maintenance Agreements	17
3	Unit Rental Agreements	17

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

vs.

Dept. No: 10

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

Defendants.

FINDINGS OF FACT, CONCLUSIONS OF LAW AND JUDGMENT

This action was commenced on August 27, 2012, with the filing of a COMPLAINT ("the Complaint"). The Complaint alleged twelve causes of action: 1) Petition for Appointment of a Receiver as to Defendant Grand Sierra Resort Unit-Owners' Association; 2) Intentional and/or Negligent Misrepresentation as to Defendant MEI-GSR; 3) Breach of Contract as to Defendant MEI-GSR; 4) Quasi-Contract/Equitable Contract/Detrimental Reliance as to Defendant MEI-GSR; 5) Breach of the Implied Covenant of Good Faith and Fair Dealing as to Defendant MEI-GSR; 6) Consumer Fraud/Nevada Deceptive Trade Practices Act Violations as to Defendant MEI-GSR; 7) Declaratory Relief as to Defendant MEI-GSR; 8) Conversion as to Defendant MEI-GSR; 9) Demand for an Accounting as to Defendant MEI-GSR and Defendant Grand Sierra Unit Owners Association; 10) Specific Performance Pursuant to NRS 116.122, Unconscionable Agreement; 11) Unjust Enrichment/Quantum Meruit against Defendant Gage Village Development; 12) Tortious Interference with Contract and/or Prospective Business Advantage against Defendants MEI-GSR

1 and Gage Development. The Plaintiffs (as more fully described *infra*) were individuals or other
2 entities who had purchased condominiums in the Grand Sierra Resort ("GSR"). A FIRST
3 AMENDED COMPLAINT ("the First Amended Complaint") was filed on September 10, 2012.
4 The First Amended Complaint had the same causes of action as the Complaint.

5 The Defendants (as more fully described *infra*) filed an ANSWER AND COUNTERCLAIM
6 ("the Answer") on November 21, 2012. The Answer denied the twelve causes of action; asserted
7 eleven affirmative defenses; and alleged three Counterclaims. The Counterclaims were for: 1)
8 Breach of Contract; 2) Declaratory Relief; 3) Injunctive Relief.

9 The Plaintiffs filed a SECOND AMENDED COMPLAINT ("the Second Amended
10 Complaint") on March 26, 2013. The Second Amended Complaint had the same causes of action as
11 the Complaint and the First Amended Complaint. The Defendants filed an ANSWER TO SECOND
12 AMENDED COMPLAINT AND COUNTER CLAIM ("the Second Answer") on May 23, 2013.
13 The Second Answer generally denied the allegations in the Second Amended Complaint and
14 contained ten affirmative defenses. The Counterclaims mirrored the Counterclaims in the Answer.

15 The matter has been the subject of extensive motion practice. There were numerous
16 allegations of discovery abuses by the Defendants. The record speaks for itself regarding the
17 protracted nature of these proceedings and the systematic attempts at obfuscation and intentional
18 deception on the part of the Defendants. Further, the Court has repeatedly had to address the
19 lackadaisical and inappropriate approach the Defendants have exhibited toward the Nevada Rules of
20 Civil Procedure, the District Court Rules, the Washoe District Court Rules, and the Court's orders.
21 The Defendants have consistently, and repeatedly, chosen to follow their own course rather than
22 respect the need for orderly process in this case. NRCP 1 states that the rules of civil procedure
23 should be "construed and administered to secure the just, speedy, and inexpensive determination of
24 every action." The Defendants have turned this directive on its head and done everything possible to
25 make the proceedings unjust, dilatory, and costly.

26 The Court twice has addressed a request to impose case concluding sanctions against the
27 Defendants because of their repeated discovery abuses. The Court denied a request for case
28 concluding sanctions in its ORDER REGARDING ORIGINAL MOTION FOR CASE

1 CONCLUDING SANCTIONS filed December 18, 2013 ("the December Order"). The Court found
2 that case concluding sanctions were not appropriate; however, the Court felt that some sanctions
3 were warranted based on the Defendants' repeated discovery violations. The Court struck all of the
4 Defendants' Counterclaims in the December Order and required the Defendants to pay for the costs
5 of the Plaintiffs' representation in litigating that issue.

6 The parties continued to fight over discovery issues after the December Order. The Court
7 was again required to address the issue of case concluding sanctions in January of 2014. It became
8 clear that the Defendants were disingenuous with the Court and Plaintiffs' counsel when the first
9 decision regarding case concluding sanctions was argued and resolved. Further, the Defendants
10 continued to violate the rules of discovery and other court rules even after they had their
11 Counterclaims struck in the December Order. The Court conducted a two day hearing regarding the
12 renewed motion for case concluding sanctions. An ORDER GRANTING PLAINTIFFS' MOTION
13 FOR CASE-TERMINATING SANCTIONS was entered on October 3, 2014 ("the October Order").
14 The Defendants' Answer was stricken in the October Order. A DEFAULT was entered against the
15 Defendants on November 26, 2014.

16 The Court conducted a "prove-up hearing" regarding the issue of damages from March 23
17 through March 25, 2015. The Court entered an ORDER on February 5, 2015 ("the February Order")
18 establishing the framework of the prove-up hearing pursuant to *Foster v. Dingwall*, 126 Nev. Adv.
19 Op. 6, 227 P.3d 1042 (2010). The February Order limited, but did not totally eliminate, the
20 Defendants' ability to participate in the prove-up hearing. The Court heard expert testimony from
21 Craig L. Greene, CPA/CFF, CFE, CCEP, MAFF ("Greene") at the prove-up hearing. Greene
22 calculated the damages owed the Plaintiffs using information collected and provided by the
23 Defendants. The Court finds Greene to be very credible and his methodology to be sound. Further,
24 the Court notes that Greene attempted to be "conservative" in his calculations. Greene used
25 variables and factors that would eliminate highly suspect and/or unreliable data. The Court has also
26 received and reviewed supplemental information provided as a result of an inquiry made by the
27 Court during the prove-up hearing.

28

1 The GSR is a high rise hotel/casino in Reno, Nevada. The GSR has approximately 2000
2 rooms. The Plaintiffs purchased individual rooms in the GSR as condominiums. It appears to the
3 Court that the primary purpose of purchasing a condominium in the GSR would be as an investment
4 and revenue generating proposition. The condominiums were the subject of statutory limitations on
5 the number of days the owners could occupy them during the course of a calendar year. The owners
6 would not be allowed to "live" in the condominium. When the owners were not in the rooms they
7 could either be rented out or they had to remain empty.

8 As noted, *supra*, the Court stripped all of the Defendants general and affirmative defenses in
9 the October Order. The Defendants stand before the Court having involuntarily conceded all of the
10 allegations contained in the Second Amended Complaint. The Court makes the following findings
11 of fact:

12 **I. FINDINGS OF FACT**

- 13 1. Plaintiff Albert Thomas is a competent adult and is a resident of the State of
14 California.
- 15 2. Plaintiff Jane Dunlap is a competent adult and is a resident of the State of California.
- 16 3. Plaintiff John Dunlap is a competent adult and is a resident of the State of California.
- 17 4. Plaintiff Barry Hay is a competent adult and is a resident of the State of California.
- 18 5. Plaintiff Marie-Annie Alexander, as Trustee of the Marie-Annie Alexander Living
19 Trust, is a competent adult and is a resident of the State of California.
- 20 6. Plaintiff Melissa Vagujhelyi, as Co-Trustee of the George Vagujhelyi and Melissa
21 Vagujheyli 2001 Family Trust Agreement U/T/A April 13, 2001, is a competent adult and is a
22 resident of the State of Nevada.
- 23 7. Plaintiff George Vagujhelyi, as Co-Trustee of the George Vagujhelyi and Melissa
24 Vagujheyli 2001 Family Trust Agreement U/T/A April 13, 2001, is a competent adult and is a
25 resident of the State of Nevada.
- 26 8. Plaintiff D'Arcy Nunn is a competent adult and is a resident of the State of California.
- 27 9. Plaintiff Henry Nunn is a competent adult and is a resident of the State of California.
- 28

- 1 10. Plaintiff Lee Van Der Bokke is a competent adult and is a resident of the State of
2 California.
- 3 11. Plaintiff Madelyn Van Der Bokke is a competent adult and is a resident of the State of
4 California.
- 5 12. Plaintiff Donald Schreifels is a competent adult and is a resident of the State of
6 Minnesota.
- 7 13. Plaintiff Robert R. Pederson, individually and as Trustee of the Pederson 1990 Trust,
8 is a competent adult and is a resident of the State of California.
- 9 14. Plaintiff Lou Ann Pederson, individually and as Trustee of the Pederson 1990 Trust,
10 is a competent adult and is a resident of the State of California.
- 11 15. Plaintiff Lori Ordovery is a competent adult and is a resident of the State of
12 Connecticut.
- 13 16. Plaintiff William A. Henderson is a competent adult and is a resident of the State of
14 California.
- 15 17. Plaintiff Christine E. Henderson is a competent adult and is a resident of the State of
16 California.
- 17 18. Plaintiff Loren D. Parker is a competent adult and is a resident of the State of
18 Washington.
- 19 19. Plaintiff Suzanne C. Parker is a competent adult and is a resident of the State of
20 Washington.
- 21 20. Plaintiff Michael Izady is a competent adult and is a resident of the State of New
22 York.
- 23 21. Plaintiff Steven Takaki is a competent adult and is a resident of the State of
24 California.
- 25 22. Plaintiff Farad Torabkhan is a competent adult and is a resident of the State of New
26 York.
- 27
- 28

- 1 23. Plaintiff Sahar Tavakol is a competent adult and is a resident of the State of New
2 York.
- 3 24. Plaintiff M&Y Holdings is a Nevada Limited Liability Company with its principal
4 place of business in Nevada.
- 5 25. Plaintiff JL&YL Holdings, LLC is a Nevada Limited Liability Company with its
6 principal place of business in Nevada.
- 7 26. Plaintiff Sandi Raines is a competent adult and is a resident of the State of Minnesota.
- 8 27. Plaintiff R. Raghuram is a competent adult and is a resident of the State of California.
- 9 28. Plaintiff Usha Raghuram is a competent adult and is a resident of the State of
10 California.
- 11 29. Plaintiff Lori K. Tokutomi is a competent adult and is a resident of the State of
12 California.
- 13 30. Plaintiff Garrett Tom is a competent adult and is a resident of the State of California.
- 14 31. Plaintiff Anita Tom is a competent adult and is a resident of the State of California.
- 15 32. Plaintiff Ramon Fadrilan is a competent adult and is a resident of the State of
16 California.
- 17 33. Plaintiff Faye Fadrilan is a competent adult and is a resident of the State of California.
- 18 34. Plaintiff Peter K. Lee, as Trustee of the Lee Family 2002 Revocable Trust, is a
19 competent adult and is a resident of the State of California.
- 20 35. Plaintiff Monica L. Lee, as Trustee of the Lee Family 2002 Revocable Trust, is a
21 competent adult and is a resident of the State of California.
- 22 36. Plaintiff Dominic Yin is a competent adult and is a resident of the State of California.
- 23 37. Plaintiff Elias Shamieh is a competent adult and is a resident of the State of
24 California.
- 25 38. Plaintiff Nadine's Real Estate Investments, LLC, is a North Dakota Limited Liability
26 Company.
27
28

1 39. Plaintiff Jeffery James Quinn is a competent adult and is a resident of the State of
2 Hawaii.
3 40. Plaintiff Barbara Rose Quinn is a competent adult and is a resident of the State of
4 Hawaii.
5 41. Plaintiff Kenneth Riche is a competent adult and is a resident of the State of
6 Wisconsin.
7 42. Plaintiff Maxine Riche is a competent adult and is a resident of the State of
8 Wisconsin.
9 43. Plaintiff Norman Chandler is a competent adult and is a resident of the State of
10 Alabama.
11 44. Plaintiff Benton Wan is a competent adult and is a resident of the State of California.
12 45. Plaintiff Timothy Kaplan is a competent adult and is a resident of the State of
13 California.
14 46. Plaintiff Silkscape Inc. is a California Corporation.
15 47. Plaintiff Peter Cheng is a competent adult and is a resident of the State of California.
16 48. Plaintiff Elisa Cheng is a competent adult and is a resident of the State of California.
17 49. Plaintiff Greg A. Cameron is a competent adult and is a resident of the State of
18 California.
19 50. Plaintiff TMI Property Group, LLC is a California Limited Liability Company.
20 51. Plaintiff Richard Lutz is a competent adult and is a resident of the State of California.
21 52. Plaintiff Sandra Lutz is a competent adult and is a resident of the State of California.
22 53. Plaintiff Mary A. Kossick is a competent adult and is a resident of the State of
23 California.
24 54. Plaintiff Melvin H. Cheah is a competent adult and is a resident of the State of
25 California.
26
27
28

1 55. Plaintiff Di Shen is a competent adult and is a resident of the State of Texas.
2 56. Plaintiff Ajit Gupta is a competent adult and is a resident of the State of California.
3 57. Plaintiff Seema Gupta is a competent adult and is a resident of the State of California.
4 58. Plaintiff Fredrick Fish is a competent adult and is a resident of the State of Minnesota.
5 59. Plaintiff Lisa Fish is a competent adult and is a resident of the State of Minnesota.
6 60. Plaintiff Robert A. Williams is a competent adult and is a resident of the State of
7 Minnesota.
8 61. Plaintiff Jacquelin Pham is a competent adult and is a resident of the State of
9 California.
10 62. Plaintiff May Ann Hom, as Trustee of the May Ann Hom Trust, is a competent adult
11 and is a resident of the State of California.
12 63. Plaintiff Michael Hurley is a competent adult and is a resident of the State of
13 Minnesota.
14 64. Plaintiff Dominic Yin is a competent adult and is a resident of the State of California.
15 65. Plaintiff Duane Windhorst is a competent adult and is a resident of the State of
16 Minnesota.
17 66. Plaintiff Marilyn Windhorst is a competent adult and is a resident of the State of
18 Minnesota.
19 67. Plaintiff Vinod Bhan is a competent adult and is a resident of the State of California.
20 68. Plaintiff Anne Bhan is a competent adult and is a resident of the State of California.
21 69. Plaintiff Guy P. Browne is a competent adult and is a resident of the State of
22 California.
23 70. Plaintiff Garth Williams is a competent adult and is a resident of the State of
24 California.
25 71. Plaintiff Pamela Y. Aratani is a competent adult and is a resident of the State of
26 California.
27
28

- 1 72. Plaintiff Darleen Lindgren is a competent adult and is a resident of the State of
2 Minnesota.
3 73. Plaintiff Laverne Roberts is a competent adult and is a resident of the State of
4 Nevada.
5 74. Plaintiff Doug Mecham is a competent adult and is a resident of the State of Nevada.
6 75. Plaintiff Chrisine Mecham is a competent adult and is a resident of the State of
7 Nevada.
8 76. Plaintiff Kwangsoo Son is a competent adult and is a resident of Vancouver, British
9 Columbia.
10 77. Plaintiff Soo Yeun Moon is a competent adult and is a resident of Vancouver, British
11 Columbia.
12 78. Plaintiff Johnson Akindodunse is a competent adult and is a resident of the State of
13 California.
14 79. Plaintiff Irene Weiss, as Trustee of the Weiss Family Trust, is a competent adult and
15 is a resident of the State of Texas.
16 80. Plaintiff Pravesh Chopra is a competent adult and is a resident of the State of
17 California.
18 81. Plaintiff Terry Pope is a competent adult and is a resident of the State of Nevada.
19 82. Plaintiff Nancy Pope is a competent adult and is a resident of the State of Nevada.
20 83. Plaintiff James Taylor is a competent adult and is a resident of the State of California.
21 84. Plaintiff Ryan Taylor is a competent adult and is a resident of the State of California.
22 85. Plaintiff Ki Ham is a competent adult and is a resident of Surry B.C.
23 86. Plaintiff Young Ja Choi is a competent adult and is a resident of Coquitlam, B.C.
24 87. Plaintiff Sang Dae Sohn is a competent adult and is a resident of Vancouver, B.C.
25 88. Plaintiff Kuk Hyung ("Connie") is a competent adult and is a resident of Coquitlam,
26 B.C.
27
28

1 89. Plaintiff Sang (“Mike”) Yoo is a competent adult and is a resident of Coquitlam, B.C.
2 90. Plaintiff Brett Menmuir, as Trustee of the Cayenne Trust, is a competent adult and is
3 a resident of the State of Nevada.
4 91. Plaintiff William Miner, Jr., is a competent adult and is a resident of the State of
5 California.
6 92. Plaintiff Chanh Truong is a competent adult and is a resident of the State of
7 California.
8 93. Plaintiff Elizabeth Anders Mecua is a competent adult and is a resident of the State of
9 California.
10 94. Plaintiff Shepherd Mountain, LLC is a Texas Limited Liability Company with its
11 principal place of business in Texas.
12 95. Plaintiff Robert Brunner is a competent adult and is a resident of the State of
13 Minnesota.
14 96. Plaintiff Amy Brunner is a competent adult and is a resident of the State of
15 Minnesota.
16 97. Plaintiff Jeff Riopelle is a competent adult and is a resident of the State of California.
17 98. Plaintiff Patricia M. Moll is a competent adult and is a resident of the State of Illinois.
18 99. Plaintiff Daniel Moll is a competent adult and is a resident of the State of Illinois.
19 100. The people and entities listed above represent their own individual interests. They are
20 not suing on behalf of any entity including the Grand Sierra Unit Home Owner’s Association. The
21 people and entities listed above are jointly referred to herein as “the Plaintiffs”.
22 101. Defendant MEI-GSR Holdings, LLC (“MEI-GSR”) is a Nevada Limited Liability
23 Company with its principal place of business in Nevada.
24 102. Defendant Gage Village Commercial Development, LLC (“Gage Village”) is a
25 Nevada Limited Liability Company with its principal place of business in Nevada.
26
27
28

1 103. Gage Village is related to, controlled by, affiliated with, and/or a subsidiary of MEI-
2 GSR.

3 104. Defendant Grand Sierra Resort Unit Owners' Association ("the Unit Owners'
4 Association") is a Nevada nonprofit corporation with its principal place of business in Nevada.

5 105. MEI-GSR transferred interest in one hundred forty-five (145) condominium units to
6 AM-GSR Holdings, LLC ("AM-GSR") on December 22, 2014.

7 106. Defendants acknowledged to the Court on January 13, 2015, that AM-GSR would be
8 added to these proceedings and subject to the same procedural posture as MEI-GSR. Further, the
9 parties stipulated that AM-GSR would be added as a defendant in this action just as if AM-GSR was
10 a named defendant in the Second Amended Complaint. Said stipulation occurring and being ordered
11 on January 21, 2015.

12 107. MEI-GSR, Gage Village and the Unit Owner's Association are jointly referred to
13 herein as "the Defendants".

14 108. The Grand Sierra Resort Condominium Units ("GSR Condo Units") are part of the
15 Grand Sierra Unit Owners Association, which is an apartment style hotel condominium development
16 of 670 units in one 27-story building. The GSR Condo Units occupy floors 17 through 24 of the
17 Grand Sierra Resort and Casino, a large-scale hotel casino, located at 2500 East Second Street,
18 Reno, Nevada.

19 109. All of the Individual Unit Owners: hold an interest in, own, or have owned, one or
20 more GSR Condo Units.

21 110. Gage Village and MEI-GSR own multiple GSR Condo Units.

22 111. MEI-GSR owns the Grand Sierra Resort and Casino.

23 112. Under the Declaration of Covenants, Conditions, Restrictions and Reservations of
24 Easements for Hotel-Condominiums at Grand Sierra Resort ("CC&Rs"), there is one voting member
25 for each unit of ownership (thus, an owner with multiple units has multiple votes).
26
27
28

1 113. Because MEI-GSR and Gage Village control more units of ownership than any other
2 person or entity, they effectively control the Unit Owners' Association by having the ability to elect
3 MEI-GSR's chosen representatives to the Board of Directors (the governing body over the GSR
4 Condo Units).

5 114. As a result of MEI-GSR and Gage Village controlling the Unit Owners' Association,
6 the Individual Unit Owners effectively have no input or control over the management of the Unit
7 Owners' Association.

8 115. MEI-GSR and Gage Village have used, and continue to use, their control over the
9 Unit Owners' Association to advance MEI-GSR and Gage Villages' economic objectives to the
10 detriment of the Individual Unit Owners.

11 116. MEI-GSR and Gage Villages' control of the Unit Owners' Association violates
12 Nevada law as it defeats the purpose of forming and maintaining a homeowners' association.

13 117. Further, the Nevada Division of Real Estate requires a developer to sell off the units
14 within 7 years, exit and turn over the control and management to the owners.

15 118. Under the CC&Rs, the Individual Unit Owners are required to enter into a "Unit
16 Maintenance Agreement" and participate in the "Hotel Unit Maintenance Program," wherein MEI-
17 GSR provides certain services (including, without limitation, reception desk staffing, in-room
18 services, guest processing services, housekeeping services, Hotel Unit inspection, repair and
19 maintenance services, and other services).

20 119. The Unit Owners' Association maintains capital reserve accounts that are funded by
21 the owners of GSR Condo Units. The Unit Owners' Association collects association dues of
22 approximately \$25 per month per unit, with some variation depending on a particular unit's square
23 footage.

24 120. The Individual Unit Owners pay for contracted "Hotel Fees," which include taxes,
25 deep cleaning, capital reserve for the room, capital reserve for the building, routine maintenance,
26 utilities, etc.
27
28

1 121. MEI-GSR has systematically allocated and disproportionately charged capital reserve
2 contributions to the Individual Unit Owners, so as to force the Individual Unit Owners to pay capital
3 reserve contributions in excess of what should have been charged.

4 122. MEI-GSR and Gage Development have failed to pay proportionate capital reserve
5 contribution payments in connection with their Condo Units.

6 123. MEI-GSR has failed to properly account for, or provide an accurate accounting for
7 the collection and allocation of the collected capital reserve contributions.

8 124. The Individual Unit Owners also pay "Daily Use Fees" (a charge for each night a unit
9 is occupied by any guest for housekeeping services, etc.).

10 125. MEI-GSR and Gage Village have failed to pay proportionate Daily Use Fees for the
11 use of Defendants' GSR Condo Units.

12 126. MEI-GSR has failed to properly account for the contracted "Hotel Fees" and "Daily
13 Use Fees."

14 127. Further, the Hotel Fees and Daily Use Fees are not included in the Unit Owners'
15 Association's annual budget with other assessments that provide the Individual Unit Owners' the
16 ability to reject assessment increases and proposed budget ratification.

17 128. MEI-GSR has systematically endeavored to increase the various fees that are charged
18 in connection with the use of the GSR Condo Units in order to devalue the units owned by
19 Individual Unit Owners.

20 129. The Individual Unit Owners' are required to abide by the unilateral demands of MEI-
21 GSR, through its control of the Unit Owners' Association, or risk being considered in default under
22 Section 12 of the Agreement, which provides lien and foreclosure rights pursuant to Section 6.10(f)
23 of the CC&R's.

24 130. Defendants MEI-GSR and/or Gage Village have attempted to purchase, and
25 purchased, units devalued by their own actions, at nominal, distressed prices when Individual Unit
26
27
28

1 Owners decide to, or are effectively forced to, sell their units because the units fail to generate
2 sufficient revenue to cover expenses.

3 131. MEI-GSR and/or Gage Village have, in late 2011 and 2012, purchased such devalued
4 units for \$30,000 less than the amount they purchased units for in March of 2011.

5 132. The Individual Unit Owners effectively pay association dues to fund the Unit
6 Owners' Association, which acts contrary to the best interests of the Individual Unit Owners.

7 133. MEI-GSR's interest in maximizing its profits is in conflict with the interest of the
8 Individual Unit Owners. Accordingly, Defendant MEI-GSR's control of the Unit Owners'
9 Association is a conflict of interest.

10 134. As part of MEI-GSR's Grand Sierra Resort and Casino business operations, it rents:
11 (1) hotel rooms owned by MEI-GSR that are not condominium units; (2) GSR Condo Units owned
12 by MEI-GSR and/or Gage Village; and (3) GSR Condo Units owned by the Individual Condo Unit
13 Owners.

14 135. MEI-GSR has entered into a Grand Sierra Resort Unit Rental Agreement with
15 Individual Unit Owners.

16 136. MEI-GSR has manipulated the rental of the: (1) hotel rooms owned by MEI-GSR; (2)
17 GSR Condo Units owned by MEI-GSR and/or Gage Village; and (3) GSR Condo Units owned by
18 Individual Condo Unit Owners so as to maximize MEI-GSR's profits and devalue the GSR Condo
19 Units owned by the Individual Unit Owners.

20 137. MEI-GSR has rented the Individual Condo Units for as little as \$0.00 to \$25.00 a
21 night.

22 138. Yet, MEI-GSR has charged "Daily Use Fees" of approximately \$22.38, resulting in
23 revenue to the Individual Unit Owners as low as \$2.62 per night for the use of their GSR Condo Unit
24 (when the unit was rented for a fee as opposed to being given away).

25 139. By functionally, and in some instances actually, giving away the use of units owned
26 by the Individual Unit Owners, MEI-GSR has received a benefit because those who rent the
27
28

1 Individual Units frequently gamble and purchase food, beverages, merchandise, spa services and
2 entertainment access from MEI-GSR.

3 140. MEI-GSR has rented Individual Condo Units to third parties without providing
4 Individual Unit Owners with any notice or compensation for the use of their unit.

5 141. Further, MEI-GSR has systematically endeavored to place a priority on the rental of
6 MEI-GSR's hotel rooms, MEI-GSR's GSR Condo Units, and Gage Village's Condo Units.

7 142. Such prioritization effectively devalues the units owned by the Individual Unit
8 Owners.

9 143. MEI-GSR and Gage Village intend to purchase the devalued units at nominal,
10 distressed prices when Individual Unit Owners decide to, or are effectively forced to, sell their units
11 because the units fail to generate sufficient revenue to cover expenses and have no prospect of
12 selling their persistently loss-making units to any other buyer.

13 144. Some of the Individual Unit Owners have retained the services of a third party to
14 market and rent their GSR Condo Unit(s).

15 145. MEI-GSR has systematically thwarted the efforts of any third party to market and
16 rent the GSR Units owned by the Individual Unit Owners.

17 146. MEI-GSR has breached the Grand Sierra Resort Unit Rental Agreement with
18 Individual Condo Unit Owners by failing to follow its terms, including but not limited to, the failure
19 to implement an equitable Rotational System as referenced in the agreement.

20 147. MEI-GSR has failed to act in good faith in exercising its duties under the Grand
21 Sierra Resort Unit Rental Agreements with the Individual Unit Owners.

22 The Court is intimately familiar with all of the allegations in the twelve causes of action
23 contained in the Second Amended Complaint. The Court's familiarity is a result of reviewing all of
24 the pleadings and exhibits in this matter to include the various discovery disputes, the testimony at
25 the numerous hearings conducted to date, and the other documents and exhibits on file. The Court
26 finds that the facts articulated above support the twelve causes of action contained in the Second
27 Amended Complaint.
28

II. CONCLUSIONS OF LAW

- 1
- 2 A. The Court has jurisdiction over MEI-GSR, Gage Village, the Unit Owner's Association
- 3 and the Plaintiffs.
- 4 B. The appointment of a receiver is appropriate when: (1) the plaintiff has an interest in
- 5 the property; (2) there is potential harm to that interest in property; and (3) no other
- 6 adequate remedies exist to protect the interest. *See generally Bowler v. Leonard*, 70
- 7 Nev. 370, 269 P.2d 833 (1954). *See also* NRS 32.010. The Court appointed a receiver
- 8 to oversee the Unit Owner's Association on January 7, 2015. The Court concludes that
- 9 MEI-GSR and/or Gage Village have operated the Unit Owner's Association in a way
- 10 inconsistent with the best interests of all of the unit owners. The continued
- 11 management of the Unit Owner's Association by the receiver is appropriate under the
- 12 circumstances of this case and will remain in effect absent additional direction from the
- 13 Court.
- 14 C. Negligent misrepresentation is when "[o]ne who, in the course of his business,
- 15 profession or employment, or in any other action in which he has a pecuniary interest,
- 16 supplies false information for the guidance of others in their business transactions, is
- 17 subject to liability for pecuniary loss caused to them by their justifiable reliance upon
- 18 the information, if he fails to exercise reasonable care or competence in obtaining or
- 19 communicating the information." *Barmettler v. Reno Air, Inc.*, 114 Nev. 441, 956 P.2d
- 20 1382, 1387 (1998) (quoting *Restatement (Second) of Torts § 552(1) (1976)*). Intentional
- 21 misrepresentation is when "a false representation made with knowledge or belief that it
- 22 is false or without a sufficient basis of information, intent to induce reliance, and
- 23 damage resulting from the reliance. *Lubbe v. Barba*, 91 Nev. 596, 599, 540 P.2d 115,
- 24
- 25
- 26
- 27
- 28

1 117 (1975).” *Collins v. Burns*, 103 Nev. 394, 397, 741 P.2d 819, 821 (1987). MEI-
2 GSR is liable for intentionally and/or negligent misrepresentation as alleged in the
3 Second Cause of Action.

4
5 D. An enforceable contract requires, “an offer and acceptance, meeting of the minds, and
6 consideration.” *Certified Fire Protection, Inc. v. Precision Construction, Inc.* 128 Nev.
7 Adv. Op. 35, 283 P.3d 250, 255 (2012)(citing *May v. Anderson*, 121 Nev. 668, 672, 119
8 P.3d 1254, 1257 (2005)). There was a contract between the Plaintiffs and MEI-GSR.
9 MEI-GSR has breached the contract and therefore MEI-GSR is liable for breach of
10 contract as alleged in the Third Cause of Action.

11
12 E. MEI-GSR is liable for Quasi-Contract/Equitable Contract/Detrimental Reliance as
13 alleged in the Fourth Cause of Action.

14
15 F. An implied covenant of good faith and fair dealing exists in every contract in Nevada.
16 *Hilton Hotels Corp. v. Butch Lewis Productions, Inc.*, 109 Nev. 1043, 1046, 862 P.2d
17 1207, 1209 (1993). “The duty not to act in bad faith or deal unfairly thus becomes part
18 of the contract, and, as with any other element of the contract, the remedy for its breach
19 generally is on the contract itself.” *Id.* (citing *Wagenseller v. Scottsdale Memorial*
20 *Hospital*, 147 Ariz. 370, 383, 710 P.2d 1025, 1038 (1985)). “It is well established that
21 in contracts cases, compensatory damages ‘are awarded to make the aggrieved party
22 whole and ... should place the plaintiff in the position he would have been in had the
23 contract not been breached.’ This includes awards for lost profits or expectancy
24 damages.” *Road & Highway Builders, LLC v. Northern Nevada Rebar, Inc.*, 128 Nev.
25 Adv. Op. 36, 284 P.3d 377, 382 (2012)(*internal citations omitted*). “When one party
26 performs a contract in a manner that is unfaithful to the purpose of the contract and the
27
28

1 justified expectations of the other party are thus denied, damages may be awarded
2 against the party who does not act in good faith.” *Perry v. Jordan*, 111 Nev. 943, 948,
3 900 P.2d 335, 338 (1995)(*citation omitted*). “Reasonable expectations are to be
4 ‘determined by the various factors and special circumstances that shape these
5 expectations.’” *Id.* (citing *Butch Lewis*, 107 Nev. at 234, 808 P.2d at 923). MEI-GSR is
6 liable for breach of the covenant of good faith and fair dealing as set forth in the Fifth
7 Cause of Action.
8

- 9
10 G. MEI-GSR has violated NRS 41.600(1) and (2) and NRS 598.0915 through 598.0925,
11 inclusive and is therefore liable for the allegations contained in the Sixth Cause of
12 Action. Specifically, MEI-GSR violated NRS 598.0915(15) and NRS 598.0923(2).
13 H. The Plaintiffs are entitled to declaratory relief as more fully described below and
14 prayed for in the Seventh Cause of Action.
15 I. MEI-GSR wrongfully committed numerous acts of dominion and control over the
16 property of the Plaintiffs, including but not limited to renting their units at discounted
17 rates, renting their units for no value in contravention of written agreements between
18 the parties, failing to account for monies received by MEI-GSR attributable to specific
19 owners, and renting units of owners who were not even in the rental pool. All of said
20 activities were in derogation, exclusion or defiance of the title and/or rights of the
21 individual unit owners. Said acts constitute conversion as alleged in the Eighth Cause
22 of Action.
23 J. The demand for an accounting as requested in Ninth Cause of Action is moot pursuant
24 to the discovery conducted in these proceedings and the appointment of a receiver to
25 oversee the interaction between the parties.
26 K. The Unit Maintenance Agreement and Unit Rental Agreement proposed by MEI-GSR
27 and adopted by the Unit Owner’s Association are unconscionable. An unconscionable
28

1 clause is one where the circumstances existing at the time of the execution of the
2 contract are so one-sided as to oppress or unfairly surprise an innocent party. *Bill*
3 *Stremmel Motors, Inc. v. IDS Leasing Corp.*, 89 Nev. 414, 418, 514 P.2d 654, 657
4 (1973). MEI-GSR controls the Unit Owner's Association based on its majority
5 ownership of the units in question. It is therefore able to propose and pass agreements
6 that affect all of the unit owners. These agreements require unit owners to pay
7 unreasonable Common Expense fees, Hotel Expenses Fees, Shared Facilities Reserves,
8 and Hotel Reserves ("the Fees"). The Fees are not based on reasonable expectation of
9 need. The Fees have been set such that an individual owner may actually *owe* money
10 as a result of having his/her unit rented. They are unnecessarily high and imposed
11 simply to penalize the individual unit owners. Further, MEI-GSR and/or Gage Village
12 have failed to fund their required portion of these funds, while demanding the
13 individual unit owners continue to pay the funds under threat of a lien. MEI-GSR has
14 taken the Fees paid by individual unit owners and placed the funds in its general
15 operating account rather than properly segregating them for the use of the Unit Owner's
16 Association. All of said actions are unconscionable and unenforceable pursuant to NRS
17 116.112(1). The Court will grant the Tenth Cause of Action and not enforce these
18 portions of the agreements.
19

20 L. The legal concept of *quantum meruit* has two applications. The first application is in
21 actions based upon contracts implied-in-fact. The second application is providing
22 restitution for unjust enrichment. *Certified Fire*, at 256. In the second application,
23 "[l]iability in restitution for the market value of goods or services is the remedy
24 traditionally known as quantum meruit. Where unjust enrichment is found, the law
25 implies a quasi-contract which requires the defendant to pay to the plaintiff the value of
26 the benefit conferred. In other words, the defendant makes restitution to the plaintiff in
27 *quantum meruit*." *Id.* at 256-57. Gage Village has been unjustly enriched based on the
28

1 orchestrated action between it and MEI-GSR to the detriment of the individual unit
2 owners as alleged in the Eleventh Cause of Action.

3 M. Many of the individual unit owners attempted to rent their units through third-party
4 services rather than through the use of MEI-GSR. MEI-GSR and Gage Village
5 intentionally thwarted, interfered with and/or disrupted these attempts with the goal of
6 forcing the sale of the individual units back to MEI-GSR. All of these actions were to
7 the economic detriment of the individual unit owners as alleged in the Twelfth Cause of
8 Action.

9 N. The Plaintiffs are entitled to both equitable and legal relief. "As federal courts have
10 recognized, the long-standing distinction between law and equity, though abolished in
11 procedure, continues in substance, *Coca-Cola Co. v. Dixi-Cola Labs.*, 155 F.2d 59, 63
12 (4th Cir. 1946); 30A C.J.S. *Equity* § 8 (2007). A judgment for damages is a legal
13 remedy, whereas other remedies, such as avoidance or attachment, are equitable
14 remedies. *See* 30A *Equity* § 1 (2007)." *Cadle Co. v. Woods & Erickson, LLP*, 131
15 Nev. Adv. Op. 15, 345 P.3d 1049, 1053 (2015).

16 O. "[W]here default is entered as a result of a discovery sanction, the non-offending party
17 'need only establish a *prima facie* case in order to obtain the default." *Foster*, 227 P.3d
18 at 1049 (*citing Young v. Johnny Ribeiro Building, Inc.*, 106 Nev. 88, 94, 787 P.2d 777,
19 781 (1990)). "[W]here a district court enters a default, the facts alleged in the pleadings
20 will be deemed admitted. Thus, during a NRCP 55(b)(2) prove-up hearing, the district
21 court shall consider the allegations deemed admitted to determine whether the non-
22 offending party has established a *prima facie* case for liability." *Foster*, 227 P.3d at
23 1049-50. A *prima facie* case requires only "sufficiency of evidence in order to send the
24 question to the jury." *Id.* 227 P.3d at 1050 (*citing Vancheri v. GNLV Corp.*, 105 Nev.
25 417, 420, 777 P.2d 366, 368 (1989)). The Plaintiffs have met this burden regarding all
26 of their causes of action.
27
28

1 P. "Damages need not be determined with mathematical certainty." *Perry*, 111 Nev. at
2 948, 900 P.2d at 338. The party requesting damages must provide an evidentiary basis
3 for determining a "reasonably accurate amount of damages." *Id. See also*,
4 *Countrywide Home Loans, Inc. v. Thitchener*, 124 Nev. 725, 733, 192 P.3d 243, 248
5 (2008) and *Mort Wallin of Lake Tahoe, Inc. v. Commercial Cabinet Co., Inc.*, 105 Nev.
6 855, 857, 784 P.2d 954, 955 (1989).

7 Q. Disgorgement is a remedy designed to dissuade individuals from attempting to profit
8 from their inappropriate behavior. "Disgorgement as a remedy is broader than
9 restitution or restoration of what the plaintiff lost." *American Master Lease LLC v.*
10 *Idanta Partners, Ltd*, 225 Cal. App. 4th 1451, 1482, 171 Cal. Rptr. 3d 548, 572
11 (2014)(*internal citation omitted*). "Where 'a benefit has been received by the defendant
12 but the plaintiff has not suffered a corresponding loss or, in some cases, any loss, but
13 nevertheless the enrichment of the defendant would be unjust . . . the defendant may be
14 under a duty to give to the plaintiff the amount by which [the defendant] has been
15 enriched.'" *Id.* 171 Cal. Rptr. 3d at 573 (*internal citations omitted*). *See also Miller v.*
16 *Bank of America, N.A.*, 352 P.3d 1162 (N.M. 2015) and *Cross v. Berg Lumber Co.*, 7
17 P.3d 922 (Wyo. 2000).
18
19

20 **III. JUDGMENT**

21 Judgment is hereby entered against MEI-GSR, Gage Village and the Unit Owner's
22 Association as follows:

23 **Monetary Relief:**

- 24 1. Against MEI-GSR in the amount of \$442,591.83 for underpaid revenues to Unit owners;
- 25 2. Against MEI-GSR in the amount of \$4,152,669.13 for the rental of units of owners who had no
26 rental agreement;
- 27 3. Against MEI-GSR in the amount of \$1,399,630.44 for discounting owner's rooms without
28 credits;

- 1 4. Against MEI-GSR in the amount of \$31,269.44 for discounted rooms with credits;
- 2 5. Against MEI-GSR in the amount of \$96,084.96 for “comp’d” or free rooms;
- 3 6. Against MEI-GSR in the amount of \$411,833.40 for damages associated with the bad faith
- 4 “preferential rotation system”;
- 5 7. Against MEI-GSR in the amount of \$1,706,798.04 for improperly calculated and assessed
- 6 contracted hotel fees;
- 7 8. Against MEI-GSR in the amount of \$77,338.31 for improperly collected assessments;
- 8 9. MEI-GSR will fund the FF&E reserve, shared facilities reserve and hotel reserve in the amount of
- 9 \$500,000.00 each. The Court finds that MEI-GSR has failed to fund the reserves for the units it, or
- 10 any of its agents, own. However, the Court has also determined, *supra*, that these fees were
- 11 themselves unconscionable. The Court does not believe that the remedy for MEI-GSR’s failure to
- 12 fund the unconscionable amount should be some multiple of that unreasonable sum. Further, the
- 13 Court notes that Plaintiffs are individual owners: not the Unit Owner’s Association. Arguably, the
- 14 reserves are an asset of the Unit Owner’s Association and the Plaintiffs have no individual interest in
- 15 this sum. The Court believes that the “seed funds” for these accounts are appropriate under the
- 16 circumstances of the case; and
- 17 10. The Court finds that it would be inappropriate to give MEI-GSR any “write downs” or credits
- 18 for sums they may have received had they rented the rooms in accordance with appropriate business
- 19 practices. These sums will be disgorged.

20

21 **Non-Monetary Relief:**

- 22 1. The receiver will remain in place with his current authority until this Court rules otherwise;
- 23 2. The Plaintiffs shall not be required to pay any fees, assessments, or reserves allegedly due or
- 24 accrued prior to the date of this ORDER;
- 25 3. The receiver will determine a reasonable amount of FF&E, shared facilities and hotel reserve fees
- 26 required to fund the needs of these three ledger items. These fees will be determined within 90 days
- 27 of the date of this ORDER. No fees will be required until the implementation of these new
- 28

1 amounts. They will be collected from *all* unit owners and properly allocated on the Unit Owner's
2 Association ledgers; and

3 4. The current rotation system will remain in place.

4 **Punitive Damages:**

5 The Court specifically declined to hear argument regarding punitive damages during the
6 prove-up hearing. *See* Transcript of Proceedings 428:6 through 430:1. Where a defendant has been
7 guilty of oppression, fraud, or malice express or implied in an action *not arising from contract*,
8 punitive damages may be appropriate. NRS 42.005(1). Many of the Plaintiff's causes of action
9 sound in contract; therefore, they are not the subject of a punitive damages award. Some of the
10 causes of action may so qualify. The Court requires additional argument on whether punitive
11 damages would be appropriate in the non-contract causes of action. NRS 42.005(3). An appropriate
12 measure of punitive damages is based on the financial position of the defendant, its culpability and
13 blameworthiness, the vulnerability of, and injury suffered by, the offended party, the offensiveness
14 of the punished conduct, and the means necessary to deter further misconduct. *See generally*
15 *Ainsworth v. Combined Insurance Company of America*, 104 Nev. 587, 763 P.2d 673 (1988).
16 Should the Court determine that punitive damages are appropriate it will conduct a hearing to
17 consider all of the stated factors. NRS 42.005(3). The parties shall contact the Judicial Assistant
18 within 10 days of the date of this ORDER to schedule a hearing regarding punitive damages.
19 Counsel will be prepared to discuss all relevant issues and present testimony and/or evidence
20 regarding NRS 42.005 at that subsequent hearing.

21 DATED this 9 day of October, 2015.

22 
23 ELLIOTT A. SATTLER
24 District Judge
25
26
27
28

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the Clerk of the Court by using the ECF system which served the following parties electronically:

Jonathan Tew, Esq.

Jarrad Miller, Esq.

Stan Johnson, Esq.

Mark Wray, Esq.

DATED this 9 day of October, 2015.


SHEILA MANSFIELD
Judicial Assistant

1 CODE: 4050
2 G. David Robertson, Esq. (NV Bar No. 1001)
3 Jarrad C. Miller, Esq. (NV Bar No. 7093)
4 Jonathan Joel Tew, Esq. (NV Bar No. 11874)
5 Robertson, Johnson, Miller & Williamson
6 50 West Liberty Street, Suite 600
7 Reno, Nevada 89501
8 (775) 329-5600
9 Attorneys for Plaintiffs

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 and DOE DEFENDANTS
22 1 THROUGH 10, inclusive,

23 Defendants.

24 **STIPULATION AND ORDER REGARDING THE COURT'S**
25 **FINDINGS OF FACT, CONCLUSIONS OF LAW AND JUDGMENT**

26 IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned
27 counsel on behalf of their respective clients, that:

28 1. The Findings of Fact, Conclusions of Law and Judgment, entered on October 9,
2015, does not constitute a final judgment under NRCP 54(a) because the Court has not resolved
whether it will award punitive damages;

2. The time to appeal a judgment pursuant to NRAP 4(a)(1) is not running;

3. The Plaintiffs will not seek a writ of execution, writ of attachment, or writ of
garnishment until there is a final judgment in the case.


Affirmation

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

DATED: October 2, 2015

ROBERTSON, JOHNSON,
MILLER & WILLIAMSON
50 W. Liberty Street, Suite 600
Reno, NV 89501

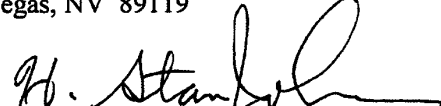
By:


Jarrod C. Miller, Esq. (SBN 7093)
Jonathan Joel Tew, Esq. (SBN 11874)
Attorneys for Plaintiffs

DATED: October 23, 2015

COHEN-JOHNSON, LLC
255 E. Warm Springs Road, Suite 100
Las Vegas, NV 89119

By:


H. Stan Johnson, Esq. (SBN 265)
Steven B. Cohen, Esq. (SBN 2327)
Attorneys for Defendants

ORDER

IT IS SO ORDERED.

DATED this 3 day of November, 2015.


DISTRICT COURT JUDGE

1 **2490**
2 DAVID C. McELHINNEY
3 Nevada Bar No. 0033
4 LEWIS ROCA ROTHGERBER CHRISTIE LLP
5 One East Liberty Street, Suite 300
6 Reno, Nevada 89501
7 Telephone: (775) 823-2900
8 Facsimile: (775) 823-2929
9 Email: dmcelhinney@lrrc.com
10 *Attorneys for Defendant(s)*

11
12
13
14 **IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
15
16 **IN AND FOR THE COUNTY OF WASHOE**
17

18 ALBERT THOMAS, et. al.,
19
20 Plaintiff(s),

21 v.

22 MEI-GSR HOLDINGS, LLC., a Nevada
23 Limited Liability Company, AM-GSR
24 Holdings, LLC., a Nevada Limited Liability
25 Company, GRAND SIERRA RESORT UNIT
26 OWNERS' ASSOCIATION, a Nevada
27 Nonprofit Corporation, GAGE VILLAGE
28 COMMERCIAL DEVELOPMENT, LLC., a
Nevada Limited Liability Company, and DOES
I-X inclusive,

Defendant(s).

Case No. CV12-02222

Dept. No.: 10

**DEFENDANTS' MOTION FOR
INSTRUCTIONS TO RECEIVER
REGARDING REIMBURSEMENT OF
CAPITAL EXPENDITURES**

Defendants MEI-GSR HOLDINGS, LLC ("MEI-GSR"), AM-GSR Holdings, LLC,
GRAND SIERRA RESORT UNIT OWNERS' ASSOCIATION, and GAGE VILLAGE
COMMERCIAL DEVELOPMENT, LLC (collectively "Defendants") by and through their counsel
at the law firm of Lewis Roca Rothgerber Christie LLP, hereby files the following Motion for
Instructions to Receiver Regarding Reimbursement of Capital Expenditures. This Motion is
supported by the following memorandum of points and authorities, the papers and pleadings on file
herein, and any oral argument the Court will entertain.

///

///

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Defendants have made substantial upgrades and improvements to the GSR property (“Property”) over the last three years, spending more than \$28 million of their own funds in the process. The CC&Rs allow for allocated capital expenditures to be drawn out of the Property’s reserve accounts and for the GSR Unit Owners Association to impose a separate or special assessment on all Unit-Owners to return the reserve balances to the required levels consistent with an independent Reserve Study. Accordingly, the allocated amount of \$8,030,701 should be charged against the reserve accounts and a special assessment should issue to all Unit-Owners to ensure maintenance of the appropriate level of reserves as required under a soon-to-be conducted Reserve Study. Defendants request that the Court issue instructions to the Receiver to permit the same.

II. FACTUAL BACKGROUND

A. CC&Rs

The CC&Rs provide for the creation of reserves for Common Elements¹ and Hotel Expenses. *See* Seventh Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Reservations of Easements for Hotel-Condominiums Grand Sierra Resort (“CC&Rs”), at §§ 6.2 and 6.10, attached in pertinent part as Exhibit 1.

1. Capital Reserve

The Capital Reserve is a special reserve account “used solely for the repair, replacement and restoration of the major components of the Common Elements.” *Id.* at § 6.2. Expenditures for these items, which “may become necessary during the year shall be charged first against the Capital Reserve.” *Id.*

Section 6.2 of the CC&Rs provides for a special or separate assessment for the Unit Owner’s proportionate share of Common Expenses:

...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

¹ “Common Elements” includes all portions of the property other than the Units. *See* CC&Rs at Art. I.

1 the purchase of equipment to be used by the Association in connection with its
2 duties hereunder. Each budget shall disclose that percentage of the annual
3 assessment which shall be added to the Capital Reserve and each Unit Owner shall
4 be deemed to make a capital contribution to the Association equal to such
5 percentage multiplied by each installment of the annual assessment paid by such
6 Unit Owner. Expenditures for the repair, replacement and restoration of the major
7 components of the Common Elements which may become necessary during the
8 year shall be charged first against the Capital Reserve. If the estimated Common
9 Expenses contained in the budget prove inadequate for any reason or in the event a
10 nonrecurring Common Expense is anticipated for any year, then the Board may
11 prepare and approve a supplemental budget covering the estimated deficiency or
12 nonrecurring expense for the remainder of such year, copies of which supplemental
13 budget shall be furnished to each Unit Owner, and thereupon a special or separate
14 assessment shall be made to each Unit Owner for such Unit Owner's proportionate
15 share of such supplemental budget. All Unit Owners shall be personally liable for
16 and obligated to pay their respective adjusted monthly amount, and such adjusted
17 amount shall be a lien upon applicable Units at such time as the adjusted monthly
18 assessment becomes due. In addition to the foregoing, any Common Expense not
19 set forth in the annual budget or any increase in assessments over the amount set
20 forth in the adopted annual budget shall be separately assessed against all Unit
21 Owners. The Board may adopt special or separate assessments payable over more
22 than one fiscal year.

23 *Id.*

24 **2. Hotel Reserve**

25 The CC&Rs further provide for the creation of the Hotel Reserve to be used solely "for
26 making capital expenditures and paying for the costs of deferred maintenance" in connection with
27 certain hotel components. *Id.* at § 6.10(b). The primary purpose of the Hotel Reserve is to reserve
28 "funds for a portion of the costs of the periodic repair, replacement, refurbishment, enhancement
and update" of the components, which are identified in Exhibit E to the CC&Rs, "as may be
performed from time to time in the sole and absolute discretion of the Owner of the Declarant." *Id.*
Components listed on Exhibit E to the CC&Rs include walls, stucco, paint finishes and repairs,
window replacements, elevator cab finishes, boilers, and floor coverings. *Id.* at Ex. E.
"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." *Id.* at § 6.10 (b).

Section 6.10(b) of the CC&Rs provides for a special or separate assessment for the Unit

Owner's proportionate share of Hotel Expenses:

...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 the 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 the 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 assessment 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.

Id.

B. Capital Expenditures

From January 1, 2017 through June 30, 2019, Defendants spent over \$28 million in capital expenditures to the Property.² See Condo Capital Expense Analysis January 2017 thru June 2019,

² Defendants have spent an additional \$973,428.86 on capital improvements to the Property and more specifically, to the Units: (1) \$216,411.77 to replace thermostats (Floors 17-24); (2) \$163,057.90 to install SafeLock Key System for Unit doors (Floors 17-24); (3) \$32,267.20 to replace clocks with USB (Floors 17-24); (4) \$339,098.70 to replace mattresses (Floors 17-24); (5) \$43,596.90 to replace telephones in Summit Floor rooms, (6) \$71,000.00 in 24th Floor ceiling improvements; and (7) \$107,996.39 to replace pumps in Central Plant Chillers. See June 21, 2019, Motion for Instructions to Receiver Regarding Reserve Amounts,

attached as Exhibit 2. The expenditures were made to substantially improve the Property including remodeling the pool area, the mezzanine, and the front desk. *See id.* An itemized list of the expenditures including when the improvement was made and the cost of the improvement is set forth in Exhibit 2. *See id.*

As indicated on Exhibit 2, the percent of capital allocation based on the most recent Reserve Study is 13.79% for Common Area expenditures and 33.58% for Hotel Unit expenditures. *See id.* This percentage is based upon the square footage relationship of the Plaintiffs, Defendants and Non-Plaintiff-owned Units to the Common Area and to the Hotel area. Based upon this allocation, a total of \$998,260 in “Common Area” Capital Expenditures and a total of \$7,032,441 in Hotel Unit Capital Expenditures may be charged to the respective reserve accounts:

Description	Cost of Capital Expenditures	Allocated Amount of Capital Expenditures to Reserves
		“Common Area” 13.79% Allocation
“Common Area” Capital Expenditures in 2017	\$3,228,575	\$445,220
“Common Area” Capital Expenditures in 2018	\$2,348,488	\$323,857
“Common Area” Capital Expenditures in 2019 (January 1 through June 30)	\$1,661,950	\$229,183
TOTAL	\$7,239,013	\$998,260
		“Hotel Unit” 33.58% Allocation
“HOTEL UNIT” Capital Expenditures in 2017	\$17,626,589	\$5,919,009
“HOTEL UNIT” Capital Expenditures in 2018	\$2,694,172	\$904,703
“HOTEL UNIT” Capital Expenditures in 2019 (January 1 through June 30)	\$621,588	\$208,729
TOTAL	\$20,942,349	\$7,032,441
TOTAL OF COMMON AREA AND HOTEL UNIT EXPENDITURES	\$28,181,362	\$8,030,701

at p. 7. The \$973,428.86 is not included in the \$28 million total expenditure or the \$8 million allocated figure.

1 *See id.*

2 Defendants have presented a request for reimbursement of the above capital expenditures to
3 the Receiver. The Receiver, however, has indicated that Defendants will need to seek the assistance
4 of the Court for the reimbursement of any capital expenditures made before June of 2019, thus
5 necessitating the instant Motion.

6 **III. LEGAL ARGUMENT**

7 **A. Defendants Should Be Reimbursed For Capital Expenditures Made From**
8 **January 1, 2017 Through June 30, 2019 and Permitted to Impose a Special**
9 **Assessment.**

10 As set forth in the CC&Rs, the Capital Reserve and Hotel Reserve were created solely for
11 capital expenditures—the repair, replacement, restoration and enhancement of major components
12 of the Common Elements or certain hotel components. *See* CC&Rs at §§ 6.2 and 6.10(b).
13 Expenditures for these items which may become necessary during the year shall be charged first
14 against the appropriate reserve account. *See id.* The CC&Rs further permit a separate or special
15 assessment to all Unit-Owners for their proportionate share of the expenditures and/or to maintain
16 the level required by an independent Reserve Study. *See id.*

17 Here, Defendants spent over \$28 million of their own funds to improve the Property from
18 January 2017 through June 2019. Based upon the square footage of the Units, approximately \$8
19 million should be allocated and drawn out of the reserves pursuant to the Governing Documents.
20 *See id.* Importantly, the Receiver has recently calculated the amounts needed to fund the reserve
21 accounts from May 2016 through December 2019—the period this matter was dismissed due to lack
22 of subject matter jurisdiction and pending on appeal—for Units owned by Plaintiffs, non-Plaintiffs,
23 and GSR. All Unit-Owners are required to pay their respective share of the reserve funds to reflect
24 what should have been deposited in those accounts from May 2016 through December 2019
25 pursuant to the Governing Documents.³ Defendants have made the required deposits and as

26 ³ At the October 30, 2019, hearing the Court erroneously denied Defendants' request for a special assessment
27 and offset of the reserves for \$973,428.86 in 2017 capital expenditures. The Court determined that it had
28 wiped the slate clean by its October 9, 2015, FFCLJ that Defendants fund the three reserves by \$500,000
each and thus, a special assessment could not be allowed. *See* Transcript of October 30, 2019, Hearing, at
pp. 57 ll. 9-15 and 81 l. 23 to p. 82 l. 5 attached as Exhibit 3. This is despite the fact that the Receiver began
calculating what reserve balances actually should have been from May 2016 through December 31, 2019,
and the share to be deposited by all Unit-Owners. Therefore, starting in May of 2016, the slate was no longer

1 permitted by the Governing Documents, are entitled to reimbursement of the capital expenditures
2 they made to the Property during this same period (*i.e.* January 1, 2017, through June 30, 2019).

3 Importantly, the Receiver, pursuant to the Order Appointing Receiver was appointed “for
4 the purpose of implementing compliance among all condominium units, including units owned by
5 any Defendant in this action...with the [CC&Rs] recorded against the condominium units, the Unit
6 Maintenance Agreements and the original Unit Rental Agreements (“Governing Documents”).” *See*
7 January 7, 2015, Order Appointing Receiver, at pp. 1:27-2:3. That order charges the Receiver “with
8 accounting for all income and expenses associated with compliance with the Governing
9 Documents...until discharged.” *Id.* at p. 2:4-6. Accordingly, Defendants ask the Court to instruct
10 the Receiver to reimburse Defendants a total of \$8,030,701 out of the reserves, specifically \$998,260
11 out of the Capital Reserves and \$7,032,441 out of the Hotel Reserves. In addition, Defendants ask
12 the Court to instruct the Receiver to impose a separate or special assessment on all Unit Owners,
13 including Plaintiffs, Defendants and non-Plaintiffs, to bring the reserve accounts back up to the
14 required levels pursuant to the CC&Rs. Defendants anticipate a new Reserve Study being conducted
15 on the Property later this year which can be used to calculate this special assessment.

16 ///

17 ///

18 ///

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 _____
27 wiped clean. However, to be clear the \$973,428.86 requested off-set, was previously ruled upon by this
28 Court and is separate from, and not included in, the \$28 million total expenditure or the \$8 million allocated
figure set forth in this Motion.

1 **IV. CONCLUSION**

2 For these reasons, Defendants request the Court instruct the Receiver to allow Defendants
3 to draw \$8,030,701 out of the Capital Reserves and Hotel Reserves for the cost of capital
4 expenditures to the Property and impose a special assessment on all Unit-Owners to maintain the
5 reserves at the appropriate levels consistent with an independent Reserve Study.

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

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

10 DATED this 21st day of May, 2020.

11
12 **LEWIS ROCA ROTHGERBER CHRISTIE LLP**

13 By: /s/ David C. McElhinney
14 DAVID C. McELHINNEY, ESQ.
15 Nevada Bar No. 0033
16 LEWIS ROCA ROTHGERBER CHRISTIE LLP
17 One East Liberty Street, Suite 300
18 Reno, Nevada 89501

CERTIFICATE OF SERVICE

Pursuant to NRCP 5(b), I certify that I am an employee of LEWIS ROCA ROTHGERBER CHRISTIE LLP and that on this 21st day of May, 2020, I served a true and correct copy of the foregoing **DEFENDANTS' MOTION FOR INSTRUCTIONS TO RECEIVER REGARDING CAPITAL EXPENDITURES** to the parties listed below, via electronic service through the Second Judicial District Court's eFlex Electronic Filing system.

G. David Robertson, Esq.
Jarrad C. Miller, Esq.
Jonathan J. Tew, Esq.
ROBERSTON, JOHNSON, MILLER & WILLIAMSON
50 West Liberty Street, Suite 600
Reno, Nevada 89501
Attorneys for Plaintiffs

I declare under penalty of perjury under the laws of the State of Nevada, that the foregoing is true and correct.

DATED this 21st day of May, 2020.

/s/ Dawn M. Hayes
An Employee of Lewis Roca Rothgerber Christie LLP

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGES
1.	Seventh Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Reservations of Easements for Hotel-Condominiums Grand Sierra Resort ("CC&Rs")	19
2.	Condo Capital Expense Analysis January 2017 thru June 2019	6
3.	Hearing Transcript dated October 30, 2019	5

EXHIBIT 1

Seventh Amendment to Condominium Declaration of Covenants, Conditions, Restrictions and Reservations of Easements for Hotel-Condominiums Grand Sierra Resort ("CC&Rs")

EXHIBIT 1

506-030
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, Vilorio, Oliphant & Oster, LLP
327 California Avenue
Reno, Nevada 89509
(775) 348-9999



(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)

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>Page</u>
Article 1 DEFINITIONS.....	2
Article 2 UNITS.....	7
2.1 Description and Ownership.....	7
2.2 Certain Structures Not Constituting Part of a Unit	9
2.3 Shared Facilities Unit.....	9
2.4 Real Estate Taxes.....	10
Article 3 COMMON ELEMENTS	10
3.1 Description.....	10
3.2 Ownership of Common Elements.....	10
Article 4 GENERAL PROVISIONS AS TO UNITS AND COMMON ELEMENTS	11
4.1 Submission of Property to the Act.....	11
4.2 No Severance of Ownership	11
4.3 Easements	11
4.4 Use of the Common Elements and Public Shared Facilities	16
4.5 Maintenance, Repairs and Replacements	16
4.6 Negligence of Unit Owner	20
4.7 Joint Facilities.....	21
4.8 Additions, Alterations or Improvements.....	21
4.9 Cable Television System.....	22
4.10 Street and Utilities Dedication.....	23
4.11 Parking Area	23
Article 5 ADMINISTRATION.....	23
5.1 Administration of Association	23
5.2 Association.....	23
5.3 Voting Rights.....	24
5.4 Meetings.....	24
5.5 Board of Directors.....	24
5.6 General Powers of the Board	26
5.7 Insurance	29
5.8 Liability of the Board of Directors and Officers of the Association.....	33
5.9 Resale of Units	33
Article 6 COMMON EXPENSES & OTHER CHARGES	34
6.1 Preparation of Annual Budget	34
6.2 Capital Reserve; Supplemental Budget	34
6.3 Initial Budget	35
6.4 Failure to Prepare Annual Budget.....	35
6.5 Records of the Association	35
6.6 Status of Collected Funds	36