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Richard E. Haskin, Esq.
Nevada State Bar # 11592
Madison G. Wedderspoon, Esq.
Nevada State Bar #16648
**GIBBS GIDEN LOCHER TURNER
SENET & WITTBRODT LLP**
7251 W. Lake Mead Blvd., Suite 450
Las Vegas, Nevada 89128
Telephone: (702) 836-9800
Facsimile: (310) 861-5422

Attorneys for Plaintiffs

SECOND JUDICIAL DISTRICT COURT

WASHOE COUNTY, NEVADA

LAWRENCE GARVEY, an individual; and
ROBERT PAYTON, an individual;

Plaintiffs,

v.

CLUB TAHOE RESORT OWNERS
ASSOCIATION, INC., a Nevada nonprofit
corporation; KEITH WILSON, an individual;
GLORIA DEALBA, an individual; DONALD
WALL, an individual; ROBERT
VERMELTOORT, an individual; CHRISTINA
BECKER, an individual; KEITH OGDEN, an
individual; MARC PEARL, an individual; DOES 1
through 10 inclusive; and ROE CORPORATIONS
I through X inclusive,

Defendants.

Case No.: CV25-02319
Dept.: 9

**PLAINTIFFS' MOTION FOR
PRELIMINARY INJUNCTION AGAINST
DEFENDANTS**

COMES NOW Plaintiffs, LAWRENCE GARVEY and ROBERT PAYTON (hereinafter
"Plaintiffs"), by and through their counsel, the law office of Gibbs Giden Locher Turner Senet &
Wittbrodt LLP, and hereby files their Motion for Preliminary Injunction (the "Motion") against
Defendants CLUB TAHOE RESORT OWNERS ASSOCIATION, INC. (the "Association"), KEITH
WILSON ("Mr. Wilson"), GLORIA DEALBA ("Ms. DeAlba"), DONALD WALL ("Mr. Wall"),
ROBERT VERMELTFOORT ("Mr. Vermeltfoort"), CHRISTINA BECKER ("Ms. Becker"), KEITH
OGDEN ("Mr. Ogden"), MARC PEARL ("Mr. Pearl") (collectively, "Defendants") to prevent
Defendants from continuing to act as the Board of Directors of the Club Tahoe Resort Owners
Association (the "Association") after Defendants were lawfully recalled by a unanimous vote of the

1 Members of the Association, and successor a Board of Directors was lawfully elected by the Members
2 of the Association. Defendants continue to improperly act as the current Board of Directors of the
3 Association, despite their complete recall held during a Special Meeting, in violation of the
4 Association's Declaration of Covenants, Conditions and Restrictions (the "CC&Rs") and Bylaws.

5 This Motion is based on the grounds that Plaintiff has no adequate remedy at law. This Motion
6 is further made and based upon the pleadings and papers on file in this matter, NRS 33.010, NRC
7 65, the following Memorandum of Points and Authorities, the Affidavit of Lawrence Garvey (**Exhibit**
8 **"1"**), the Affidavit of Mona Lynch (**Exhibit "2"**), the Affidavit of Keith Ogden (**Exhibit "3"**), the
9 Affidavit of Dusk Bennett (**Exhibit "4"**), the entire records in this case, the attached exhibits, and
10 upon such argument as the Court may entertain at the hearing on the underlying Motion.

11
12 DATED: February 17, 2026

GIBBS GIDEN LOCHER TURNER
SENET & WITTBRODT LLP

13
14 By: _____

15 Richard E. Haskin, Esq.
16 Nevada State Bar # 11592
17 Madison G. Wedderspoon, Esq.
18 Nevada State Bar # 16648
19 7251 W. Lake Mead Blvd., Suite 450
20 Las Vegas, Nevada 89128
21 Attorneys for Plaintiffs
22
23
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25
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27
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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This Motion arises from an urgent governance crisis at Club Tahoe Resort Owners' Association, Inc. (the "Association"), where the former Board of Directors, Mr. Wilson, Ms. DeAlba, Mr. Wall, Mr. Vermeltfoort, Ms. Becker, Mr. Ogden, and Mr. Pearl (collectively, the "Former Board")¹, already improperly elected by a flawed election in April 2025, refuses to relinquish control and continues to exercise control despite having been recalled by the Association's membership in accordance with the Covenants, Conditions, and Restrictions ("CC&Rs") and Bylaws of the Association. Plaintiffs Lawrence Garvey and Robert Payton ("Plaintiffs"), two owners of timeshare intervals and members of the Association, seek immediate injunctive relief to prevent Defendants from acting as the current Board of Directors, thereby preserving the Association's governance integrity and protecting all Members' interests.

The Former Board's refusal to recognize the recall election and results therefrom has created a governance paralysis threatening the Association's financial stability, property maintenance, and Member rights. This paralysis has already caused irreparable harm and will continue to do so without judicial intervention. Plaintiffs therefore request that this Court notice a hearing on Plaintiffs' Motion for a Preliminary Injunction wherein Plaintiffs request that the Court enjoin Defendants from acting as the Board of Directors and recognize the duly elected successor Board of Directors as the lawful governing body.

In the alternative, should the Court have concerns regarding the validity of the recall and successor election, Plaintiffs request the appointment of a special master pursuant to NRCP 53 to determine the rightful Board of Directors or to oversee a new special election consistent with the Association's Governing Documents and Nevada law.

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¹ Mr. Vermeltfoort resigned from the Former Board of Directors on October 23, 2025. Mr. Vermeltfoort is included in the "Former Board of Directors" to the extent of his actions as Secretary of the Former Board and as to any claims when he was Secretary of the Former Board.

II. STATEMENT OF FACTS

Club Tahoe Resort is a timeshare condominium property located at 914 Northwood Blvd., Incline Village, Washoe County, Nevada 89451 (the “Property”) which consists of 93 Units with 51 interval weeks per Unit. (First Amended Complaint [“FAC”] at ¶16). The Property is operated, maintained, and subject to the Association. (FAC at ¶17). The Association is governed pursuant to the CC&Rs for the community, which are set forth in the Associations’ governing documents and include the Bylaws of the Association and all subsequent amendments (together, the “Governing Documents”). (FAC at ¶18) (A true and correct copy of the CC&Rs and Bylaws is attached as **Exhibit “5”**). The Governing Documents establish the procedures for elections, meetings and Member rights.

The Association is governed by a Board of Directors, which until October 25, 2025, consisted of seven directors: Keith Wilson, President; Gloria DeAlba, Vice President; Donald Wall, Treasurer; Robert Vermeltfoort², Secretary; Christina Becker, Director; Keith Ogden, Director; and Marc Pearl, Director (collectively, the “Former Board”). (FAC at ¶20). As put forth in the First Amended Complaint (“FAC”), the Former Board was elected to their respective positions in the procedurally invalid and therefore void Annual Election held on April 26, 2025. (*See* FAC ¶¶21-61). In addition to conducting an improper April 2025 Annual Election, the Former Board’s tenure has been marked by numerous violations of the Association’s Governing Documents, including entering into multi-year management contracts that have been harmful to the Association, failing to maintain the Property adequately, allowing improper transfers of interval weeks to a Board Member and his wife, improperly transferring reserve funds without authorization, and failing to provide required financial statements. (*See* FAC ¶¶62-124). Detailed specifics of the Former Board’s improper and harmful actions can be found in the attached Declarations, attached as **Exhibits 1 through 4**.

After ongoing concern from many Members of the Association regarding the issues and improprieties carried out by the Former Board, a petition was circulated amongst Members to initiate

² Mr. Vermeltfoort resigned as Secretary of the Former Board on October 23, 2025. *See* fn. 1.

1 a recall of the members of the Former Board. (FAC at ¶126) (**Exhibit “1”** at ¶¶19, 23-27; **Exhibit**
 2 **“4”** at ¶3). However, the Former Board gained wind of these recall efforts, and within August 15
 3 and 22, 2025 letters, the Former Board expressly acknowledged their awareness of the ongoing
 4 recall efforts but sought to actively suppress the recall effort by misleading Members, issuing false
 5 statements, and seeking proxy solicitations for no valid or lawful purpose other than to obtain
 6 blanket voting authority in favor of the Former Board. (FAC at ¶ 127). Specifically, the Former
 7 Board stated that “We are aware of the petition to recall the Board and we firmly believe that a
 8 change of that degree while we are in the middle of this very challenging transition will be
 9 detrimental to our owners, staff, and Club Tahoe.” (*Id.*). The letter further stated, “For those of you
 10 who received a letter titled ‘Help Save Club Tahoe,’ please know that the letter contains many
 11 falsehoods and does not represent the facts. YOU ARE BEING MISLED. The letter directs you to
 12 return a petition to Dusk Bennett. This individual is not an owner of Club Tahoe Resort and so has
 13 no ownership rights.” (*Id.*). These statements were false and misleading however, as Dusk Bennett
 14 is, and at all relevant times was, a verified Owner of a Club Tahoe Interval week, as reflected in
 15 public ownership records. (**Exhibit “4”** at ¶¶1-2). These misleading proxy solicitations and
 16 statements to Owners demonstrate the Former Board’s early efforts to consolidate control over
 17 voting power and obstruct the membership’s recall initiative. (FAC at ¶128).

18 Thereafter, on September 18, 2025, Plaintiffs served the Former Board with a formal written
 19 demand for a special meeting to recall the directors of the Former Board (the “Formal Demand re
 20 Recall”). (FAC at ¶¶129-130). This Formal Demand re Recall was supported by petitions from
 21 Members of the Associations representing more than fifteen (15%) percent of the total voting power,
 22 as required by Article IV, Section 4 of the Bylaws. (FAC at ¶131). Specifically, 770 signed Owner
 23 petitions were provided to Owner Dusk Bennett, which represented 18.6% of the Association’s
 24 membership according to Association records. (**Exhibit “1”** at 29; **Exhibit “4”** at ¶¶3-5). On
 25 September 18, 2025, Mr. Bennett packaged copies of the 768 Owner petitions he had received
 26 through that date, and mailed the petitions via FedEx overnight delivery to the Association and
 27 Former Board. (**Exhibit “4”** at ¶5). The petitions were delivered by FedEx, addressed to the
 28 Association’s President, Keith Wilson on September 20, 2025, and were signed for by “Kevin K”.

1 (Exhibit “4” at ¶¶5-6) (FAC at ¶¶133-134). Despite this demand, the Former Board failed to call
 2 the special meeting as required by the Bylaws. (FAC at ¶¶135-139).

3 After two weeks without a response from the Former Board, Mr. Bennett sent an email to the
 4 entire Former Board advising them that petitions were delivered and demanding a Special Meeting.
 5 (Exhibit “1” at ¶30; Exhibit “3” at ¶¶ 7-10; Exhibit “4” at ¶¶7-10). Five of the seven Former
 6 Board members did not respond. (Exhibit “4” at ¶¶11-12). Thereafter, on October 8, 2025,
 7 Directors Ogden and Becker issued a formal demand, demanding that the Former Board call a
 8 special meeting for October 25, 2025. (Exhibit “1” at ¶31; Exhibit “3” at ¶¶12-28). The Former
 9 Board did not respond. (Exhibit “3” at ¶25). After three formal requests were made to the Former
 10 Board to hold the special meeting without any response, Directors Ogden and Becker issued a notice
 11 to the membership on October 11, 2025, in compliance with the fourteen-day notice requirement of
 12 Article IV, Section 2 of the Bylaws. (FAC at ¶¶140-144) (Exhibit “3” at ¶¶26, 28-33). The Former
 13 Board failed and refused to acknowledge their fiduciary and legal requirements under the Bylaws to
 14 notice a special meeting pursuant to the petitions of more than fifteen (15%) percent of the
 15 membership for the purpose of recalling the Former Board. (FAC at ¶145).

16 On October 25, 2025, a Special Meeting of the membership, as properly noticed by Directors
 17 Ogden and Becker, was duly convened for the purpose of holding a recall election. (FAC at ¶148)
 18 (Exhibit “2” at ¶¶81; Exhibit “3” at ¶¶32-33, 39-47). Less than 24 hours before the Special
 19 Meeting, access to the Association’s clubhouse was denied through representatives of the Former
 20 Board, forcing Members to relocate to an alternative facility within Washoe County to conduct the
 21 special meeting. (FAC at ¶¶149-150) (Exhibit “1” at ¶¶32-34; Exhibit “2” at ¶82; Exhibit “3” at
 22 ¶36). Despite this obstacle, the Special Meeting proceeded on October 25, 2025, with a quorum
 23 established. (Exhibit “1” at ¶34-36; Exhibit “2” at ¶84-85; Exhibit “3” at ¶42-44) (FAC at ¶151).
 24 At the Special Meeting, Members voted to recall all Former Board members, with a unanimous
 25 recall of 641 votes cast in favor of the recall, and none that opposed. (Exhibit “1” at ¶¶35-37;
 26 Exhibit “2” at ¶¶83-85; Exhibit “3” at ¶¶45-46) (FAC at ¶151). Pursuant to Article V, Section 3 of
 27 the Bylaws, the motion to recall all members of the Former Board was approved by the required
 28 two-thirds vote of present voting Members, and all Former Board members were recalled from their

1 positions effective immediately. (FAC at ¶¶152-153). Following the recall, seven successor
2 directors were immediately elected at the Special Meeting to fill the vacancies created by the recall
3 (the “New Board”). (FAC at ¶¶155) (**Exhibit “1”** at ¶38, **Exhibit “3”** at ¶50).

4 Notwithstanding this vote, the Former Board continues to act as the governing body of the
5 Association. (FAC at ¶¶157-162) (**Exhibit “1”** at ¶39; **Exhibit “3”** at ¶¶48-62). The Former Board
6 has refused to acknowledge the recall results, has failed to cooperate with the transition to the New
7 Board, and has withheld Association records, keys, contracts, vendor information, and the
8 membership roster from the New Board. (FAC at ¶¶157-158). Moreso, the Former Board’s counsel,
9 the law firm of Leach Kern Gruchow Song (“LKG”), has purported to represent only a fraction of
10 the Former Board, as LKG noticed Directors Ogden and Becker that they were excluded from a
11 Former Board meeting on October 29, 2025, even though LKG and the Former Board have taken the
12 position that the Special Meeting recall and successor director election were invalid and that the
13 Former Board remains the rightful board. (FAC at ¶¶159-161) (**Exhibit “3”** at ¶¶51-62).

14 The exclusion of certain Former Board directors and failure to acknowledge the recall vote
15 have continued, as the Former Board continues to hold secret board meetings and secret executive
16 meetings as standalone sessions without providing any notice or agenda or meeting minutes to the
17 membership. (**Exhibit “3”** at ¶¶51-62). These secret and improper meetings are never disclosed as
18 required under the Bylaws and Nevada nonprofit governance principles, and there are no records of
19 any Former Board actions taken at these meetings. (**Exhibit “3”** at ¶¶51-62). Further, Mr. Ogden
20 and Ms. Becker continue to be removed from Former Board communications, have never been
21 provided with access to Association documents as Board Directors, and are excluded from any
22 Former Board meetings, despite LKG and the Former Board’s position that the Former Board
23 remains the duly elected directors of the Association, and no valid Former Board action has
24 authorized such exclusion. (**Exhibit “3”** at ¶¶51-62).

25 The Former Board’s tenure has been marked by numerous violations of the Association’s
26 Governing Documents, including: conducting an improper April 2025 election using unauthorized
27 electronic voting; improperly using Association-owned weeks for voting; entering into unauthorized
28 multi-year management contracts (that have been detrimental to the Association); failing to maintain

the Property adequately; improperly transferring reserve funds without authorization; failing to provide required Association financials; failing to distribute the annual audited financials to Members by March 31, 2025 in accordance with Article XIII, Section 3 of the Association’s Bylaws or provide any interim financials after being requested; failing to provide the membership roster after being requested by various Members of the Association; and all other actions detailed in the Declarations attached as **Exhibit “1”** through **Exhibit “4”**. Moreso, the Former Board continues to refuse to acknowledge the outcome of the October 25, 2025 Special Meeting wherein the entire Former Board was unanimously recalled and successor directors were duly elected as the current New Board of the Association. This continuing refusal is an attempt by the Former Board to retain control of the Association despite the clear will of the membership, and is a blatant disregard of the provisions and duties in the Governing Documents and their fiduciary duties under Nevada nonprofit corporate law. This governance dispute has resulted in the paralysis of the Association’s operations, jeopardizing its financial stability, the safety and maintenance of the Property, and the rights of the Association’s Members.

The CC&Rs provide that each Owner and the Association “shall be governed by and shall comply with this Declaration and the By-Laws of the Association . . . [and that] failure to do so shall entitle the Association *or any Interval Unit Owner* to recover sums due for damages or *injunctive relief*, or both.” (**Exhibit “5”** – CC&Rs at Article XXII, Section J) (emphasis added). Therefore, Plaintiffs have the right to seek injunctive relief including this Motion.

III. LEGAL STANDARD

NRS 33.010 and NRCPC 65 address the right to obtain injunctive relief. NRS 33.010 provides that an injunction may be granted in the following cases:

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

1 NRS 33.010

2 The Court has significant discretion to grant a preliminary injunction. *Dixon v. Thatcher*,
 3 103 Nev. 414, 415, 742 P.2d 1029, 1029 (1987). In *Dixon*, the Supreme Court of Nevada stated that
 4 “[a] preliminary injunction may be issued to preserve the status quo if the party seeking it shows: (1)
 5 that the party enjoys a reasonable ‘likelihood of success’ on the merits; and (2) the party will be
 6 subjected to ‘irreparable harm’” if the preliminary injunction is not granted. *Id.*; *see also No. 1 Rent-*
 7 *a-Car v. Ramada Inns, Inc.*, 94 Nev. 779, 780-81, 587 P.2d 1329, 1330 (1978); *Clark County Sch.*
 8 *Dist. v. Buchanan*, 112 Nev. 1146, 1150, 924 P.2d 716, 719 (1996) (injunction available upon
 9 “reasonable probability of success”); *Danberg Holdings Nevada LLC v. Douglas County*, 115 Nev.
 10 129, 142, 978 P.2d 311, 319 (1999) (injunction available on “reasonably probability that the non-
 11 moving party, if allowed to continue, will cause irreparable harm”); *Pickett v. Comanche Constr.*
 12 *Co.*, 108 Nev. 422, 426, 836 P.2d 42, 44 (1992). In deciding the propriety of a request for equitable
 13 relief, the Court should also consider the balance of the parties’ harm. *Univ. and Cmty. Coll. Sys. of*
 14 *Nev. v. Nevadans for Sound Gov’t*, 120 Nev. 712, 721, 100 P.3d 179, 187 (2004) (“In considering
 15 preliminary injunctions, courts also weigh the potential hardships to the relative parties . . .”). “The
 16 courts favor relief which prevents the wrong in preference to that which may afford redress.”
 17 *Czipott v. Fleigh*, 87 Nev. 496, 499, 489 P.2d 681, 683 (1971).

18 Here, Plaintiffs are able to demonstrate that the grounds stated in NRS 33.010(1) and (2)
 19 weigh heavily in their favor, although to obtain injunctive relief, Plaintiffs need only comply with
 20 one of the grounds. Plaintiffs are also able to demonstrate that they have a high likelihood of
 21 success on the merits and they will be subjected to irreparable harm if Defendants are not enjoined
 22 from continuing to purport to act as the current acting Board of Directors. Accordingly, the factors
 23 clearly favor granting Plaintiffs’ Motion for a Preliminary Injunction.

24 **IV. LEGAL ARGUMENT**

25 Plaintiffs are entitled to a preliminary injunction as they satisfy all legal requirements to

1 obtain such relief. Plaintiffs fulfill the requirements of NRC 65(b) by demonstrating immediate
 2 and irreparable injury through governance paralysis, financial harm, property deterioration, and
 3 member disenfranchisement. The Former Board's pattern of obstruction and withholding of
 4 Association records justifies issuance of a preliminary injunction to stop the Former Board from
 5 these improprieties. Plaintiffs also satisfy the requirements to obtain a preliminary injunction as
 6 Plaintiffs have a likelihood of success on the merits based on the validity of the recall election under
 7 the Bylaws and Nevada law, there will be irreparable harm without an injunction, a balance of
 8 equities favor injunctive relief, and public interest considerations support injunctive relief.
 9 Defendants' actions are clear violations of the Governing Documents and Nevada law, and in light
 10 of these facts, the issuance of a preliminary injunction is warranted.

11 **A. Plaintiffs Satisfy the Requirements of NRS 33.010**

12 ***1. Immediate And Irreparable Injury Will Result Without An Injunction***

13 Nevada law recognizes that an injunction may be granted "[w]hen it shall appear by the
 14 complaint or affidavit that the commission or continuance of some act, during litigation, would
 15 produce great or irreparable injury to the plaintiff." NRS 33.010(2). The Nevada Supreme Court
 16 has established that "real property and its attributes are considered unique and loss of real property
 17 rights generally results in irreparable harm." *Dixon*, 103 Nev. at 416, 742 P.2d at 1030. Where
 18 unique property rights are at stake, "compensatory damages do not provide an adequate remedy."
 19 *Id.*

20 Here, the Former Board's improper continued exercise of control over the Association
 21 creates multiple forms of immediate and irreparable harm. First, the Former Board's refusal to
 22 acknowledge their recall has created a governance crisis that prevents the Association from
 23 conducting essential business. With two purported Boards of Directors claiming authority and
 24 competing to conduct Association affairs, the Association cannot effectively operate, enter into
 25 necessary contracts, manage and maintain a safe and orderly Property, convey meetings of the
 26 Membership pursuant to the Governing Document provisions, or make critical decisions regarding
 27 the Property's management. This paralysis threatens the fundamental operation of the timeshare
 28 Property and Members associated property rights.

1 Second, the Former Board's continued attempt of control over the Association's finances,
2 including their history of improperly transferring reserve funds and entering into unauthorized multi-
3 year management contracts, poses an immediate threat of financial harm to the Association and its
4 Members. A member of the Former Board even improperly acquired multiple interval Association-
5 owned weeks for zero purchase price while no other Owner has been provided the opportunity to
6 acquire Association-owned weeks. (FAC at ¶¶83-85). The Former Board has continuously refused
7 to distribute the audited financial records for the Association both upon request and pursuant to the
8 requirements of Article VIII, Section 4(b)(3) of the Bylaws. (FAC at ¶¶90-92). Instead, the Former
9 Board refuses to answer any questions regarding transparency of Association affairs and finances
10 and has not sold an interval week in over three (3) years while actively promoting that Members can
11 deed back their unit to the Association. (**Exhibit "1"** at ¶¶16-18; **Exhibit "2"** at ¶¶4, 7-29; **Exhibit**
12 **"3"** at ¶¶96-97). Unlike monetary damages that might be calculated after the fact, the ongoing
13 mismanagement of the Association's finances and refusal to disclose financial records as required
14 creates complex and potentially irreversible financial consequences that cannot be adequately
15 remedied through compensatory damages.

16 Third, the Former Board's documented failure to maintain the Property creates an immediate
17 risk of further harm and deterioration of the Association's Property. The Former Board has, since in
18 or around 2018, failed to maintain the Property, including allowing the exterior and interior of Units
19 to deteriorate, with reported concerns including: delamination of exterior plywood, unstable
20 handrails and stairways, leaks, stained and damaged carpets, broken appliances, mold, rodent
21 infestations, and other maintenance concerns that were never addressed. (**Exhibit "1"** - ¶10-11;
22 **Exhibit "2"** - ¶¶5, 90-91). Courts recognize that harm to real property is considered unique and
23 generally results in irreparable harm. *See Dixon*, 103 Nev. at 416, 742 P.2d at 1030 (citing *Leonard*
24 *v. Stoebling*, 102 Nev. 543, 728 P.2d 1358 (1986), and *Nevada Escrow Service, Inc. v. Crockett*, 91
25 Nev. 201, 533 P.2d 471 (1975)). Here, the Association's Members' property rights and interests are
26 at stake, and the potential damage to these unique assets cannot be adequately remedied through
27 monetary compensation alone.

28 Finally, the Former Board's refusal to honor the recall vote, which was a unanimous 641

1 votes in favor of recalling the entire Former Board and 0 votes against such recall, constitutes a
2 direct disenfranchisement of the Association's Members' voting rights. This refusal and continued
3 attempt to act as the board of directors for the Association in the face of the unanimous recall and
4 compliant successor director election results undermines the democratic governance structure
5 established in the Association's Governing Documents and disregards the Former Board's fiduciary
6 duties to the Association and its Members. Therefore, the protection of the Members voting rights
7 requires injunctive relief as such rights cannot be adequately protected and remedied through
8 monetary damages.

9 In this case, the Former Board has demonstrated a clear pattern of obstruction. Initially, after
10 gaining wind of recall attempts spurred by Members' concern from the improprieties stemming from
11 the Former Board, the Former Board actively suppressed the recall efforts in order to retain control
12 over the Association. (FAC at ¶¶125-128). Then, after the Formal Demand re Recall was served on
13 Defendants, the Former Board refused to call the Special Meeting as required by Article IV, Section
14 4 of the Bylaws when they were presented with petitions from more than 15% of the voting
15 Members of the Association. (FAC at ¶¶129-138). In similar fashion, the Former Board refused to
16 acknowledge a demand for a response and action by an Owner, multiple demands from two directors
17 on the Former Board, actively attempted to obstruct the special meeting noticed for October 25,
18 2025, and falsely claimed the petitions for the recall and the Special Meeting were invalid and
19 improper. (FAC at ¶¶138-147). The Former Board's continued refusal to acknowledge the results
20 of the properly noticed and conducted recall vote at the Special Meeting, despite the receipt of over
21 15% of petitions from Members and the unanimous decision of the membership to recall the entire
22 Former Board, evidences their unwillingness to comply with proper governance procedures or
23 provisions of the Governing Documents and Nevada law.

24 It is important to note that Defendants have attempted to placate their inaction and lack of
25 conformity to the Governing Documents and Nevada law by arguing that the Association and
26 Former Board did not receive the Owner recall petitions that were sent by Dusk Bennett and
27 delivered to the Association via FedEx. The first instance that Defendants notified anyone of the
28 apparent lack of receipt of the petitions was only a few days before the Special Meeting, when LKG

1 communicated with the Former Board stating they had not seen the petitions. However, no one from
2 the Former Board affirmatively stated that the petitions were never received. The Former Board
3 never questioned the authenticity, sufficiency, or as to inspect the original petitions. (**Exhibit “3”** at
4 ¶¶26-28). Dusk Bennett was never contacted regarding the mailing and receipt of the petitions, even
5 though these petitions were repeatedly referenced in various communications including from
6 Plaintiffs’ counsel, Mr. Bennett, and Keith Ogden leading up to and after the Special Meeting.
7 (**Exhibit “4”** at ¶¶7-12, 14-16). LKG waited until after the Special Meeting to make the claim to the
8 entire membership that the petitions were “never received.” (**Exhibit “4”** at ¶13). Defendants’
9 argument that they never received the petitions is simply a narrative for litigation strategy rather than
10 a good-faith factual issue that is rebuked by delivery receipts and sworn testimony.

11 Given their history of improper transfers of reserve funds, unauthorized contracting, refusal
12 to produce records, willful disregard of their fiduciary duties, and refusal and deliberate disregard of
13 membership voting rights and the provisions of the Governing Documents, it is clear that the Former
14 Board intends to obstruct proper functioning of the Association and retain control and power over
15 the Association and its assets. This ongoing conduct creates an immediate need for court
16 intervention to prevent further concealment or potential destruction of Association records and
17 property.

18 In addition, the Nevada Real Estate Division (NRED) formally closed the Alternative
19 Dispute Resolution (ADR) claim initiated by an owner against Club Tahoe Resort Owners’
20 Association due to the Association’s failure to respond, as required by law. (**Exhibit “2”** - ¶93).
21 The Division confirmed that the Association did not submit the mandatory written answer by the
22 November 22, 2025 deadline, thereby preventing mediation and closing the matter procedurally.
23 (**Exhibit “2”** - ¶93). This non-response exemplifies the Association’s continuing disregard for
24 regulatory compliance, member communications, and lawful process – further justifying judicial
25 intervention.

26 As such, Plaintiffs respectfully request that this Court grant the Motion for a Preliminary
27 Injunction based on NRS 33.010 for the above stated reasons.

28 ///

B. Plaintiffs Satisfy the Requirements for a Preliminary Injunction

NRC 65(a) allows a court to “issue a preliminary injunction only on notice to the adverse party.” Plaintiffs request that the Court notice a hearing on Plaintiffs’ Motion, wherein Plaintiffs seek a Preliminary Injunction enjoining Defendants from purporting to act as the current governing Board of Directors, from holding secret and improper board meetings, and from denying the valid and lawful recall and successor director election results.

Defendant Keith Wilson, a Former Board Member, indicated in the August 2025 Board Meeting that the new property management contract with Grand Pacific Resorts (“GPR”) was signed in April 2025, by himself and at the time, Marc Pearl, President. (**Exhibit “3”** at ¶¶69-74). It was signed in secret, outside of a scheduled Board Meeting and without any Board minutes and perhaps, without a majority of the board and without proper governance. (**Exhibit “3”** at ¶¶69-74). During the August 2025 Board meeting, a member asked Wilson to get a copy of the newly signed agreement with GPR and it was agreed then by the Board to distribute the GPR contract no later than September 12, 2025; however, the Former Board has not distributed the contract to Members to this day. (**Exhibit “2”** at ¶¶73-80; **Exhibit “3”** at ¶¶69-74). There are major concerns that pursuant to the GPR contract, particularly the “repurposing provision” and the Association’s financial and governance concerns, the Association could be pushed toward and pigeonholed into a sale or termination under the Bylaws that would benefit GPR financially. (**Exhibit “3”** at ¶¶74-81). These concerns are founded in the fact that the Former Board and GPR are not operating the Association with the membership and Association’s best interest. (**Exhibit “3”** at ¶¶74-81).

It is well established Nevada law that “NRS 33.010(1) authorizes an injunction when it appears from the complaint that the plaintiff is entitled to the relief requested and at least part of the relief consists of restraining the challenged act.” *Nevadans for Sound Gov’t*, 120 Nev. at 721, 100 P.3d at 187. A preliminary injunction is available when the moving party can demonstrate: 1) a likelihood of success on the merits; 2) a reasonable probability that the non-moving party’s conduct, if allowed to continue, will cause irreparable harm for which compensatory damage is an inadequate remedy; 3) the balance of equities favors the moving party, and 4) the injunction would serve the public interest. *Id.*; see also, *Boulder Oaks Cmty. Ass’n v. B & J Andrews Enters., LLC*, 125 Nev.

397, 403, 215 P.3d 27, 31 (2009). While irreparable harm can be shown, it need not be demonstrated if vested property rights are to be enforced. See, e.g., *Gladstone v. Gregory*, 95 Nev. 474, 480-81, 596 P.2d 491, 495 (1979). The Nevada Supreme Court has established that “real property and its attributes are considered unique and loss of real property rights generally results in irreparable harm.” *Dixon*, 103 Nev. at 416, 742 P.2d at 1030. The Court held that where unique property rights are at stake, “compensatory damages do not provide an adequate remedy.” *Id.*

1. Plaintiffs Demonstrate A Likelihood That They Will Prevail On The Merits

Here, a strong likelihood of success on the merits exists. The Plaintiffs have demonstrated that the recall election was valid and that the Former Board members have been properly removed from their positions pursuant to a unanimous recall vote and successor director election.

a. Validity of the Recall Election Under the Association’s Governing Documents and Nevada Law

The recall election and successor director election were conducted in compliance with the Association’s Governing Documents and Nevada law. Despite the Former Board’s efforts to obstruct and prevent the recall election, the Members of the Association properly conducted a recall election and exercised their right to remove directors and elect successor directors through a valid special meeting process. As set forth below, the Plaintiffs satisfied Nevada law and the Association’s governing documents to hold a properly noticed recall election, and this election resulted in the Former Board Members, and each of them, being recalled.

The Association’s Bylaws explicitly require a special meeting to be called when requested by fifteen (15%) percent of the voting members of the Association. (**Exhibit “5”** – Bylaws at Article IV, Section 4). This right is fundamental to member governance and is reinforced by Nevada law. Specifically, Nevada law recognizes the right of members to call special meetings of the members of nonprofit corporations when the required percentage of voting power makes such a request. See NRS 82.336(1). This statutory protection ensures that members maintain ultimate control over their associations. On September 20, 2025, petitions from Members representing more than 15% of the voting power of the Association were delivered to the Former Board, therefore triggering the mandatory requirement from the Bylaws and NRS 82.336 to call a special meeting. The Former

1 Board had a mandatory duty to call the special meeting but failed to do so. This failure constituted a
2 breach of the Governing Documents, NRS 82.336, and their fiduciary duties as directors of the
3 Association.

4 Due to the Former Board's refusal to call the special meeting as required by Article IV,
5 Section 4 of the Bylaws, Former Board Directors Ogden and Becker provided notice of a special
6 meeting for October 25, 2025, in compliance with the 14-day notice requiring of Article IV, Section
7 2 of the Bylaws (the "Special Meeting"). Nevada law also requires proper notice for meetings of
8 nonprofit corporations. Pursuant to NRS 82.336, notice of a special meeting must be sent to each
9 Member of the Association not less than 10 and no more than 60 days before such meeting. *See*
10 NRS 82.336(4). Therefore, the notice provided by Directors Ogden and Becker on October 11,
11 2025, was compliant with the Bylaws 14-day notice requirement, and within NRS 82.336(4)'s notice
12 requirement. As such, this notice was proper and effective despite the Former Board's refusal to act.

13 Thereafter, at the Special Meeting on October 25, 2025, the recall vote conducted was valid
14 and binding under both the Association's Bylaws and Nevada law. A quorum was established at the
15 Special Meeting, satisfying the fundamental requirement for conducting Association business.
16 Pursuant to Article III, Section 2 of the Bylaws, a quorum is established when there is the presence
17 in person or by proxy of a majority of the Owners of the Association. Here, the presence in person
18 of nearly 200 Members and the additional proxies assigned to designated Members attending the
19 Special Meeting established quorum for the purpose of conducting the Special Meeting. (**Exhibit**
20 **"1"** at ¶¶35-37; **Exhibit "2"** at ¶¶83-85).

21 At the Special Meeting, 641 Members unanimously voted to recall the Former Board, with 0
22 votes against, thereby far exceeding the two-thirds requirement under Article V, Section 3 of the
23 Bylaws and NRS 119A.528, and the requirements of NRS 82.296. (**Exhibit "1"** at ¶37; **Exhibit "2"**
24 at ¶85; **Exhibit "3"** at ¶46). Nevada law specifically provides that "any directors may be removed
25 from office by the vote of members . . . representing not less than a majority of the voting power of
26 the members entitled to vote for the election of the director being removed." NRS 82.296(1). The
27 law further specifies that the articles or bylaws may require a larger percentage for removal. NRS
28 82.296(1)(b). NRS 119A.528 aligns with Article V, Section 3 of the Bylaws wherein the statute

1 provides that “a two-thirds vote of all persons present, in person or by proxy, who are entitled to vote
2 at any meeting of the owners at which a quorum is present, may remove any member of the board,
3 with our without cause.” NRS 119A.528(1). In this case, the vote to recall the Former Board was
4 unanimous, satisfying even the most stringent voting requirements, and certainly the requirements of
5 NRS 82.296, NRS 119A.528, and Article V, Section 3 of the Bylaws.

6 Following the valid recall of the Former Board, successor directors were immediately elected
7 in compliance with the Association’s Governing Documents. This prompt election ensured
8 continuity of governance of the Association. Pursuant to Article IV, Section 4 of the Bylaws, the
9 Special Meeting was for the purpose of conducting a recall and successor director election, and
10 because all members of the Former Board were unanimously recalled, successor directors could
11 “then and there be elected to fill the vacancies” created by the removal of the Former Board pursuant
12 to Article V, Section 3. Further, the successor director election was valid under NRS 82.286
13 wherein directors “may be elected at any special meeting of the members which is called and held
14 for that purpose.” NRS 82.286(1). The successor director election was conducted with the same
15 quorum present that had just voted for the recall, ensuring that the election was properly constituted.
16 The immediate election of successor directors was necessary to prevent any governance gap that
17 may have resulted from the recall, and was in compliance with the Bylaws and Nevada law.

18 **b. The Former Board’s Refusal to Acknowledge the Recall and Improper**
19 **Obstruction of the New Board**

20 Despite the valid recall election, the Former Board refuses to acknowledge the recall,
21 continues to act as the Board of Directors for the Association, and has withheld Association records,
22 keys, contracts, and other information, thereby obstructing a proper transition with the New Board.
23 Once more, the Association’s management company continues to follow the instructions of the
24 Former Board because the management company is completely perplexed by the present situation
25 and equally paralyzed. The Former Board Members continue to give direction to the management
26 company. All of the foregoing conduct directly contravenes the will of the membership of the
27 Association as expressed through their unanimous vote and violates Nevada law governing nonprofit
28 corporations. The Former Board has engaged in a pattern of improper obstruction designed to

1 prevent the Members from exercising their rights to recall board directors and elect successor
 2 directors. This obstruction began with their refusal to call the special meeting as required by the
 3 Bylaws after receiving over petitions from over 15% of the membership and continued with their
 4 last-minute denial of access to the Association's clubhouse for the Special Meeting. The Former
 5 Board's continued refusal to accept the recall and successor director election results and their
 6 persistence in acting as the current board for the Association constitutes further breaches of their
 7 fiduciary duties and willful violation of the Governing Documents and Nevada law. As such, the
 8 Former Board's improper actions justify the relief requested in this Motion, and support the validity
 9 of the recall and successor election results, therefore meaning success on the merits for Plaintiffs.

10 ***2. Defendants Will Cause Irreparable Harm to Plaintiffs If They Continue Their***
 11 ***Course Of Conduct***

12 Nevada courts have recognized that "real property and its attributes are considered unique
 13 and loss of real property rights generally results in irreparable harm." *Dixon*, 103 Nev. at 416, 742
 14 P.2d at 1030. In *Dixon*, the Nevada Supreme Court held that the district court erred in finding that
 15 the plaintiffs had not met the burden of proof on irreparable harm when their real property rights
 16 were at stake. *Id.* The Court noted that "compensatory damages do not provide an adequate
 17 remedy" in situations involving real property. *Id.* The timeshare property interests owned by
 18 Plaintiffs and other Association Members constitute real property rights. The Former Board's
 19 refusal to relinquish control threatens these property rights through mismanagement, unauthorized
 20 and detrimental contracts, and failure to maintain the Property.

21 Moreso, the Former Board's refusal to acknowledge the recall election and relinquish control
 22 has created a governance paralysis that prevents the Association from conducting business. This
 23 paralysis threatens the Association's ability to operate effectively, maintain the Property, and fulfill
 24 its obligations to its Members. Nevada law recognizes that a preliminary injunction is proper when
 25 the moving party can demonstrate that it will suffer irreparable harm for which compensatory
 26 damages would not suffice. *Dixon*, 103 Nev. at 415, 742 P.2d at 1029. Compensatory damages will
 27 not fix the paralysis at hand and the Former Board's refusal to acknowledge its recall and the New
 28 Board's proper governance. The Former Board's refusal to honor the unanimous recall vote

effectively disenfranchises the Association's Member who exercised their right to remove board members under Nevada law and the Governing Documents. This disenfranchisement constitutes irreparable harm to the governance of the Association and cannot be adequately compensated through monetary damages.

Additionally, the Former Board's history of violations, including election violations during the 2025 Annual Election, entering into unauthorized multi-year management contracts, failing to maintain the Property, and improperly transferring reserve funds, poses an ongoing threat of financial harm to the Association and its Members. The deterioration of the Property and lack of proper management practices also creates safety hazards for Members and guests. These harms cannot be adequately remedied through monetary damages alone, as they affect the fundamental operation and value of the Association and its Property. As such, Plaintiffs have adequately shown that they are suffering irreparable harm, and the issuance of monetary damages will not suffice to remedy the violations and improper actions of the Former Board such that a preliminary injunction is necessary.

***3. No Hardship Will Be Placed On The Defendants If An Injunction Is Issued,
While On The Other Hand, Plaintiffs Will Be Burdened If The Defendants
Are Permitted To Continue Their Course Of Conduct***

Here, the balance of equities strongly favors granting a preliminary injunction against Defendants. Without an injunction, the Plaintiffs and other Association Members will continue to suffer from governance paralysis, financial mismanagement, and property deterioration. The Former Board's continued unauthorized actions threaten the financial stability and physical conditions of the Property. Moreso, Defendants are improperly continuing to act as the board of directors for the Association after a unanimous recall of the Former Board members was made by the membership. For over 10 years, a majority of the Former Board has served in a voluntary capacity, yet the condition of the Property has steadily deteriorated under their oversight. (**Exhibit "1"** at ¶¶9-11; **Exhibit "2"** at ¶91). The Former Board's long-term inaction and mismanagement have resulted not only in deferred maintenance and declining member services, but also in mounting legal and financial liabilities. (**Exhibit "2"** at ¶¶96-98; **Exhibit "3"** at ¶¶90-95). These include multiple

1 lawsuits—such as prior management company Tricom Management, Inc.’s claims of wrongful
2 termination in Case No. CV25-00772 and skyrocketing operational and legal expenses.

3 With fewer Owners now sharing the financial burden, and operating deficits accumulating,
4 the Association has resorted to improperly transferring funds from its restricted Reserve Fund to
5 cover day-to-day operations. (**Exhibit “2”** at ¶¶30-40; **Exhibit “3”** at ¶81). This conduct is both
6 fiscally irresponsible and a clear violation of the Association’s obligations to its Members. Without
7 immediate injunctive relief, Plaintiffs and other Members will continue to suffer irreparable harm,
8 while Defendants unlawfully retain control in direct opposition to the will of the ownership.
9 Defendants should not be allowed to ignore and violate the Governing Documents and Nevada law.

10 In contrast, the Former Board members will suffer minimal harm if an injunction is granted.
11 Their contentions that the recall was improper can be determined through normal litigation, and
12 there is no need for the Former Board to continue acting in contravention of the Members’ vote and
13 will. The injunction merely preserves the status quo established by the recall vote, allowing the
14 properly elected successor directors to fulfill their fiduciary and governing duties pending final
15 resolution of the dispute. Here, the potential hardship to the Plaintiffs and other Association
16 Members far outweigh any hardship to the Former Board.

17 ***4. Public Interest Is Best Served By Granting The Injunctive Relief***

18 The public as a whole is best served by ensuring that a homeowners’ association’s governing
19 documents and Nevada law are properly respected and followed pursuant to the provisions therein,
20 and that association board of directors comply with their fiduciary duties. In this specific matter, the
21 “public” is comprised of the Association’s community. The Court must consider whether the
22 Members of the Association, including Plaintiffs, are best served by the Defendants refusing to
23 comply with the Members’ unanimous decision to recall Defendants, Defendants blatant ignorance
24 of the Governing Documents and Nevada law, and the Defendants refusal to step down and
25 acknowledge the New Board’s governance. Without a doubt, it is in the best interest of the
26 community to have the provisions of the Governing Documents and Nevada law enforced. A
27 preliminary injunction would uphold the principles of governance in homeowners’ associations by
28 respecting the will of the membership as expressed through voting matters. An injunction would

1 enforce the Association's Governing Documents and contractual obligations they create. Moreso,
 2 preventing the Former Board from continuing its pattern of mismanagement and Property neglect, an
 3 injunction would help preserve property values for the community. Therefore, it is in the best
 4 interest of the community for the Court to grant injunctive relief in favor of Plaintiffs. There can be
 5 no good faith argument to the contrary. If the Court does not grant injunctive relief, the only
 6 interests being served would be that of Defendants. Thus, the best interest of the public weighs
 7 completely in favor of granting injunctive relief.

8 **C. Appointment of a Special Master is Appropriate if the Court Questions the Validity**
 9 **of the Recall Election**

10 If the Court has concerns about the validity of the recall and successor election that occurred
 11 at the special meeting on October 25, 2025, appointing a special master would be an appropriate
 12 alternative remedy. Under NRCP 53(a)(2), the court may appoint a master to (1) performed duties
 13 consented to by the parties; (2) address pretrial or posttrial matters that cannot be effectively and
 14 timely addressed by an available judge; or (3) in actions to be decided without a jury, hold trial
 15 proceedings and recommend findings of fact, conclusions of law, and a judgment, if appointment is
 16 warranted by (a) some exceptional condition; or (b) the need to perform an accounting or resolve a
 17 difficult computation of damages. *See* NRCP 53(a)(2). Moreso, NRCP 53(b)(2) provides that
 18 "[a]ny party may move to have a master appointed, or the court may issue an order to show cause."

19 The governance dispute in this case presents exceptional conditions that warrant the
 20 appointment of a special master. The technical nature of the Governing Documents, the complex
 21 factual history, and the emergency situation where the Association cannot function properly without
 22 a valid and proper board of directors in place all support such an appointment. A special master
 23 could either review the Governing Documents, recall petitions, meeting notices, and voting records
 24 to determine compliance with the Association's Governing Documents and Nevada law which
 25 support the recall and successor director election from October 25, 2025, or oversee a new special
 26 election to ensure compliance with all procedural requirements. This would provide an efficient
 27 resolution to the governance dispute and minimize the period of the current governance paralysis.

28 ///

V. CONCLUSION

Plaintiffs respectively request that this Court grant the instant Motion, following notice of the request for a preliminary injunction, and:

1. Issue a preliminary injunction enjoining Defendants from acting as the current board of directors of the Association and recognizing the October 25, 2025 recall petitions and results, and recognizing the duly elected successor directors as the lawful board of directors of the Association;

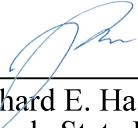
2. Alternatively, if the Court questions the validity of the recall and successor election or requires further determination, appoint a special master pursuant to NRCP 53 to determine the rightful Board of Directors or to oversee a new special election in accordance with the Association's Governing Documents and Nevada law;

3. Award Plaintiffs their reasonable attorney's fees and costs incurred in bringing this Motion pursuant to the Association's Governing Documents and NRS 116.4117.

DATED: February 17, 2026

GIBBS GIDEN LOCHER TURNER
SENET & WITTBRODT LLP

By: _____


Richard E. Haskin, Esq.
Nevada State Bar # 11592
Madison G. Wedderspoon, Esq.
Nevada State Bar # 16648
7251 W. Lake Mead Blvd., Suite 450
Las Vegas, Nevada 89128
Attorneys for Plaintiffs

CERTIFICATE OF MAILING

The undersigned, an employee of the law firm of GIBBS GIDEN LOCHER TURNER
SENET & WITTBRODT LLP, hereby certifies that on February 17, 2026, they served a copy of the
foregoing **PLAINTIFFS' MOTION FOR PRELIMINARY INJUNCTION AGAINST**
DEFENDANTS by electronic service through the Regional Justice Center for Washoe County,
Nevada's ECF System:



An employee of
Gibbs Giden Locher Turner
Senet & Wittbrodt LLP

1
2 SECOND JUDICIAL DISTRICT COURT
3 COUNTY OF WASHOE, STATE OF NEVADA

4 AFFIRMATION
5 Pursuant to NRS 239B.030 and 603A.040

6 The undersigned does hereby affirm that the preceding document, *(title of document)*

7 MOTION FOR PRELIMINARY INJUNCTION

8 file in case number: CV25-02319

9
10 (☒ mark one)

11 ☒ Document does not contain the personal information of any person.

12
13 ☐ Document contains the personal information of a person as required by: (☒ mark one)

14 ☐ A specific state or federal law, to wit: *(write the specific state or federal law)*

15 _____
16 ☐ For the administration of a public program

17 ☐ For the administration for a federal or state grant

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

20
21
22 DATED this *(day)* 17th day of *(month)* February, 2026.

23
24 Submitted By: *(Your signature)* _____

25 *(Print your name)* Richard E. Haskin, Esq.

26 *(Attorney for)* Plaintiffs
27
28

EXHIBIT “1”

DECLARATION OF LAWRENCE GARVEY

I, Lawrence Garvey, do declare, affirm, and state as follows:

1. I am an Owner and Member in good standing at Club Tahoe Resort Owners' Association (the "Association" or "Club Tahoe"). I have personal knowledge of the matters set forth herein, unless otherwise stated. If called to testify, I could and would testify competently to the facts stated herein

2. My late wife, Christina Garvey, and I purchased our first interval interest ("Interval" or "Unit"), Unit 47, Week 39, at Club Tahoe in August 1989.

3. We enjoyed the Interval with family and friends for more than 20 years, during which the resort was self-managed and well-maintained, and the staff was friendly and professional.

4. Because of our decades-long positive experience, my late wife and I later purchased two additional interval interests: Unit 25, Week 38 and Unit 56, Week 31.

5. From our first Interval purchase in 1989, we used Owner bonus time for access to book unoccupied Units at a significantly reduced rate. However, over the past several years, bonus time has not been offered, even though when I was on site at Club Tahoe, the Property did not appear to be fully occupied.

6. From 1989, I took advantage of the opportunity to deposit one or more Intervals with a timeshare exchange agency which allowed us to travel to other locations. This exchange option was offered to Owners, paid for by the owner, and was not available unless annual maintenance fees were paid.

7. In 2025, I had two Units that I attempted to deposit with Trading Places International, a timeshare exchange agency. I could not reach Club Tahoe as they did not answer the Association phone or return messages for over two months. I emailed then-Association president Marc Pearl several times until eventually the resort manager, Kathy Winter, handled this exchange process.

8. Had I not been extremely persistent in this exchange process communication, I would have lost more than \$1,700 in annual maintenance fees for those two Intervals without receiving the benefit of an exchange. Upon information and belief, I understand that other Owners were not as fortunate and lost the ability to deposit Intervals for exchange due to the Association's lack of timely

1 response.

2 9. Until the Special Meeting held on October 25, 2025 that unanimously recalled the
3 entire Board of Directors for the Association (the "Former Board"), some members of the Former
4 Board had held their seats for at least ten (10) years.

5 10. Beginning in or around 2018, when I stayed at Club Tahoe, I began to observe
6 deferred maintenance in and around the clubhouse and on the exteriors and interiors of several Units.
7 By way of example: exterior plywood siding was delaminating; handrails and stairways presented
8 safety concerns, including instances where railings were loose or not properly secured and stair
9 surfaces appeared deteriorated or unstable.

10 11. I reported these and similar maintenance concerns to the front desk of Club Tahoe
11 and was routinely informed that there were plans to address these issues. To date, many of these
12 issues remain uncorrected.

13 12. In April 2024, I received a letter from a concerned Owner, Mona Lynch. In that
14 letter, she listed multiple troubling concerns about the now-recalled Board of Directors.

15 13. To confirm information that I received in Owner communications regarding then-
16 President of the Association, Marc Pearl, acquiring two prime Intervals for transfer and recording
17 fees only but no purchase price, I searched the Washoe County Recorder records. The search results
18 showed that Marc Pearl and his wife, Jennifer Pearl, had acquired two prime Units in 2023 for what
19 appears to be only title and transfer fees. To the best of my knowledge, those transfers were never
20 disclosed to the Association's Owners.

21 14. The search results also established that there is no record of any Association-owned
22 Intervals being sold after 2022, despite inquiries from interested Owners in the past few years. The
23 only transfers from Association inventory that I noticed while reviewing Club Tahoe transfer records
24 were the two Interval transfers to Marc and Jennifer Pearl in July 2023. It is my understanding that
25 the Association's Governing Documents prohibit board members from profiting from their volunteer
26 positions, and I believe these transfers raise serious conflict-of-interest and fiduciary duty concerns.

27 15. Many Owners and Members, including myself, became increasingly distressed by the
28 growing problems at Club Tahoe.

1 16. Beginning in the fall of 2024, I attended multiple Board meetings via Zoom and
2 observed Marc Pearl repeatedly avoiding Owner questions during the owner forum portion of the
3 Board meetings. When the other Board Members did respond to Owner questions, the responses
4 were vague and did not address the substance of the concerns.

5 17. During one Board meeting, my fellow Plaintiff, Robert Payton, attended in-person
6 and read aloud fifteen (15) Owner concerns that were being submitted on Zoom but were being
7 ignored by the Former Board. Marc Pearl, as then-President of the Association, nodded at Mr.
8 Payton and said he would get back to him – but then never did.

9 18. Owners' efforts to obtain direct answers during Former Board meetings and through
10 written inquiries were not successful.

11 19. After the April 2025 annual meeting and election, many Owners concluded that the
12 governance problems had escalated into election misconduct. Those election irregularities are
13 summarized in the pleadings in this case, including the First Amended Complaint (the "FAC").

14 20. In particular, the Former Board admitted in writing that it used Association-owned,
15 non-dues paying Interval weeks for quorum and voting purposes in the April 2025 election. As
16 quoted in the FAC, the Former Board stated in its June 3, 2025 email to Owners, which I received,
17 that "*Consistent with industry practice, the Association-owned units were used for quorum and*
18 *voting purposes and did not violate any known state statutes.*" In my view, this is another example
19 of the Former Board acting in self-serving ways as they would likely not have been re-elected
20 without using Association-owned units to vote with.

21 21. The Association's CC&Rs state that the 92 Maintenance Weeks are not subject to
22 assessments and have no voting rights. Upon information and belief, the Former Board intentionally
23 stockpiled several hundred Association-held Units, acquired through an undocumented and
24 unofficial deed-back practice that the Former Board directors actively promoted, while failing to sell
25 Association-owned Unit inventory for an extended period of time.

26 22. The Association's elections should reflect the will of the voting Owners and not be
27 unduly influenced by a Board voting with a collection of hundreds of Association-owned Units that
28 pay no maintenance fees and that have been amassed and used as votes in order to benefit and allow

1 the Former Board directors to retain their directorships and control over Club Tahoe.

2 23. By the fall of 2024, it had become clear to me and other Owners that informal efforts
3 to obtain transparency and accountability through Board meetings and written inquiries were not
4 working.

5 24. After the April 2025 election, Owners raised repeated concerns about election
6 procedures, access to records, and the Former Board's use of Association-controlled, non-dues
7 paying Intervals in the voting process.

8 25. I was part of a meet and greet at Club Tahoe in early August 2025 to spread the word
9 to other Owners of our serious concerns.

10 26. Later in August, given the seriousness of these issues and the need to ensure that the
11 Association followed its Governing Documents and Nevada law, I, together with fellow Owner and
12 Plaintiff Robert Payton, engaged legal counsel and participated in the filing of the Complaint and
13 FAC to seek Court intervention and relief.

14 27. Consistent with the recall process proscribed in the Governing Documents and
15 Nevada law, and as described in the pleadings in this case, Owners initiated a formal recall effort in
16 September 2025.

17 28. On September 18, 2025, through our counsel, notice of the recall effort was directed
18 to then-President Keith Wilson.

19 29. On September 20, 2025, approximately 760 recall petitions were delivered by
20 overnight FedEx service to the attention of Keith Wilson at Club Tahoe, demanding a Special
21 Meeting be noticed and scheduled for the recall of the entire Former Board and election of new
22 directors for the Association. The Former Board failed to respond to the recall petitions or otherwise
23 notice and schedule a Special Meeting as required by the Governing Documents.

24 30. On October 5, 2025, another Owner, Dusk Bennett, emailed the entire Former Board
25 demanding that the Special Meeting be scheduled and noticed, with inclusion of the September 18,
26 2025 letter from Plaintiffs' counsel.

27 31. On October 11, 2025, I received notice from then-Directors Keith Ogden and
28 Christina Becker that a Special Meeting of the membership to recall the entire Former Board and

1 elect successive directors was scheduled for October 25, 2025 at the Association's clubhouse.

2 32. On October 15, 2025, I spoke with Kathy Winter, the manager of Club Tahoe, and
3 explained that Owners needed to use the Association's clubhouse on October 25, 2025 at 7:00 a.m.
4 for the Special Meeting. Ms. Winter said that the clubhouse would be available at 6:45 a.m. that
5 morning and that we could set up tables and chairs on Friday evening.

6 33. A day or two later, Ms. Winter told me that she had been directed by the Former
7 Board and the Association's attorney, Leach Kern Gruchow Song ("LKG"), not to allow use of the
8 clubhouse for the Special Meeting. We then had to plan for and arrange an alternate meeting
9 location at a church near Club Tahoe should the clubhouse be blocked from access.

10 34. On the morning of October 25, 2025, I and many other Owners attempted to enter the
11 clubhouse and were surprised to find the doors locked. Because Owners were denied access to the
12 noticed meeting location, we proceeded to the alternate location so the Special Meeting could
13 proceed. Notice of the relocation change was promptly posted at the clubhouse entrance before the
14 scheduled start time of the Special Meeting so attendees could make it. It was dark and cold, and
15 was raining intermittently and many Owners were confused and frustrated because we had been told
16 the clubhouse would be available.

17 35. Prior to the Special Meeting, approximately 544 Owners assigned me their proxies to
18 vote at the Special Meeting, and those proxies directed me to vote in favor of recalling the entire
19 Former Board.

20 36. I attended the October 25, 2025 Special Meeting in person, voted in favor of recalling
21 all the Former Board directors, and as required, cast the proxies assigned to me in favor of recalling
22 the entire Former Board.

23 37. The recall of the Former Board was unanimously approved by 641 Owners present in
24 person and by proxy. No Owner voted to keep any Director on the Board.

25 38. The Owners then voted to elect seven new successor directors at the Special Meeting,
26 and the newly elected Board held an organizational meeting and elected its officers.

27 39. Since October 2025, the Former Board has refused to recognize the lawfully called
28 and properly noticed Special Meeting, recall results, and successor election. The Association has

continued to incur significant attorney's fees, including fees involving communications from the Association's attorney, LKG, relating to the recall and election dispute. These costs reduce the funds available for needed maintenance at Club Tahoe and other warranted Association expenses.

40. It is clear to me that the Former Board, in violation of the Bylaws and CC&Rs, has not operated in the best interests of the Association. Based on the pattern of deferred maintenance, lack of transparency, and the failure to sell Association-held Unit inventory, I am deeply concerned about the long term viability of Club Tahoe.

41. Now I, together with fellow owner Robert Payton, have had to file a lawsuit in order for the Former Board to comply with the will of the membership. If the recall is not affirmed by this Court, I believe the Former Board directors will continue actions that contribute to the deterioration of Club Tahoe, imposing significant increased maintenance fees due to Association-held Unit inventory not being sold, and mismanagement and continued disputes regarding Board conduct. I believe that without Court intervention, the Club Tahoe that I have known for decades will cease to exist as a well-maintained resort for thousands of Owners and their families.

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

Executed this 4th day of February 2026

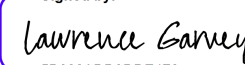
Signed by:

5B622ADD3DDE472...
 LAWRENCE GARVEY

EXHIBIT “2”

DECLARATION OF MONA LYNCH

I, Mona Lynch, do declare, affirm, and state as follows:

1. I am an Owner and Member in good standing at Club Tahoe Resort Owners' Association (the "Association" or "Club Tahoe"). I have personal knowledge of the matters set forth herein, unless otherwise stated. If called to testify, I could and would testify competently to the facts stated herein.

Ownership and Background

2. Members of my family were original Club Tahoe owners at its inception in 1978, and I personally acquired my first interval week ("Interval" or "Unit") in the 1980s. Over the years, my husband, Keith Ogden, and I acquired additional Interval interests so that family and friends could spend extended time at Club Tahoe. To the best of my knowledge, my husband and I currently own the most assessment-paying Interval interests at Club Tahoe.

3. Due to the number of Interval interests we have owned over decades, I have spent significant time at Club Tahoe, have a unique perspective on Club Tahoe's operations, and have developed close relationships with employees and a large number of Owners.

4. On March 28, 2024, my husband and I sent a written request to the then-current Board and to Tricom, the management company at the time, seeking copies of the Association's governing documents, including the Bylaws, CC&Rs, and any other controlling documents, and written procedures relevant to Member rights and Association governance, including (a) meeting and voting procedures, (b) election processes, and (c) standards for identifying and handling Board member conflicts of interest. Neither the Board nor Tricom ever responded to my request or furnished any of the Association's records which are required to be provided to Members.

Lack of Communication and Board Responsiveness

5. Over several years, I submitted to Tricom, both at the front desk and via email, numerous written maintenance forms identifying specific problems in the Units we own and in Association common areas, including leaks, damaged fixtures, stained and threadbare carpets, inoperable appliances, and rotted exterior wood siding. In many instances, when I returned the following year, the same problems persisted, indicating that reported maintenance issues were not

1 corrected by Tricom – and Tricom was under the direct supervision of the Board.

2 6. Because I spent many weeks each year at Club Tahoe, I got to know various
3 employees working in the clubhouse and began to better understand resort operations and the effects
4 of poor management and oversight by the Board. Over time, certain employees shared concerns
5 with me regarding maintenance, staffing, and decision-making. These conversations, together with
6 what I personally observed, led me to believe there were serious governance and operational failures
7 that were harming the Association and the membership.

8 7. Since April 2024, I have sent dozens of emails to each Board member and to Tricom
9 raising concerns including, but not limited to, the following:

- 10 a. Election irregularities in the April 2024 and April 2025 Board elections, including
11 the Former Board's admitted use of Association-owned Intervals for quorum and
12 voting.
- 13 b. The Association's long-standing deed-back practice and the Former Board's
14 failure to maintain a transparent, functioning process to sell Association-owned
15 inventory to Owners, resulting in a growing number of non-dues paying Intervals
16 held by the Association.
- 17 c. The Former Board's inconsistent and, in my view, misleading communications to
18 Owners regarding whether Association-owned Intervals were being used as
19 voting power.
- 20 d. A proposed scheme or effort to annex whole condominium units, not time-share
21 Intervals, from the Association and transfer them at the direction of the Former
22 Board for a small fraction of fair market value, without transparent documentation
23 or owner disclosure. This was communicated to me by a former Board member.
- 24 e. Transfers of valuable Association-owned inventory Intervals to then-Board
25 President Marc Pearl and his wife, Jennifer Pearl, for no purchase price other than
26 nominal transfer fees, without owner disclosure and without board minutes
27 reflecting board authorization.
- 28 f. Concerns regarding candidate vetting and disclosure, including that Mr. Pearl

presented himself to Owners as having financial services expertise while not disclosing a 2017 FINRA bar that appears in public records.

- g. Reports from Owners that deeded Owner Intervals were occupied or rented without Owner authorization or compensation during the Tricom management period, and that similar issues continued after Tricom no longer managed the Property.
- h. Missing, delayed, or inaccurate financial statements and budgets, and the lack of board meeting minutes documenting significant Former Board decisions.
- i. Failure to provide insurance binders and other core records requested by Owners.
- j. Failure to provide a current Owner roster upon request, and instances where rosters provided to Owners appeared not to be current.
- k. Unequal access to bonus time and reservation privileges favoring certain Owners.
- l. Unexplained involvement of Alderwood Resorts, a sister company of Tricom, in Association affairs, including access to Board meetings and Association records.

8. These emails received no substantive response or no response at all. When the Former Board did reply, such replies were often vague, dismissive, or simply acknowledged receipt without addressing the issues raised.

9. Since April 2024, I also sent multiple emails to the Former Board and Tricom regarding a major sewage incident reported to have occurred in or about February 2024. Based on what I was told by Owners and employees, and upon information and belief, the incident was believed to have been caused or worsened by contractor activity on site. I requested that the Former Board disclose the scope of the damage and the cost to the Association, but I did not receive a response.

Not Selling Association-Owned Weeks

10. Based on my review of Washoe County records and repeated inquiries I made as an Owner, Club Tahoe has, for several years, increased its Association-held Interval inventory by accepting deed backs from Owners. The Association has regularly communicated to Owners how to deed back their Intervals, but has not maintained a transparent or accessible process for Owners

1 wishing to purchase Association-owned Intervals. I personally requested a list of available Interval
2 weeks that are for sale several times from the Former Board, and over multiple years the Former
3 Board provided such a list only once, in the winter of 2024, with no meaningful follow-up or clear
4 explanation of how an Owner could actually complete a purchase.

5 11. After the Board circulated a partial list of Association-owned inventory weeks, I was
6 copied on an email exchange in which an Owner asked the Board how to purchase an Interval. The
7 Former Board directed the Owner to Tricom, and when the Owner contacted Tricom, Tricom
8 executive Jamie Orrell responded that the Owner needed to speak with the Former Board. This
9 circular deflection confirmed to me that there was no functioning, Owner-accessible sales process.

10 12. For a brief period of time, Association-owned inventory weeks were publicly
11 advertised online as being available “for purchase,” yet when Owners inquired, they were bounced
12 back and forth between the Former Board and Tricom, and no sales were ever completed. This
13 created the false appearance that Intervals were available while denying Owners any genuine
14 opportunity to purchase or acquire them.

15 13. I was also copied on additional Owner complaints reflecting the same problem. For
16 example, on or about September 6, 2025, owner Lisa G. wrote that between April and May 2025 she
17 sent six emails to the Former Board inquiring about purchasing Week 31, Unit 60, which she
18 believed the Association controlled, and received no response to any of her emails. On or about
19 September 8, 2025, owner Dave P. wrote that he had reached out three times to purchase Association
20 owned Intervals, including direct correspondence to Marc Pearl, with no result.

21 14. In my view, the Former Board’s refusal to facilitate sales of Association-owned
22 Intervals deprives the Association of critical revenue and the return of Intervals to dues-paying
23 ownership, leaving fewer paying Owners to carry the operating burden and increasing financial
24 pressure on the ownership base.

25 15. Further, the Former Board has also used Association-owned Interval weeks for voting
26 purposes, which I address below, making the Former Board’s failure to sell these Intervals even
27 more concerning.

28 16. In a Former Board communication dated August 20, 2025, the Former Board again

1 addressed deed backs and told Owners to wait until a process was established with the incoming
2 management company, Grand Pacific Resorts (“GPR”). This letter (which was similar to previous
3 board communications to Owners) did not provide any information or process for purchasing
4 Association-owned Interval weeks or describe how the Association intended to reduce its growing
5 inventory through sales.

6 17. The April 2024 Board minutes listed 333 Association owned weeks, but Washoe
7 County deed records show at least 23 additional deed backs recorded later that year, indicating that
8 the Association held over 350 weeks - an amount inconsistent with the 330 weeks reported in the
9 December 2024 audited financials. These inconsistencies raised concerns for me regarding the
10 accuracy of reported inventory totals and whether the number of Association-controlled, non-dues
11 paying Intervals was being fully and transparently disclosed to the membership.

12 Misappropriation of Association-Owned Inventory

13 18. After reviewing records from the Washoe County Recorder’s Office and in response
14 to my written inquiries to the Former Board, I learned that former Board President Marc Pearl and
15 his wife, Jennifer Pearl, acquired Weeks 29 and 52 and Bonus Week 53 from Association inventory
16 in 2023 without paying any purchase price other than a nominal transfer fee (approximately \$75),
17 which was paid to Tricom.

18 19. No disclosure was made to the membership that the sitting Board President and his
19 spouse acquired two of the most valuable Association-owned Interval weeks without paying any
20 purchase price to the Association, and no other Owners were offered a comparable opportunity to
21 acquire Association-held inventory on a transfer-fee-only basis.

22 20. I reviewed Board meeting minutes posted in 2024 dating back to 2014 that were
23 prepared by Tricom and approved by then Secretary Keith Wilson, and I found no record of any
24 Board vote, minutes, or member notice authorizing these transfers.

25 21. Based on Washoe County Recorder records that I reviewed, no Association-held
26 inventory weeks were sold to any Owner after March 24, 2022. The only transfers from
27 Association-held inventory since that time that I was able to identify were the transfers to Marc Pearl
28 and Jennifer Pearl described above, for no purchase price.

1 22. In my view, the lack of sales of Association-held Interval inventory for multiple
2 years, combined with the acceptance of ongoing deed-backs from Owners, harmed dues-paying
3 Owners by reducing the number of assessment-paying Intervals available to share operating costs
4 and by increasing financial pressure on the remaining Owners. It also increased the number of non-
5 dues paying Intervals controlled by the Association.

6 23. At a town hall Association meeting in November 2024 that I attended via Zoom, after
7 Owners asked about the Association-held Interval inventory transfers to Marc Pearl and his wife,
8 Mr. Pearl stated that a lottery would be implemented so that other Owners could also acquire
9 Association-held Interval inventory for only transfer fees, and he stated that he wanted to lead by
10 example and start paying Association dues.

11 24. To my knowledge, no transfer-fee-only policy as proposed by Mr. Pearl was adopted
12 in any Board minutes made available to Owners, and no lottery was or has been implemented.

13 25. In my view, the preferential transfer of high-value Association-held Interval
14 inventory to the sitting Board President and his spouse, without Owner disclosure and without Board
15 minutes reflecting authorization, raises serious concerns regarding conflicts of interest and the
16 handling of Association assets.

17 26. Based on Owner communications that I was copied on, and based on my own
18 observations, Owners who inquired about purchasing Association-held Interval inventory were
19 effectively denied any genuine opportunity to do so.

20 27. In my view, President Keith Wilson and the rest of the Board knew, or should have
21 known, the consequences of allowing Association-held Interval inventory to grow without a
22 transparent, functioning sales process, particularly given Mr. Wilson's long-standing officer role and
23 responsibility for governance records and communications to owners.

24 28. I also understand, based on Former Board communications, posted minutes and
25 records, including the Tricom property management agreement, that the Former Board repeatedly
26 entered into multi-year management agreements with Tricom, including agreements on or around
27 March 1 in 2014, 2017, 2020, and 2023, with extensions in the intervening years.

28 29. In my view, it cannot be overlooked that during this period, Mr. and Mrs. Pearl

1 received prime Association-held inventory weeks (the middle of July and the last week of the year in
2 December) on a transfer-fee-only basis in a manner that Tricom processed or signed off on, which
3 raises serious concerns about preferential treatment and conflicts of interest. These two Interval
4 weeks had among the highest retail value compared to other Interval weeks during the year.

5 Audited Financials

6 30. In an August 20, 2025 written communication to Owners, the Former Board stated
7 that an independent audit of the 2024 financial statements had been completed earlier in 2025 and
8 that no “anomalies” were found, while also representing that 2025 financials were current only
9 through May. Despite those assurances, I did not receive the December 31, 2024 audited financial
10 statements from the Former Board.

11 31. Under Club Tahoe’s Governing Documents, a balance sheet and operating statement
12 for the fiscal year are to be distributed within ninety (90) days after the close of the fiscal year.

13 32. In contrast to the required disclosure by the Board, I obtained a copy of the audited
14 financial statements from another Owner, well after the 90-day deadline required by the Governing
15 Documents.

16 33. The audited financial statements I received reflect that the auditors signed their report
17 on June 11, 2025, which was well after the ninety-day distribution deadline.

18 34. In addition, I, along with other Owners, requested interim 2025 financial statements,
19 including financials through May, but I have not received any interim financials from the Former
20 Board.

21 35. In my view, the Former Board’s use of the word “anomalies” in the August 20, 2025
22 communication was misleading because it implied there were no meaningful financial concerns,
23 when the audited results for the year ending December 31, 2024 reflect material financial
24 deterioration and heightened risk.

25 36. Based on the audited financial statements, (which were not completed and signed by
26 the auditors until June 11, 2025, well after the Bylaws deadline), the Association’s Operating Fund
27 deficit worsened from (\$185,046) at December 31, 2023 to (\$430,295) at December 31, 2024.

28 37. The audited financial statements also show net cash used in operating activities of

1 (\$706,621) in 2024, and that total expenses increased by nearly \$400,000 from 2023 to 2024, while
2 assessment and other receivables increased by \$68,932, indicating increasing delinquency and
3 collection risk.

4 38. Overall, these audited financial statement figures show that the Association was
5 operating with a growing deficit and negative operating cash flow.

6 39. From my review of the December 31, 2024 audited financial statements, I noted that
7 the Operating Fund reflected an inter fund payable to the Reserve Fund of \$161,367 at year end,
8 meaning the Operating Fund owed the Reserve Fund that amount. The auditors separately
9 highlighted this issue, noting that the Operating Fund owed the Reserve Fund \$161,367 and
10 recommending that those funds be transferred back as soon as possible.

11 40. I did not see any disclosure from the Former Board to the Association's membership
12 describing the purpose for using Reserve Fund cash to support operating needs, the specific plan to
13 replenish reserves, or any timeline for repayment. In my view, using reserve funds to cover
14 operating shortfalls without transparent disclosure and a documented replenishment plan increases
15 financial risk to the Association and further reflects a lack of fiscal oversight and accountability by
16 the Former Board.

17 41. I am also deeply concerned about what the 2025 financial results will reflect given the
18 direction the Former Board has taken.

19 42. The Association has continued to accept additional deed-backs from Owners, which
20 reduces the number of dues-paying Owners and shifts operating costs onto fewer Members. At the
21 same time, the Association has incurred escalating legal expenses tied to the Tricom litigation that
22 arose from the Former Board's mishandling of the attempted termination of Tricom, and now the
23 additional legal expenses related to the Former Board's refusal to step aside after the recall Special
24 Meeting and its use of Association counsel to oppose the will of the membership.

25 43. Compounding this, when Owners asked during Board meetings for interim financial
26 statements, the Former Board purportedly agreed to provide them, but to my knowledge, they have
27 still failed to deliver those interim financials to the membership.

28 44. For these reasons, and because the Former Board has refused to provide interim 2025

1 financials despite repeated requests and promises to do so, I am very concerned what the 2025
2 financials will reflect.

3 *Improper Procedures and Governing Document Violations in the April 26, 2025 Annual Election*

4 45. From my review of the election process, Owner communications, and the Former
5 Board's June 3, 2025 written communication to Owners, I believe the April 26, 2025 Annual
6 Election was procedurally defective and invalid for multiple, overlapping reasons.

7 46. The Association's Bylaws at Article IV, Section 3(b) provide: "At the annual
8 meeting, the members shall elect the Board of Directors by cumulative voting. Voting for the Board
9 of Directors shall be by written ballot." Article III, Section 3 further provides: "Votes may be cast in
10 person or by proxy," and that a proxy "shall be deemed revoked for any particular meeting in which
11 the Interval Owner or designated voting member appears in person at the meeting"

12 47. Despite these requirements, voting for the 2025 Annual Meeting closed the day
13 before the meeting, and the regular Board meeting that should have preceded the Annual Meeting
14 was cancelled one day prior. As a result, Owners were not given a meaningful opportunity to vote in
15 person at the Annual Meeting or revoke a proxy by appearing in person, contrary to the Bylaws and
16 past Association practice.

17 48. The 2025 Annual Election relied on electronic voting through Simply Voting.
18 However, electronic ballot voting is not authorized by the Association Bylaws, and I am not aware
19 of any valid amendment to the Governing Documents that approved electronic balloting for director
20 elections.

21 49. Ballots and meeting materials were mailed with less than fourteen (14) days' notice
22 of the 2025 Annual Meeting. This was inconsistent with Club Tahoe Bylaws Article IV, Section 2
23 (Notices), which requires that the Secretary "mail or deliver a notice of each annual or special
24 meeting, stating the time and place thereof, to each Interval Unit Owner of record at least fourteen
25 (14) but not more than thirty (30) days prior to such meeting."

26 50. Many Owners reported to me that they never received ballots or related emails at all,
27 which prevented them from voting. For Owners who wished to vote by mail, the short turnaround
28 left insufficient time for ballots to be returned before the voting cutoff, and some Owners were

1 forced to use expedited shipping, including FedEx.

2 51. The ballot and candidate process was also flawed. There was no mechanism for
3 write-in candidates or the traditional ability to run from the floor, which I understand is required by
4 the Governing Documents and prior Association practice.

5 52. Candidate statements and bios were omitted, and candidate names were not presented
6 in a neutral and fair manner. The Former Board endorsed certain candidates, including two
7 incumbent directors and a third candidate with no prior Club Tahoe board experience. This was
8 prejudicial to the other two candidates on the ballot and was further exacerbated by the Former
9 Board preventing them from issuing any statement to the membership.

10 53. I am also aware of Owners who reported to me that they submitted candidacy
11 requests by certified mail and were ignored by the Former Board.

12 54. In addition, I heard Marc Pearl state during a Former Board meeting that “the board
13 had to vet candidates,” even though the Governing Documents provide that any Owner in good
14 standing may run for the Board.

15 55. During the April 26, 2025 Owners forum portion of the Annual Meeting, many
16 Owners asked questions, particularly those critical of the Board, but those questions were ignored.
17 Owners also could not see other questions being asked during the Zoom meeting, which eliminated
18 transparency and prevented Owners from understanding what issues were being raised and how they
19 were being addressed.

20 56. Multiple Owners copied and forwarded to me the questions they submitted through
21 the Zoom “Ask Question” function, which is how I know their questions were submitted and not
22 addressed at the Annual Meeting.

23 57. The ballot proposal to expand the Board from five to seven seats was handled in a
24 confusing and misleading manner. The voting option to remain at five directors was not clearly
25 presented, and Owners were required to vote on the issue through Simply Voting before the Annual
26 Meeting started, without any adequate explanation or guidance.

27 58. The 2025 Annual Meeting election also failed to follow Voting Member Certificate
28 (“VMC”) requirements. Article III, Section 4 of the Bylaws requires a Voting Member Certificate

1 designating who may vote or execute proxies on behalf of an ownership interest.

2 59. In its June 3, 2025 letter, the Former Board stated that in most cases the VMCs were
3 not needed. In my view, that statement was contrary to the Bylaws.

4 60. Owners informed me that they requested VMC forms by email and certified mail, yet
5 no VMC forms were distributed before the 2025 Annual election or afterward, creating a serious risk
6 that votes were improperly counted and Members were disenfranchised.

7 61. In addition, Robert Vermeltfoort, who served as Secretary from April 26, 2025 until
8 his resignation on October 23, 2025, told an Owner that the Former Board was trying to put a VMC
9 process in place, but no discussion or policy has been provided to the membership, even with a new
10 property manager in place.

11 62. The Former Board also reported inconsistent Unit and Interval counts that suggest
12 undisclosed Association controlled voting power.

13 63. The Governing Documents identify 4,692 total Interval weeks (92 units times 51
14 weeks). At the April 2025 Annual Meeting, the Board reported only 4,088 Interval weeks. The 604-
15 interval discrepancy likely represents Association-owned weeks or other non-owner-controlled
16 intervals, but that discrepancy has not been transparently disclosed or reconciled to the Association's
17 ownership.

18 64. At Former Board meetings held since the 2025 Annual Election, Owners have
19 repeatedly questioned what the 4,088 Interval figure represents, but those questions have been
20 ignored or promptly rebuked.

21 65. The April 2025 election ballot included items to remove two directors, namely then
22 President Marc Pearl and Vice President Gloria DeAlba. Club Tahoe's Bylaws provide that
23 directors may be removed "at any duly convened regular or special meeting, by the affirmative vote
24 of the voting members" meeting the stated threshold.

25 66. By closing voting before the Annual Meeting and canceling the scheduled regular
26 Board meeting immediately preceding the Annual Meeting, Owners were not given a meaningful
27 opportunity to vote in person at a duly convened meeting, as contemplated by the Bylaws, including
28 on the removal questions.

1 67. In addition, Simply Voting was administered solely under Marc Pearl's control even
2 though he was subject to the removal vote. In my view, this seriously compromised the neutrality
3 and integrity of the process.

4 68. Notwithstanding the procedural violations described above, the most troubling issue
5 was the Former Board's admitted use of Association-owned weeks to control the vote.

6 69. The Former Board admitted in writing that it used Association-owned weeks in the
7 Annual Election, even though those weeks do not pay dues and Article X of the CC&Rs prohibits
8 voting by non-dues paying interests.

9 70. Specifically, voter IDs DH8T and RG6W were used to cast 1,790 weighted votes out
10 of a reported 7,506 total votes, approximately 24% of all votes, in favor of Former Board
11 recommended candidates. In my view, this was a deliberate abuse of authority and a breach of
12 fiduciary duty by the Former Board.

13 71. In a June 3, 2025 email communication to Owners regarding the 2025 Annual
14 Election, the Former Board stated, in substance, that "Votes by HOA owned weeks" were used "at
15 the discretion of the Board," and that, "Consistent with industry practice," the Association-owned
16 weeks were used for quorum and voting and "did not violate any known state statutes." In my view,
17 this admission underscores the Former Board's willingness to manipulate election outcomes using
18 Association inventory weeks that do not function like dues paying Owner Intervals.

19 72. Taken together, these issues reflect a pattern of procedural violations, lack of
20 transparency, and improper vote manipulation that deprived Owners of a fair election and
21 undermined the legitimacy of the April 2025 Annual Election.

22 *The Grand Pacific Management Agreement*

23 73. During the August 2025 Board meeting, which I attended in person at the
24 Association's clubhouse, Keith Wilson agreed to provide the Owners with a copy of the
25 management agreement between the Association and Grand Pacific Resorts ("GPR"), the new
26 property management company, no later than September 12, 2025.

27 74. As of the date of this affidavit (nearly five months from the date promised), despite
28 repeated requests, the GPR management agreement has not been provided to me and, to my

1 knowledge, has not been distributed to the membership.

2 75. Many Owners, me included, are concerned that the Former Board intentionally
3 withheld the agreement because its terms are detrimental to the membership.

4 76. At the August 2025 Board meeting, Keith Wilson stated that the Association entered
5 into a three (3) year management agreement with GPR without any Board meeting minutes or formal
6 Board vote records approving the GPR contract.

7 77. That is significant because Club Tahoe's Governing Documents restrict the Board's
8 authority to enter longer term service contracts. Specifically, Article VI, Section 2(a) provides that
9 the Board is prohibited from entering into a contract "for a term longer than one (1) year."

10 78. As a long-term Owner, I am not aware of any membership vote or written assent
11 authorizing a three year management agreement with GPR, and I have not been provided with any
12 minutes reflecting Board deliberation or approval as required.

13 79. At the August 2025 Board meeting, Keith Wilson and Marc Pearl, who stated that
14 they executed the GPR agreement in April 2025, represented that they would recreate the necessary
15 Board minutes from emails, but no Board minutes or other written records of Board approval have
16 been provided to the membership.

17 80. Based on these facts, I believe the Former Board executed the GPR agreement in a
18 manner that was not transparent to the ownership and was inconsistent with the approval
19 requirements and limitations set forth in the Bylaws.

20 *The October 25, 2025 Special Meeting*

21 81. On October 24, 2025, I traveled to Club Tahoe and arrived in person for the duly
22 noticed Special Meeting of the Members that was scheduled to be held at the Association clubhouse.

23 82. However, on the morning of October 25, 2025, the day of the Special Meeting, I
24 attempted to enter the clubhouse and found the doors locked. Because Members were denied access
25 to the noticed meeting location, the Members relocated the meeting to a nearby church so the Special
26 Meeting could proceed. The notice of the relocation of the Special Meeting was promptly posted at
27 the clubhouse entrance.

28 83. I was provided with written proxies from Owners representing approximately 544

1 assessment paying Interval weeks. Those proxies authorized me to vote at the Special Meeting for
2 successor directors.

3 84. I attended the October 25, 2025 Special Meeting in person, voted in favor of recalling
4 the Former Board, and cast the 544 proxies assigned to me to vote for successor directors.

5 85. The recall was unanimously approved by the Owners present in person and by proxy..

6 86. At the conclusion of the Special Meeting, I personally observed owner Dusk Bennett
7 hand the original recall petitions to Joey Fitch, who served as Secretary pro tem for the Special
8 Meeting, for inclusion in the meeting record and certification of the proceedings.

9 Other Issues

10 87. I have been muted during Former Board meetings held on Zoom, had questions
11 ignored, and witnessed Former Board members accuse Owners of spreading “misinformation” in
12 response to questions or criticisms, which in my view has been used to discourage owner
13 participation and suppress dissent.

14 88. The current environment is intimidating. Some Owners have stopped attending
15 meetings entirely, and several Owners have shared with me that they fear retaliation by the Former
16 Board if they raise concerns or challenge Former Board actions.

17 89. The Association’s Governing Documents and procedures are routinely ignored.
18 Special meeting demands have been disregarded, and financial disclosures have been nonexistent,
19 materially delayed, or inaccurate.

20 90. Emergency maintenance issues have gone unresolved, including mold conditions, a
21 stair collapse, and rodent infestations. I documented these issues with photographs.

22 91. The Property is quickly deteriorating. I have photographs showing structural decay
23 and ongoing deterioration in both units and common areas, and I am concerned that health and safety
24 violations may be imminent if conditions continue to be ignored.

25 92. The Association website does not reflect the accurate Board composition or Board
26 meeting dates, and it does not provide Owners with consistent access to board meeting minutes,
27 financial records, or other basic Association information needed for Owners to stay informed.

28 93. Recently, owner Helen Jung filed a complaint with the Nevada Real Estate Division

1 (“NRED”) and initiated ADR. On December 2, 2025, I reviewed a NRED letter to Ms. Jung stating
2 that Club Tahoe was served with her ADR claim on October 22, 2025, and that a response from the
3 Association was due by November 21, 2025. The NRED letter further stated that as the Association
4 did not respond to the ADR claim, mediation could not be scheduled, and the matter was closed.

5 94. Owners are being disenfranchised. Meetings have not been reasonably accessible or
6 transparent, and voting rights have not been respected, particularly where Association-controlled
7 intervals have been used for quorum and voting purposes by the Former Board while dues paying
8 Owners are subject to eligibility rules and procedural barriers.

9 95. Association financial statements were promised at Former Board meetings in August
10 2025 but were not delivered. Despite repeated requests by Owners, interim 2025 financial
11 statements have not been provided to the membership.

12 96. Additionally, in the fall of 2025, another owner informed me that the Association
13 failed to pay property taxes on time, resulting in late penalties and potential foreclosure risk.

14 97. I was also advised that the Association’s liquor license expired on October 1, 2025,
15 and that renewal required payment by December 31, 2025 to avoid permanent loss because of the
16 Property’s proximity to a school.

17 98. These issues are consistent with a continuing pattern of poor financial management,
18 lack of oversight, and disregard for the Association’s long term stability by the Former Board.

19 99.

20 100. I have filed formal complaints with the Ombudsman’s office and participated in
21 ADR, and I understand other Owners have done the same. Prior to 2024, Owners were largely kept
22 in the dark by the Former Board, with then-President Marc Pearl stating during the April 27, 2024
23 board meeting that he was “not obligated to give” Owners anything. In my view, the Association’s
24 failure to respond to formal owner complaints and state legal processes mirrors the same pattern I
25 have experienced as an Owner: repeated non-responsiveness when accountability is required, and it
26 further supports the need for immediate court intervention.

27 101. I have retained emails, letters, invoices, recordings, and photographs that corroborate
28 the matters described above.

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

Executed this 31st day of January 2026.


MONA LYNCH

EXHIBIT “3”

I, Keith Ogden, do declare, affirm, and state as follows:

Ownership and Background

3. I was elected to the Board of Directors for the Association in the April 26, 2025 Annual Meeting election, and served as a Director of the Association following the April 26, 2025 Annual Meeting.

5. I have a Bachelor of Arts degree in Economics from Stanford University and a Master of Business Administration (“MBA”) from Stanford University Graduate School of Business.

Member Demand for a Special Meeting and the Former Board's Failure to Act

7. On October 5, 2025, fellow Club Tahoe owner Dusk Bennett circulated an email addressed to the Club Tahoe Board of Directors (the “Former Board”). In that email, Mr. Bennett

1 asserted that Owner recall petitions had been served on the Association and demanded that the
2 Former Board schedule and notice a special meeting to vote on the recall of the entire Former Board.
3 Mr. Bennett also reiterated other requests previously stated in a September 18, 2025 letter from the
4 petitioner's counsel, Gibbs Giden Locher Turner Senet & Wittbrodt LLP ("Gibbs Giden").

5 8. Among other requests in Mr. Bennett's email, it was demanded that the Former Board
6 call a special meeting since more than 15% of voting Members of the Association had signed
7 petitions and those petitions were served on the President of the Association, Keith Wilson, as
8 referenced in Gibbs Giden letter demand. Mr. Bennett's email also cautioned Mr. Wilson from
9 rejecting the petitions, indicating that petitions were served and that they were compliant.

10 9. Mr. Bennett not only referenced the September 18, 2025 demand letter from Gibbs
11 Giden, but a copy was attached to his October 5, 2025 email. The Gibbs Giden letter stated that
12 petitioning Members holding more than fifteen percent (15%) of the Association's voting power had
13 demanded a special meeting pursuant to the Governing Documents for the limited purpose of (a)
14 recall of all current directors and (b) election of successor directors if the recall passed.

15 10. Mr. Bennett also demanded written responses to multiple Association process and
16 procedural questions, including the voting method, quorum verification, and access to an Owner
17 roster for special meeting purposes.

18 11. Prior to October 5, 2025, I had not received a copy of the September 18, 2025 Gibbs
19 Giden demand letter from President Keith Wilson or from the Association's Secretary, Robert
20 Vermeltfoort. I first saw that letter when it was attached to Mr. Bennett's October 5 email.

21 12. On that same day, I contacted Director Christina Becker to determine whether or not
22 she had previously received a copy of the Gibbs Giden's letter from Mr. Wilson or Mr.
23 Vermeltfoort, and she confirmed that the September 18, 2025 Gibbs Giden letter was not sent to her
24 either.

25 13. I was disappointed (but not surprised) that this legal demand letter from a law firm
26 was not circulated to the full Board, including to me and to Director Christina Becker, given its
27 importance and time sensitivity. This omission was troubling to me as a director because, regardless
28 of the ownership's growing frustration with the Former Board's lack of transparency and integrity, I

1 did not expect the Former Board President, Mr. Wilson, to withhold time sensitive Association legal
2 correspondence from fellow directors.

3 14. In my view, circulating material Association business to all directors is a basic
4 governance expectation and necessary for directors to discharge their fiduciary duties.

5 15. As a sitting director, I was equally concerned because I would not expect the
6 Association President or Secretary to withhold a time sensitive legal demand regarding a Member
7 recall and special meeting from two of the seven directors. That lack of transparency prevented the
8 full Former Board from addressing urgent Association business in a timely and informed manner.

9 16. After reviewing the September 18, 2025 demand letter and Mr. Bennett's October 5,
10 2025 email, I understood that the Association's President or Secretary had a mandatory duty to call a
11 Special Meeting upon a proper written demand by Members pursuant to Article IV, Section 4 of the
12 Bylaws and Nevada law.

13 17. Despite these mandatory duties and the time sensitive nature of the demand, President
14 Wilson and Secretary Vermeltfoort did not give notice, did not call the Special Meeting, and did not
15 provide any written response to Gibbs Giden's September 18, 2025 demand letter or to Mr.
16 Bennett's October 5, 2025 email.

17 18. I reviewed my emails back to September 18, 2025 and confirmed there were no
18 written responses from President Wilson or Secretary Vermeltfoort to (a) the September 18, 2025
19 Gibbs Giden demand letter, or (b) Mr. Bennett's October 5, 2025 email requesting that the Special
20 Meeting be scheduled and noticed.

21 19. In a phone communication with Mr. Bennett, he represented to me that Owner recall
22 petitions with more than 700 signatures had been served on the Association and that he had delivery
23 confirmation showing the package containing the Owner petitions was delivered to Club Tahoe on
24 September 20, 2025 and signed for by a Club Tahoe employee working at the front desk identified
25 by the courier service as "Kevin K." - consistent with Kevin Flynn, the Club Tahoe Resort
26 Maintenance Manager who had regularly been filling in behind the Club Tahoe resort reception
27 desk.

28 October 8, 2025 Director Demand and Call for Special Meeting

1 20. Based on my professional background and my service as a director, I understood that
2 executive board members are fiduciaries and are expected to act on an informed basis, in good faith,
3 and in the honest belief that their actions are in the best interests of the Association.

4 21. When the Former Board President and Secretary did not respond to the Member
5 demand communications described above and failed to notice a special meeting for several weeks, I
6 believed it was appropriate and necessary to take steps to ensure the Association's governance
7 process was followed and the Members' demand was addressed.

8 22. After waiting several days for President Wilson or Secretary Vermeltfoort to call the
9 special meeting and observing that no meeting had been scheduled or noticed, Director Christina
10 Becker and I issued a written director demand and call for a special meeting dated October 8, 2025
11 (the "October 8, 2025 Director Demand").

12 23. The October 8, 2025 Director Demand formally requested that a special meeting of
13 the Members be noticed to Owners for October 25, 2025 and for the purposes of recall and, if
14 necessary, for the election of successor directors, and demanded that proper notice be issued to all
15 members.

16 24. The October 8, 2025 Director Demand to Keith Wilson, which was emailed to the
17 entire Former Board, also requested specific information including quorum verification and access to
18 the ownership roster for special meeting purposes.

19 25. Mr. Wilson did not respond to or acknowledge this communication. The
20 Association's Secretary, Robert Vermeltfoort, Vice President Gloria DeAlba, Treasurer Donald
21 Wall, and Director Marc Pearl also failed to respond to the October 8, 2025 Director Demand. Only
22 Director Becker contacted me, and we discussed what our options were when the other five board
23 members, including the President and the Secretary, would not communicate with either of us or
24 fulfill their official duties pursuant to the Governing Documents and Nevada law.

25 26. Over several weeks, the entire Former Board was notified on multiple occasions that
26 Owner recall petitions demanding a Special Meeting had been served on the Association, including
27 the September 18, 2025 Gibbs Giden letter, the October 5, 2025 Bennett email, and my October 8,
28 2025 Director Demand.

1 27. To my knowledge, neither President Wilson nor Secretary Vermeltfoort contacted
2 Mr. Bennett to question the authenticity, form, or sufficiency of the Owner petitions, to request
3 copies for review, or to identify any alleged defect that would prevent the Association from timely
4 noticing and conducting the Special Meeting.

5 28. To my knowledge, President Wilson and Secretary Vermeltfoort did not request to
6 inspect the original Owner petitions, ask for clarification regarding signatures or voting classes, or
7 otherwise communicate any good faith concern that the Owner petitions were not properly served or
8 were insufficient in any manner. Yet, the Former Board failed to schedule or notice the special
9 meeting demanded in the September 18, 2025 letter and did not provide any response to the October
10 5, 2025 and October 8, 2025 communications.

11 Notice of Special Meeting for October 25, 2025

12 29. It soon became clear to me and Director Becker that President Keith Wilson and
13 Secretary Robert Vermeltfoort were intent to sit on the Members demands for a recall as described
14 above, and take no action or provide any notice of a special meeting. It was also clear that none of
15 the other three Association Directors, DeAlba, Wall, and Pearl, would act.

16 30. At that point, Director Becker and I decided to proceed to notice a Special Meeting of
17 the Association's Members for October 25, 2025 (the "Special Meeting") to comply with our
18 fiduciary duties under Nevada law and to comply with the Governing Documents.

19 31. The notice for the Special Meeting limited the agenda and order of business to the
20 following: (a) election of a meeting chairperson and secretary pro tem if the Association's current
21 President or Secretary was absent or declined to act; (b) recall of the current Board of Directors
22 without cause pursuant to Article V, Section 3 of the Bylaws; and (c) if the recall succeeded by the
23 required two thirds vote of voting Members present, election of successor directors to fill any
24 vacancies created by the recall.

25 October 16, 2025 Director Letter Confirming the Special Meeting and Objecting to Interference

26 32. On October 16, 2025, Director Becker and I sent a written letter to the Former Board
27 to provide formal notice and confirmation of the Special Meeting, to describe the basis for our
28 authority to call and notice the Special Meeting, and to object to Mr. Wilson's actions that appeared

1 solely designed to interfere with member participation.

2 33. Since the Association President and Secretary failed to issue notice of the Special
3 Meeting after receiving the written demand, Director Becker and I proceeded with the Special
4 Meeting process. We did so in our roles as directors and because we believed it was the right thing
5 to do to allow the membership to meet and vote. We also stated in our letter that, since Board
6 officers had not acted, the members and directors who issued the notice would run the meeting so it
7 could proceed as noticed.

8 34. On October 23, 2025, I received a resignation communication from the Association's
9 Secretary, Robert Vermeltfoort. In that communication Mr. Vermeltfoort acknowledged the recall
10 activity and wrote:

11 **"I have not slept since we got the Bennett recall, and then when we got the**
12 **Becker/Ogden recall effort - it got worse."** (emphasis added).

13 35. This statement confirmed to me that the Association's officers were fully aware of the
14 Owner recall petitions and related demands well before the Special Meeting.

15 October 25, 2025 Special Meeting and Certified Results

16 36. Less than 24 hours before the scheduled start time of the Special Meeting, I was told
17 by Grand Pacific Resorts ("GPR"), Club Tahoe's new management company, that access to the
18 Association's clubhouse would be denied for purposes of holding the Special Meeting.

19 37. As a result, when Members arrived before 7:00 a.m. to attend the Special Meeting,
20 they were not permitted to access the locked clubhouse to convene the meeting as noticed.

21 38. Because access to the clubhouse was denied, Members were forced to relocate to an
22 alternate location within Washoe County in order to proceed with the Special Meeting at the noticed
23 time.

24 39. I attended and participated in the October 25, 2025 Special Meeting of the Members.

25 40. As one of the Directors who called the Special Meeting, I convened the meeting by
26 confirming the limited purposes stated in the notice and initiated the process for selecting meeting
27 officers.

28 41. Because the Special Meeting included a vote to recall all current directors, including

1 me, I did not serve as chair of the meeting.

2 42. After the Special Meeting was opened, the Members proceeded to elect meeting
3 officers consistent with the notice and the Association's Bylaws.

4 43. The Special Meeting was chaired by Margaret Tides as Chairperson, and Joseph Fitch
5 served as Secretary Pro Tem, as reflected in the Certification of Board Recall Results.

6 44. Voting eligibility, quorum, and the voting process were addressed based on Member
7 sign-in, the proxies presented, and the in-person ballots, consistent with the procedures outlined in
8 the Governing Documents and as reflected in the Special Meeting Certification and related records.

9 45. The motion to recall all current board members passed unanimously and exceeded the
10 two thirds (2/3) vote of the voting members present as required by the Association Bylaws.

11 46. The certified vote totals reflected 641 votes in favor of recall with 0 votes opposed.
12 The Special Meeting Certification states that all Former Board directors were removed from office
13 effective immediately and that vacancies were to be filled by election of successor directors pursuant
14 to the Governing Documents.

15 47. On October 25, 2025 and while I was still a seated Association director, I received an
16 email from Joseph Fitch, acting as Secretary Pro Tem at 8:19 am. The email was sent to the entire
17 Former Board and attached the Special Meeting certified recall results, confirming that the recall of
18 the entire Former Board was effective immediately.

19 48. After the recall vote was taken, I joined via Zoom the now-recalled board's Budget
20 meeting that was also scheduled on October 25, 2025. A few minutes into the meeting, and once I
21 received the email from Mr. Fitch, I addressed the Former Board and stated for the record "that the
22 Board had been subject to a successful recall vote as of 8am on October 25, 2025, and that the
23 recalled Board should not proceed."

24 49. Recalled President Wilson then proceeded to speak over me calling my comments for
25 the record inappropriate. After my insistence that no official business could be conducted by this
26 now-removed board, Keith Wilson then disconnected the Zoom call and effectively suspended the
27 budget meeting. The meeting was not officially adjourned.

28 50. After the recall election was certified, the votes were tallied for the replacement

1 Directors elected to the Board and an organizational meeting was held. Dina Fitch was elected
2 President, and I was elected to be Vice President.

3 Post Special Meeting Exclusion and Governance Objections

4 51. After the October 25, 2025 Special Meeting, there were multiple efforts by the
5 Former Board and its legal counsel to treat the recall vote as invalid while simultaneously excluding
6 Director Becker and me from communications and Former Board meetings.

7 52. On October 29, 2025, prior to a Former Board meeting scheduled that day for 4:00
8 p.m., I received an email from attorney M. Ayarbe from Leach Kern Gruchow Song ("LKG") stating
9 that his firm was general counsel for Club Tahoe.

10 53. In that email, Mr. Ayarbe asserted that, due to my actions relating to the October 16
11 letter I sent the Former Board regarding noticing a special member meeting and my actions on
12 October 25, I had a conflict of interest and should not be part of the Board's 4:00 p.m. meeting.

13 54. The email further stated that the Former Board had been advised that the October 16
14 letter did not comply with the Bylaws requirements to call a special member meeting, and that the
15 4:00 p.m. meeting would discuss the unlawful Special Meeting and the invalid actions taken at that
16 meeting and thereafter.

17 55. Mr. Ayarbe also stated that if I attempted to connect using the Zoom link previously
18 sent for the meeting, the link had been inactivated.

19 56. Accordingly, Director Becker and I were both prevented from attending that meeting
20 even though we were considered duly elected directors by the Former Board and its counsel.

21 57. In my view, excluding two directors from participation while simultaneously
22 claiming the Former Board remained subject to Association authority impaired governance and
23 transparency.

24 58. On October 31, 2025, I sent a written procedural and governance objection to the
25 Association's counsel, LKG, and to all members of the Former Board stating that the Association's
26 governance status could only be understood in one of two ways: (a) if the October 25, 2025 recall
27 and successor election were valid, then the prior directors no longer held office and any meeting
28 conducted by them was unauthorized; or (b) if the recall were invalid, then all current directors,

1 including Director Becker and me, remained seated and could not be deprived of notice or excluded
2 from meetings.

3 59. In that October 31, 2025 objection, I stated that under either interpretation, excluding
4 directors and conducting meetings without full director participation and proper board procedures
5 was defective. I did not receive a response from LKG, Mr. Wilson, or the other Former Board
6 members.

7 60. Since I sent my objection, the Former Board has continued to exclude me and
8 Director Becker from all Former Board meetings and board communications.

9 61. On or about November 3, 2025, I received notification from LKG (as an owner, not
10 as a board member) that the Former Board had convened to elect Treasurer Donald Wall to also
11 serve as Secretary of the Association.

12 62. Neither Director Becker nor I received notice of any board meeting to fill the vacant
13 Secretary position left after Mr. Vermeltfoort resigned, or were permitted to vote.

14 *The Grand Pacific Resort Contract and Ongoing Governance Failures*

15 63. Based on my participation as a director and as a member, I observed repeated
16 governance failures, including board meetings conducted without proper notice, executive sessions
17 held without adequate disclosure to the membership, and a lack of contemporaneous minutes or
18 records evidencing valid board action.

19 64. For example, the April 2025 Former Board meeting at which the GPR contract was
20 signed was not held as a duly noticed Board meeting.

21 65. In addition, Donald Wall was nominated and appointed as Secretary after Mr.
22 Vermeltfoort's resignation without the matter being placed on a noticed agenda or brought before the
23 full board of directors, and I, as a purported sitting director, was excluded from that process.

24 66. From the time Director Becker and I took office on April 26, 2025, we were routinely
25 excluded from access to Association and Former Board documents, Former Board communications,
26 and Former Board meetings, despite being duly elected directors.

27 67. Moreover, I was denied access to the ownership roster, Association financial records,
28 Former Board meeting minutes, and records relating to Tricom, the prior property management

1 company.

2 68. This exclusion impaired Director Becker and I's ability, as minority directors, to
3 exercise oversight, participate meaningfully in deliberations, and fulfill our fiduciary duties.

4 69. As a Board member elected in April 2025, I received a copy of the April 17, 2025
5 agreement between the Association and Grand Pacific Resorts ("GPR"), the management company
6 engaged under former Association President Marc Pearl and former Association Secretary Keith
7 Wilson.

8 70. While attending the August 2025 Board meeting, President Wilson stated on the
9 record to the membership that he and Director Marc Pearl signed the GPR agreement in April 2025,
10 and that there were no Board minutes reflecting Board approval or execution of that agreement.

11 71. Both President Wilson and Director Pearl represented to the ownership that they
12 would recreate these board meeting minutes, but to date, no records have been provided to any
13 Directors or to the Members.

14 72. At the August 23, 2025 Board meeting, President Wilson promised the Members that,
15 by September 12, 2025, a redacted version of the management agreement with GPR would be
16 provided to the Owners. Mr. Wilson did not provide an explanation for why distribution of the GPR
17 contract would be delayed for several weeks after that meeting.

18 73. To date, the GPR contract has not been provided to the membership.

19 74. I believe that Mr. Wilson and the other board members that agreed to the GPR
20 management agreement have failed to produce it because it is not in the best interests of the
21 Association's ownership.

22 75. The GPR contract includes a "Repurposing Service Fee" provision stating: "The Fee
23 for Repurposing Services is twenty-five percent (25%) of the gross sales price of the Association's
24 Resort property" (with the fee collected from escrow). In my view, this provision is particularly
25 harmful because it ties GPR's compensation to a percentage of the gross sales price, not net
26 proceeds, creating a direct and material financial incentive for GPR to favor asset sales or
27 repurposing activity, which does not align with long term Owner interests or long term value.

28 76. In addition, the magnitude of the fee, twenty five percent (25%) of gross (not net)

1 sales price, is significant and would substantially reduce proceeds otherwise available to the
2 Association and its members. In my view, this structure encourages decisions that prioritize a sale
3 transaction over everything else, and it creates an incentive misalignment that should have been fully
4 disclosed and evaluated by the Former Board and membership before execution.

5 77. After reviewing the Association Bylaws provisions governing the term of Association
6 contracts, my understanding is that Association agreements, including management agreements, are
7 limited to a term of one (1) year, subject only to specified exceptions. The April 17, 2025 GPR
8 management agreement states an initial term of three (3) years.

9 78. To my knowledge, the Former Board did not identify any applicable exception in the
10 Bylaws authorizing a multiyear management term, and the membership was not provided an
11 explanation for why this agreement exceeded the Bylaws standard term limitation. As a result, the
12 GPR agreement is inconsistent with the Bylaws limitation on contract terms.

13 79. According to the Association's Bylaws, there is a membership vote on the disposition
14 of the Condominium Property at the end of the fifty (50) year term. The Declaration provides that
15 the Condominium and Declaration remain in effect for fifty (50) years from the close of sale of the
16 first interval, unless extended, and requires the Board to call a meeting of Interval Unit Owners prior
17 to expiration of that fifty (50) year period to vote on disposition of the Condominium Property. The
18 Declaration further provides that if seventy-five percent (75%) of a quorum votes for termination,
19 the Board must proceed with steps to terminate and sell the property and distribute proceeds in
20 accordance with the governing documents.

21 80. In light of the Association's financial deterioration and governance failures, I am
22 concerned the Association could be pushed toward a sale or termination outcome in 2028, or sooner
23 if the Association cannot remain financially stable. Based on the timing of the three-year contract
24 term and the agreement's repurposing related compensation provisions, I am concerned that the
25 extended term was structured to span the period leading into the Association's anticipated 2028
26 Owner vote to sell the Property, and to position GPR to benefit financially if the vote results in a
27 wind down, sale, or repurposing outcome.

28 81. Based on what I have observed regarding the Former Board's failure to follow the

1 Bylaws relating to contract execution and voting procedures, and the borrowing of funds from the
2 reserve fund without a documented repayment plan, and based on the terms of the GPR management
3 agreement as I have reviewed them, I am concerned that the Former Board and GPR may not be
4 operating the Association with a long term ownership stability focus.

5 82. Owners have reported, and I have personally observed, problems with routine billing
6 and collections and a lack of progress in selling Association-held Interval inventory, even though
7 timely assessment billing and collection, unit rentals, and inventory sales are vital to the
8 Association's ability to fund operations and maintenance.

9 83. During my time as a director for the Association, Board meetings scheduled around
10 January and April 2025 were both cancelled or not held as noticed. Article V, Section 6 of the
11 Bylaws requires that a Board meeting be held at least once every six (6) months. In 2025, a Board
12 meeting was held on Saturday, January 18, 2025, but the regularly scheduled Board meetings for
13 April 26, 2025, June 7, 2025, and the July 2025 meeting were all cancelled, and the next Board
14 meeting was not held until August 23, 2025. As a result, there was a period exceeding six months
15 between Board meetings which did not comply with the Association's Bylaws.

16 84. The combination of the disputed Board composition, defective meetings, and
17 exclusion of seated directors, together with the other concerns described in this declaration, has
18 created substantial confusion and instability at Club Tahoe.

19 85. Based on these circumstances, I believe court intervention, including injunctive relief,
20 is warranted to prevent further unauthorized actions, preserve records, and require compliance with
21 the Governing Documents and Nevada law.

22 86. In addition, after the April 26, 2025 annual meeting and election, Owners received
23 written communications from the Former Board regarding the election process and results.

24 87. Prior to that election, I was aware of repeated statements by the Former Board to
25 Owners that the Association did not vote or control election outcomes using Association-held, non-
26 assessment-paying intervals.

27 88. However, after the election results were disclosed, the Former Board issued a written
28 communication to Owners acknowledging that Association-held intervals were used for quorum and

1 voting purposes and asserting that such use was “consistent with industry practice” and “did not
2 violate any known state statutes.”

3 89. In my view, this post-election admission is significant because it confirms that
4 Association-held, non-assessment-paying intervals were treated as voting power by the Former
5 Board, and it helps explain why the Former Board promoted and facilitated deed backs while failing
6 to implement a transparent process for selling Association-held Interval inventory back to dues-
7 paying Owners.

8 *The Tricom Management Transition and Association Violations*

9 90. Sometime in late June or early July 2025, following a dispute with prior management
10 company Tricom over its termination, Treasurer Wall blocked Tricom’s access to all Association
11 funds. Approximately a week later, Tricom ceased all managerial services for the Association.

12 91. As a then-current Director, I participated in discussions about how to manage the
13 abrupt departure of Tricom and their destruction of the Club Tahoe copy of the owner database.
14 President Wilson and director Pearl assured the other directors that a physical copy of the owner data
15 had been saved and that GPR was going to get everything up and running by the end of September.
16 Within weeks it was painfully obvious that there was no plan and that Wall and Wilson were flailing
17 in their efforts to get control of the Associations resources and finances.

18 92. After Tricom’s abrupt departure in July, I observed that certain on-site personnel who
19 had previously been treated as employees under Tricom’s management were paid directly from the
20 Association’s operating bank account as independent contractors (1099 payments), rather than
21 through a payroll system with customary payroll withholdings and employer payroll tax processing.

22 93. These payments were directed and/or authorized by Treasurer Donald Wall during the
23 management transition period.

24 94. At the August 23, 2025 Board meeting, I heard President Keith Wilson state words to
25 the effect that paying these workers through payroll was “too difficult,” and that this difficulty
26 contributed to the decision to pay them outside of payroll.

27 95. Based on documents and information provided to me as a Director and Owner, and
28 my review of information made available regarding the Association’s property tax status, the Former

1 Board did not timely pay the 2024 property taxes, resulting in interest and penalties borne by the
2 Members. I further understand that the 2025 property taxes on certain parcels were not timely paid
3 and were classified as past due, resulting in additional late fees and penalties and raising concerns
4 regarding additional interest, and possible liens or foreclosure exposure.

5 96. At a November 2024 town hall meeting, I heard Marc Pearl state to Members that the
6 Board had approved a policy allowing Owners to acquire units for no purchase price. Based on my
7 review of the historical board meeting minutes provided to me, I did not find any Board minutes
8 reflecting adoption or approval of any such policy.

9 97. Based on my review of years of records of the Washoe County Recorder's Office, I
10 could not find any other owner besides President Pearl and his wife, Jennifer Pearl, that acquired any
11 unit from the Association for only transfer fees.

12 98. I have preserved emails, letters, notices, and other communications related to the
13 matters described above and I am able to identify and authenticate these records, and I understand
14 they may be submitted as exhibits in support of the motion for injunctive relief and the First
15 Amended Complaint.

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

18 Executed this 2nd day of February 2026

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21 KEITH OGDEN
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EXHIBIT “4”

DECLARATION OF DUSK BENNETT

I, Dusk Bennett, do declare, affirm, and state as follows:

1. I am an Owner and Member in good standing at Club Tahoe Resort Owners' Association (the "Association" or "Club Tahoe"). I have personal knowledge of the matters set forth herein, unless otherwise stated. If called to testify, I could and would testify competently to the facts stated herein.

2. I am an Owner of three interval interests ("Intervals" or "Units") at Club Tahoe, specifically Unit 14, Intervals 1, 2 and 3. I have been visiting Club Tahoe with my family multiple times a year since the resort opened in 1978 and my father was one of the original investors in the project prior to it opening.

3. Starting in the spring of 2025, I lobbied for and oversaw the coordination of a recall effort supported by hundreds of Owners. Over several months, I communicated with hundreds of Owners, handed out recall campaign information at the resort, and, with the help of other Owners, I eventually collected 770 signed petitions to recall the Former Board.

4. According to the April 2025 election results, there were 4,088 Owners qualified to vote, which means that 770 Owners represent approximately 18.6% of the membership. The maximum possible number of Members, if every unit were held by an assessment-paying Owner, is 4,692 (92 units times 51 weeks, as each condominium has one maintenance week owned by the Association). Even under that maximum-lot scenario, 770 recall petitions represent approximately 16.2% of the Association's membership, well in excess of the 15% threshold required under the Association's Governing Documents to compel a Special Meeting.

5. On September 19, 2025, I personally packaged copies of the 768 Owner recall petitions I had received to date. This represents approximately 18.6% of the total voting power and exceeded the 15% threshold required by the Governing Documents. I sent those petitions via FedEx overnight delivery to the Association's President, Keith Wilson (tracking number 884526907431) at the Association's address.

6. According to the FedEx tracking confirmation, the package containing the 768 Owner recall petitions was delivered on September 20, 2025, and was signed for by "Kevin K," the

1 maintenance supervisor at Club Tahoe who at times assists at the front desk.

2 7. After receiving no acknowledgment from Keith Wilson or any member of the Former
3 Board, I sent a follow-up email to all seven Former Board members on October 5, 2025. In that
4 message, I demanded that the Board comply with the September 18, 2025 legal demand from Gibbs
5 Giden Locher Turner Senet & Wittbrodt LLP and call a Special Meeting to recall the entire Board of
6 Directors, given that the petitions to recall the entire Board had been served on Keith Wilson on
7 September 20, 2025.

8 8. In my October 5, 2025 email, I requested written confirmation of the voting
9 procedures, quorum verification, and other details related to the Special Meeting. All of these
10 requests were ignored by the Former Board.

11 9. In that same October 5, 2025 correspondence, I also formally requested the ownership
12 roster, expressly referencing the Former Board's own June 3, 2025 communication to Owners,
13 which stated: "The member roster identifies the units owned by the Association and can be acquired
14 with a clear stated purpose. We will direct any inquiries to management to provide you with the
15 roster in compliance with the Bylaws." My stated purpose was to ensure transparency and to
16 conduct a lawful special meeting, yet all such requests were initially ignored by all seven members
17 of the Former Board.

18 10. In my October 5, 2025 email to the Former Board, I provided my contact information
19 in the event any of them wished to contact me and ask questions about the Owner petition or the
20 recall itself. I never received any communication from them on this matter.

21 11. On and after October 7, 2025, over the course of several emails, Former Directors
22 Christina Becker and Keith Ogden were notified they did not have the legal authority to ignore the
23 demand and that they could be held liable if they did not act on that notice. Wishing to avoid
24 unnecessary legal problems for themselves, they notified the Board of their intent to hold a recall
25 meeting for the members. The remaining Board members ignored the notice with the notable
26 exception of Secretary Robert Vermeltfoort, who resigned on October 22, 2025 due to his inability
27 to sleep from "stress caused by the Bennett-Ogden recall."

28 12. After several days of no response from the majority of the Board, it was decided by

1 Keith Ogden and Cristina Becker to hold a Membership Meeting to remove the entire Board at the
2 resort on October 25th, 2025. The Former Board was notified of this meeting in advance and
3 subsequently scheduled a membership meeting that morning to conflict with ours.

4 13. On November 3, 2025, attorney Gayle Kern of Leach Kern Gruchow Anderson Song
5 sent a letter to the entire ownership claiming that the Association "never received the petitions."
6 That statement was false, as I personally packaged and oversaw the delivery of the petitions,
7 confirmed their receipt via FedEx tracking number 884526907431, and referenced that tracking
8 information in multiple follow-up communications.

9 14. If Ms. Kern or anyone on the Former Board had questions about the petitions, they
10 could have contacted me, but they did not. I personally emailed Ms. Kern and the Former Board
11 earlier in the spring and told them to expect them to be forthcoming. Neither the President (Keith
12 Wilson) nor the former Secretary (Robert Vermeltfoort) took any action to notice the Special
13 Meeting as required.

14 15. The Former Board had the recall petitions for several weeks and failed to act on them
15 as required by the Governing Documents and Nevada law. To this day, the Former Board has failed
16 to call the Special Meeting or produce the copy of the petition sent to them on September 19th, 2025.

17 16. I have retained emails of all of this evidence and forwarded custody of the original
18 master petition to our new Association President Dina Fitch. This evidence will support and
19 corroborate each of the points stated above.

20 ///

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

23
24 Executed this second day of February 2026.

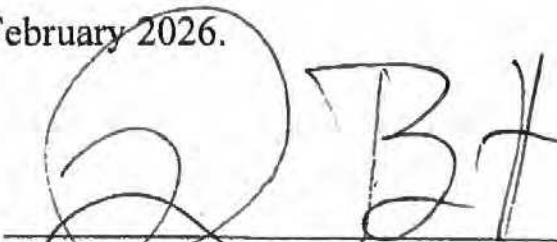
25
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28 DUSK BENNETT

EXHIBIT “5”

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AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, CLUB TAHOE RESORT

CECO-7, A NEVADA LIMITED PARTNERSHIP, with its principal place of business in Incline Village, Washoe County, Nevada, hereinafter referred to as "Declarant", being the owner of that certain real property situate, lying and being in Washoe County, as is more particularly described below in accordance with the reduced copy of the map attached hereto as Exhibit I

DOES HEREBY SUBMIT the real property described on Exhibit No. 1, annexed hereto, together with the buildings and improvements thereon, to the provisions of the Nevada Revised Statutes, Chapter 117, as amended, in order to create a plan of Condominium for Interval Ownership, wherein Declarant proposes to convey undivided interests in Interval unit Condominiums by deeds wherein the Grantee shall have the exclusive right in fee simple to occupy the Unit, and the non-exclusive right to use and enjoy, as a tenant in common with all other owners, the common areas and easements specified herein for the interval period purchased, subject to the covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth.

NOW THEREFORE, by this Declaration, Declarant does subject said property to the covenants, conditions, restrictions, reservations, liens and charges set forth in this Declaration. Said property shall be held, sold and conveyed subject to the following covenants, conditions and restrictions, which are all for the purpose of enhancing and protecting the value, desirability and attractiveness of the property. Such covenants, conditions and restrictions shall be binding on each person having any interest therein as owner, or lessee, or sublessee.

ARTICLE I

PROPERTY DESCRIPTION

The property subject to this Declaration hereinbefore and hereinafter referred to as "said property" is situated in the County of Washoe, State of Nevada, as shown on the map of CLUB TAHOE filed in the office of the Recorder of Washoe County, Nevada, on June 7, 1978, under File No. 536625, a copy of which is attached hereto as Exhibit 1.

ARTICLE II

DEFINITIONS

As used in this Declaration of Covenants, Conditions and Restrictions, and the By-Laws of the Association, and the exhibits attached hereto, and all amendments hereof, unless the context otherwise requires, the following definitions shall prevail:

A. "Restrictions" or "CC&RS" means this instrument, as it may from time to time be amended.

B. "Association" means CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC., its successors and assigns, acting on behalf of the owners in accordance with the "Condominium Documents" for the purpose of administering the Condominium known as CLUB TAHOE.

C. "By-Laws" means the By-Laws of the Association.

D. "Common Areas" means that portion of the property now or hereafter made subject to this Declaration, except that which is herein defined as a "Unit". All property which is not specifically defined herein as comprising a "Unit", or which is not specifically defined herein as belonging to the Association shall be deemed Common Areas.

E. "Condominium" means that form of ownership of Condominium property under which a unit of improvement is subject to ownership by one or more owners, and there is appurtenant to each "Unit", as a part thereof, an undivided interest in common with the owners of all "Units" in the Common Areas, and an irrevocable membership in the Association.

F. "Condominium Act" means and refers to the Condominium Act of the State of Nevada (N.R.S. 117.010) to which the property is submitted hereunder.

G. "Common Expenses" mean: (a) expenses of administration, maintenance, repairs and replacement of Common Areas; (b) the expenses determined by the Association to be common expenses and which are lawfully assessed against all of the Interval Unit Owners; and (c) the expenses declared to be Common Expenses by the provisions of the Act, this Declaration, or the By-Laws of the Association.

H. "Common Surplus" means the excess of all receipts of the Association, including but not limited to, all assessments, rents, profits and revenues on account of the Common Areas, over and above all expenses.

I. "Condominium Property" means and includes the land in the

condominium project, and all improvements thereon, according to the plat of the condominium property filed with the Recorder of the County of Washoe, Nevada, on June 7, 1978, under File No. 536625, and all easements and rights appurtenant thereto, which are intended for use in connection with the Condominium.

J. "General Assessment" means a share of the funds required for the payment of Common Expenses, which, from time to time is assessed against each owner.

K. "Special Assessment" means a charge imposed on a non-recurring basis, such as for capital improvements, deficits arising from damage not fully covered by insurance proceeds, and similar expenses, which, from time to time, is assessed against each owner.

L. "Individual Assessment" means a charge imposed against an individual owner or owners of an Interval Unit or Units for special expenses incurred by the Association on account of acts and omissions for which such owner or owners of individual intervals units are responsible.

M. "Condominium Parcel" or "Parcel" means a "Unit" or Interval thereof, together with an undivided interest in the Common Areas appurtenant thereto, and an irrevocable membership in the Association.

N. "Condominium Unit" or "Unit" is the airspace comprising the interior of a Residence Building, which is owned by one or more persons but not in common with all of the Interval Unit Owners in the Condominium.

O. "Owner" or "Interval Unit Owner" means the record owner or owners of a fee simple title to a Condominium Parcel, which is a fee simple title to an Interval in a Unit which is a part of the Condominium Property, and an undivided interest in fee simple in common with all other Interval Unit Owners in the Common Areas; providing, however, that a person or entity having such an interest merely as security for the performance of an obligation shall not be deemed an owner or Interval Unit Owner. The Declarant is included within the meaning of "Owner" or "Interval Unit Owner" so long as it is a record owner of a Condominium Parcel or Parcels as herein defined.

P. "Residence Building" is a building within the Condominium Property which contains a "Unit", comprised of living facilities for a single family of no more than eight (8) persons, containing living quarters, kitchen and bath facilities, and decks and balconies, and bounded on one or more sides by a wall, and conveyed to an Interval Unit Owner in fee simple as to Intervals thereof, together with an undivided interest in common with all other Interval Unit Owners in the Common Areas, and an irrevocable membership in the Association.

Q. "Declarant" means CECO-7, a Nevada Limited Partnership, its successors and assigns.

R. "Interval Ownership" means a conveyance in fee simple absolute for a stated period of time, in a "Unit", together with an equal undivided interest in the Common Areas owned as tenants in common with all other Interval Unit Owners.

S. "Interval" means a time period of one week from 4:00 P.M. Pacific

Time (Daylight or Standard) on the day commencing such week through 10:00 A.M. Pacific Time (Daylight or Standard) the same day one week later. Intervals will run from Friday to Friday, Saturday to Saturday, or Sunday to Sunday according to the following list:

Friday Units: 34-36, 39, 41, 47, 48, 50, 52, 54-69
Saturday Units: 2-33, 37, 38, 40, 42-46, 49, 51, 53
Sunday Units: 70-93

T. "Interval Unit" is an estate in fee simple absolute, consisting of a time period of one week in a "Unit", together with an undivided interest in the Common Areas appurtenant to such Interval, and an irrevocable membership in the Association.

U. "Notice" means all notices, declarations, certifications, approvals, consents, authorizations and similar documents, which shall be effective only when in writing signed by a person authorized to execute the same.

V. "Transfer" means any transfer of any and every kind or nature whatsoever of any right, title or interest in and to the subject property or any part thereof, including a Condominium Parcel, any part, portion or interval thereof, or interest therein, or improvement thereon, including a transfer by deed of trust or mortgage, and also including, but not limited to, a sale, assignment, gift, lease or sublease, and including the transfer of the membership in the Association which is appurtenant to the ownership of an Interval Unit or Units.

W. "Utility" means electricity, gas, water, telephone, cable television service, trash pick-up, and similar services, whether or not provided or supplied by a public utility company.

X. "Privilege" means the right, opportunity, and privilege to use the Recreational Facilities provided by the Declarant pursuant to the Lease Agreement between Declarant and the Association, as well as any recreational facilities furnished by persons or entities other than the Declarant, which arises and exists by reason of the ownership of an Interval Unit or Units in this Condominium, and the membership in the Association which is appurtenant thereto.

Y. "Occupant" means any person or persons other than the Interval Unit Owner, who is in possession of a Unit.

Z. "Institutional Mortgagee" means a Bank, Savings and Loan Association, Insurance Company or Union Pension Fund which is authorized to do business in the United States of America; an Agency of the United States Government; a real estate or mortgage investment trust, or a lender generally recognized in the community as an institutional-type lender.

AA. "Condominium Documents" means this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation of the Association, the By-Laws of the Association, and all exhibits attached thereto, and the Lease Agreement between the Declarant and the Association pertaining to the Recreational Facilities.

BB. "Board of Directors" means the representative body elected by, and responsible for the administration of, the Association.

CC. "Association Properties" means such property as is owned by the Association from time to time in accordance with the terms of this Declaration, and the By-Laws of the Association, and also including all personal property held by the Association for the benefit of the members.

DD. "Management Agreement" means and refers to that certain agreement which has been or may be entered into by the Association, which provides for management of the Condominium Property.

EE. "Management Firm" means and refers to the entity identified as the Management Firm in the Management Agreement defined in this Declaration. The Management Firm shall be responsible for the management of the Condominium Property as provided in the Management Agreement.

FF. "Recreational Facilities" shall mean and include all facilities provided for the non-exclusive recreational use of the Interval Unit Owners, their invitees, guests, lessees and families, which shall include, but not be limited to, the recreational building now known as "The Field House", the tennis courts and court areas, swimming pool and pool areas, and the real property upon which such facilities are constructed, with all easements appurtenant thereto.

GG. "Parking Facilities" shall refer to all parking facilities within the Condominium Property. A portion of the Parking Facilities shall be reserved for the exclusive use of the owners of Interval Units, their guests, invitees and lessees, and shall contain at least one parking space per Unit, which shall be specifically designated by Unit Number; the parking facilities adjacent to the "Recreational Facilities" which are not specifically designated by Unit Number, and which are not reserved for the exclusive use of the Interval Unit Owners, their guests, invitees and lessees, shall be available to the Declarant for use in connection with the Lease Agreement pertaining to the Recreational Facilities.

ARTICLE III

INCORPORATION OF EXISTING RESTRICTIONS

To the extent that all or any portion of the subject property shall heretofore have been make subject to any conditions, or restrictions on use by a recorded instrument or instruments, the Association and each member shall abide by any such conditions and restrictions. Nothing herein contained is intended to abrogate any existing valid restrictions or covenants concerning the subject property.

ARTICLE IV

IDENTIFICATION OF UNITS

The Condominium Property consists essentially of all Units and other improvements shown on the Condominium Map. All Units have been given identifying numbers upon said map, and the Interval Weeks thereof, numbering 1 to 52, shall be identified by such numbers, and shall correspond with the number of the Residence Building to which each Interval Week shall apply. Interval Week No. 1 shall commence on Friday, Saturday or Sunday, depending on the deed specification, in accordance with the twenty-five year interval

calendar used nationally by Resort Condominiums International. No Unit or Interval thereof, shall bear the same identifying number as any other Unit or Interval thereof. The identifying number of the Unit or Residence Building is also the identifying number of the Condominium Parcel as shown on the Condominium Map.

It is recognized herein that in some years there will be a 53rd week. When such 53rd week occurs, the same shall belong to the owner of the 52nd week, but such owner shall not be separately assessed a General or a Special Assessment for such 53rd week.

ARTICLE V

OWNERSHIP OF COMMON AREAS

Ownership of the Common Areas shall be by the Interval Unit Owners as tenants in common. The percentage of undivided interest of each Interval Unit Owner in and to the Common Areas, and the improvements existing thereon at any particular time shall be 1/4836ths of the total Common Areas, or .020678 percent of the Common Areas. Declarant's percentage of undivided interest in and to the Common Areas at any particular time shall be the percentage derived by subtracting from 100% the total of the percentages of all other Interval Unit Owners. The percentages of undivided interests of the Interval Unit Owners as defined in this Declaration may be altered only by the consent of all owners, or such lesser number of owners as may hereafter be prescribed by the Condominium Act, expressed in a duly recorded amendment to this Declaration. The percentage of undivided interest of each Interval Unit Owner in the Common Areas is appurtenant to the Interval Unit owned by him. No appurtenances may be separated from the Interval Unit to which they are appurtenant, and such appurtenances shall be deemed to be conveyed or encumbered or to otherwise pass with the Interval Unit whether or not expressly mentioned or described in the conveyance or other instrument describing the Interval Unit. The Common Areas shall remain undivided, and no Interval Unit Owner or any other person shall bring any action for partition or division of the whole or any part thereof, except as provided in the Act and in Article XX hereof. Each Interval Unit Owner and the Association may use the Common Areas for the purposes for which they are intended, and no such use shall enter or encroach upon the lawful rights of the other Interval Unit Owners.

Any attempt to sever the fee title to the undivided interest in the Common Areas from the Interval Unit to which it is appurtenant shall be null and void.

ARTICLE VI

ASSOCIATION

Powers and Duties

CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC., a non-profit corporation organized under the laws of the State of Nevada, shall have the rights and powers as set forth in its Articles of Incorporation and By-Laws, together with its general powers as a non-profit corporation, and the powers conferred by this Declaration, and it shall perform each and every duty required of it by the Condominium Documents, but may delegate the performance of such duties in accordance with a Management Agreement as herein provided.

Every owner of an Interval Unit, whether he has acquired his ownership by purchase, gift, conveyance or transfer, by operation of law or otherwise, shall be bound by the By-Laws, the Articles of Incorporation of the Association, the provisions of this Declaration as it may from time to time be amended, the Management Agreement, if any, the Lease Agreement pertaining to the Recreational Facilities, and the rules and regulations which may from time to time be promulgated by the Association and/or the Management Firm.

ARTICLE VII

BY-LAWS

The operation of the Condominium Property shall be governed by the Condominium Documents, including the By-Laws of the Association.

No modification of, or amendment to, the By-Laws of said Association in conflict with this Declaration shall be valid, unless set forth in, or annexed to, a duly recorded amendment to this Declaration. The By-Laws may be amended in the manner provided for therein insofar as such amendment is not in conflict with this Declaration, as amended, but no amendment to said By-Laws shall be adopted which would affect or impair the validity or priority of any mortgage covering any Condominium Parcel, or which would change the provisions of the By-Laws with respect to Institutional Mortgagees of record. Any amendment to the By-Laws, as provided herein, shall be executed by the parties as required in this Article, and shall be maintained by the Secretary of the Association as a permanent record thereof.

ARTICLE VIII

VOTING RIGHTS

The voting rights of the members of the Association shall be divided into two classes: Class "A" and Class "B". Class "A" voting rights shall be those rights appertaining to the Interval Unit owners, and shall consist of one (1) vote per Interval Unit owned. Class "B" voting rights shall be reserved solely and exclusively to the Declarant, and shall consist of three (3) votes per Interval Unit owned. Class "B" voting rights shall pertain to units under construction. Class "B" votes shall be converted to Class "A" votes, and shall forever cease to exist on the occurrence of whichever of the following is first in time:

1. The total outstanding votes held by Class "A" members equals the total outstanding votes held by Class "B" members.
2. The fourth anniversary of the original issuance of the subdivision permit for CLUB TAHOE.

If any Interval Unit is owned by more than one person, the owners of such Interval Unit shall designate one of them as the "voting member". The designation of the voting member shall be made as provided by, and subject to the provisions and restrictions set forth in, the By-Laws of the Association.

Each Interval Unit Owner or Owners shall be entitled to one vote for each Interval Unit owned. The vote of an Interval Unit membership shall not be made divisible.

ARTICLE IX

METHOD OF AMENDMENT OF THIS DECLARATION

This Declaration may be amended at any regular or special meeting of the Interval Unit Owners which is called and convened in accordance with the By-Laws. In order to be adopted while two classes of votes exist, amendments must be approved by a majority of each class of votes, but in no case less than a majority of the quorum of each class. In order to be adopted when only one class of votes exists, amendments must be approved by a majority of the total voting power of the Association, and a majority of the votes of members other than the Declarant. The percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken pursuant to this Article.

In addition to the procedures and restrictions outlined elsewhere in this Declaration, no amendment or modification of this Declaration which would materially change any owner's rights to ownership, possession or use of his interest in CLUB TAHOE, either directly or as a member of the Association, is valid without the prior written consent of the California Real Estate Commissioner during the period of time when the Declarant or its successor in interest holds or directly controls as many as one-fourth of the votes that may be cast to effect such change. There shall be no official meeting of owners or members nor any written solicitation of them for the purpose of effectuating a change referred to herein except in accordance with a procedure approved by the Commissioner after the application for consent has been filed with him; provided, however, that the Association may meet and vote on the question of submission of the proposed change to the Commissioner.

All amendments shall be recorded and certified as required by the Condominium Act. No Amendment shall change any condominium Parcel, nor an Interval Unit Owner's proportionate share of the Common Expenses or Common Surplus, nor the voting rights appurtenant to any Interval unit, unless the record owners thereof, and all record owners of mortgages or other voluntarily placed liens thereon, shall join in the execution of the amendments. No amendment shall be passed which shall impair or prejudice the rights and priorities of any mortgages or change the provisions of this Declaration with respect to Institutional Mortgages, without the written approval of all Institutional Mortgages of record.

Notwithstanding the foregoing provisions of Article IX:

A. The Declarant reserves the right to change the interior design and arrangements of all the Units, and to alter the boundaries between Units so long as the Declarant owns the Units so altered, and all Intervals thereof; however, no such change shall increase the number of Units in the Condominium, nor alter the boundaries of the Common Areas, as shown on the Condominium Map, except the party wall between the Units, without amendment of this Declaration in the manner herein provided.

B. The Declarant, so long as it owns more than twenty-five percent (25%) of the Interval Units in existence or planned at any point in time, reserves the right to amend this Declaration, at any time, as may be required by any State as a prerequisite to the sale of

Interval Units in this project in such State, subject however, to the requirement for prior approval of the California Real Estate Commissioner outlined above.

C. It is understood and agreed that as of the time this Declaration is dated and recorded in the Public Records of Washoe County, Nevada, all of the Units shown on Exhibit 1 may not be as yet completed; however, said Units shall be shown and located as they appear in Exhibit No. 1 attached hereto, in accordance with the requirements of the applicable Nevada statutes. Upon the completion of the Units, the Declarant shall file an amendment to this Declaration with a Survey attached, reflecting the final location, dimensions and sizes of the Units constructed, which said amendment shall comply with the applicable provisions of the Nevada statutes. Said amendment shall be executed solely by the Declarant, and the amendment, with said Survey attached, shall be duly recorded in the Public Records of Washoe County, Nevada, and said amendment shall be effective as of the date of the recording of the same.

ARTICLE X

MAINTENANCE WEEK

One Interval Week for each Unit, the identifying number of which may vary from Unit to Unit, shall not be sold, but shall be conveyed to the Association as a "Maintenance Week" for the purpose of performing general maintenance and routine repairs to such Unit. Such "Maintenance Week" shall be conveyed to the title company/fiduciary which acts as a depository for the escrow of Interval Units of CLUB TAHOE which shall record such conveyance in its name. At any time prior to the conveyance and closing of sales of fifty one (51) intervals in such Unit, whether by individual sales or a bulk transfer by the Declarant of all or any portion of the then unsold units, the Declarant shall have the right to substitute a different interval within such Unit as "Maintenance Week", and upon conveyance of such substituted interval to the said title company/fiduciary, obtain a reconveyance of the Maintenance Week interval previously conveyed. Upon the closing of the sales of 51 interval weeks within any Unit, but in no event later than the fourth anniversary of the date of the issuance of the first subdivision permit the title company shall convey title to the Maintenance Week then standing in its name to the Association.

A Maintenance Week shall not be subject to assessments; shall have no voting rights associated with it, and shall be disregarded in computing insurance benefits and obligations under Articles XV and XVI hereof. However, such Maintenance Week shall have appurtenant thereto, and undivided interest in the Common Areas equivalent to the undivided interest in the Common Areas appurtenant to any Interval Week.

ARTICLE XI

ASSESSMENTS

General and Special

The Association, through its Board of Directors, shall have the power to fix and determine from time to time the sum or sums necessary and

adequate to provide for the Common Expenses of the condominium Property, and other assessments as are specifically provided for in this Declaration, and the Exhibits attached hereto. The procedure for determination of all such assessments shall be as set forth in the By-Laws of the Association, and in this Declaration and the exhibits which are attached hereto.

The Common Expenses subject to the provisions for general assessments shall include, but not necessarily be limited to, expenses for fire, casualty and liability, as well as other insurance for all Interval Units, the Owners thereof, and the Common Areas; the routine repair and upkeep of the Units and Common Areas, and the furnishings thereof, for normal wear and tear; the repair and maintenance of the Common Areas; the repair and replacement of furniture, fixtures, appliances, carpeting, utensils and linens, title to which shall be in the Association; the cost of all utilities, including local television service, furnished to all Interval Units and the Common Areas; all personal property, real estate and any other applicable taxes assessed against any of the Condominium Property or property owned by the Association, real and/or personal; the expenses for the maintenance of the Parking Facilities which are a part of the Common Areas, and snow and ice removal therefrom; assessments against the Condominium Property by an Improvement District in which the Condominium Property is located, and operating expenses of the Association, and all other expenses incurred in the normal operation and maintenance of the Interval Units and the Common Areas which are not attributable to any particular Interval Unit Owner.

Expenses subject to special assessment are those expenses which are non-recurring on a regular basis, such as expenditures for capital improvements, acquisition of new facilities or equipment, deficits by reason of damage not fully covered by insurance proceeds, and similar expenses. The Association, through its Board of Directors, shall have the authority to impose special assessments only in accordance with the By-Laws of the Association and this Declaration.

The Declarant shall be subject to the payment of general assessments as follows:

A. Assessments levied in Calendar Year 1979:

1. Units for which construction did not commence prior to January 1, 1980 (i.e., foundation was not poured)-Declarant will pay ten percent (10%) of the general assessment levied for each of the 51 assessable Interval Weeks in such Units.

2. Units for which construction commenced, but for which no certificate of occupancy was obtained prior to January 1, 1980-Developer will pay twenty-five percent (25%) of the general assessment levied for each Interval Week in such Unit, starting after construction of the Unit commenced, and 10% of the general assessment levied for each Interval Week between January 1, 1979 and the commencement of construction of that Unit.

3. Units for which certificates of occupancy were obtained prior to January 1, 1980-Developer will pay 75% of the general assessment levied for each unsold Interval Week in such Unit starting after such certificate is obtained, will pay 25% of the general assessment levied for each Interval Week in such Unit between commencement of construction and the issuance of a certificate of occupancy for such Unit, and will pay 10% of the general assessment levied for each Interval Week between January 1, 1979 and the

commencement of construction of that Unit.

B. Assessments levied in Calendar Year 1980:

Developer will pay 75% of the general assessment levied for each unsold Interval Week in such Unit unless the unit is occupied during a given unsold interval week, in which case Developer will pay 100% of the general assessment for the Interval Week.

C. Assessments levied in Calendar Year 1981 and later:

Developer will pay 100% of general assessments levied for each Interval Unit owned.

D. Developer will, at all times, pay 100% of any Special Assessment levied.

Common Expenses shall not include insurance, taxes, upkeep, maintenance or any other expenses attributable to Units or Common Areas not yet constructed or under construction until a notice of completion and occupancy is issued for such Unit. There shall be no assessment for any of the costs of operating and maintaining the Recreational Facilities while the Lease Agreement with Declarant remains in effect, and all costs for maintenance and repair of the Parking Facilities reserved to the Declarant for use with the Recreational Facilities pursuant to the terms of the Lease Agreement pertaining thereto shall be paid by the Declarant and shall not be assessed to the Interval Unit Owners while such Lease Agreement remains in effect.

General Assessments and Special Assessments shall be pro-rated equally among all Interval Units, excluding the Interval Week in each Unit which is conveyed to the Association pursuant to Article X as a "Maintenance Week", as to which interval there shall be no assessment.

ARTICLE XII

ASSESSMENTS

Individual

The Association is empowered, through its Board of Directors, or, if a Management Agreement is in effect, through the Management Firm, to levy against any particular Interval Unit Owner or Owners an individual assessment or charge for all costs, expenses, fees and charges incurred by the Association by reason of the breach of the part of such Interval Unit Owner or Owners, his guests, invitees, licensees or members of his family, of any of the provisions of this Declaration, the By-Laws of the Association, or of the rules and regulations to which the Interval Unit Owners are subject. Such individual assessments shall include, but not be necessarily limited to, all charges incurred by reason of the failure of any particular Interval Unit Owner or Owners, or person or persons occupying his Interval Unit with his consent and knowledge, to vacate the same at the conclusion of the Interval Week or Weeks owned, at 10:00 a.m., Pacific Time on the day which concludes the interval; all costs of damage, breakage or loss of any of the furnishings, fixtures, appliances, utensils, linens or other personal property which belongs to the Association within the Unit, beyond reasonable wear and tear; all damage, breakage or loss to any of the interior or exterior walls, windows or other surfaces of a Residence Building attributable to such Interval Unit

Owner or Owners, or person or persons occupying the Unit with the knowledge and consent of such Interval Unit Owner or Owners; and any other costs and expenses incurred by the Association which are attributable to the failure of the Interval Unit Owner or Owners to comply with the terms, conditions, agreements and covenants of this Declaration and the Condominium Documents.

ARTICLE XIII

ASSESSMENTS

Collection:Liens

General and Special Assessments shall be due on the first of each month following the billing thereof; any General or Special Assessment that shall remain unpaid for over ten (10) days from the due date thereof shall bear interest at the rate of ten percent (10%) per annum from the due date until paid, and at the sole discretion of the Board of Directors, or, if applicable, the Management Firm, a late charge of Twenty Five Dollars (\$25.00) shall be added to the assessment and shall be immediately due and payable.

When individual assessments are levied against an Interval Unit Owner or Owners, an itemized statement of the reason for the assessment shall be included with the notice of levy of the individual assessment, together with a notice to the Interval Unit Owner or Owners that he has a right to present his objections to the individual assessment to the Board of Directors or a specially designated committee thereof. Any objections on the part of the Interval Unit Owner or Owners shall be delivered, in writing, to the Board of Directors or its designated committee no later than the twentieth (20th) day of the month in which the assessment was levied, and shall state specifically therein the specific facts upon which the objections are based, and whether the objecting Owner or Owners desire a hearing before the Board, or are willing that the objection be determined by the Board of Directors or specially designated committee in his absence. If a hearing before the Board or committee is requested, the same shall be held at the next regularly scheduled meeting of the Board or the committee. Failure of the objecting Interval Unit Owner or Owners to appear in person or by duly authorized representative shall be deemed a consent by such objecting Interval Unit Owner or Owners that the Board hear and determine the objections in his absence. The United States mail is an authorized form of delivery of objections to the Board or committee, but if the mail is utilized, it is the sole responsibility of the objecting Interval Unit Owner or Owners to ascertain that his written objections have been received by the date herein specified. Any portion of an individual assessment which is rebilled after objections thereto have been filed, shall be conclusive evidence of the fact that the objections to that portion of the individual assessment have been overruled by the Board, and such individual assessment will be considered to be fully due and payable as of the date of such rebilling. Thereafter such individual assessment shall be fully subject to the provisions hereof concerning the collection of all general and special assessments. Any individual assessment as to which no objections were timely filed hereunder shall be considered to be due as of the date of the first billing thereof, and the provisions concerning collection of general and special assessments shall be fully applicable thereto.

The Association shall have a lien on each Interval Unit for unpaid general and special assessments, and each unpaid individual assessment after time for objection has expired, or after rebilling following objection, together with interest thereon, against the Interval Unit or Units to which such assessments are chargeable. Reasonable attorneys fees and costs incurred

by the Association incident to the collection of such assessments or the enforcement of such liens, together with all sums advanced and paid by the Association for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association, in order to preserve and protect its lien, shall be payable by the Interval Unit Owner or Owners, and secured by such lien. The Board of Directors, or, if applicable, the Management Firm, may take such action as it deems necessary to collect such assessments by personal action or by enforcing and foreclosing said lien, and may settle and compromise the same if deemed in its best interest. Said lien shall be effective as and in the manner provided by the Condominium Act, and shall have the priorities established by said Act. The Association shall be entitled to bid at any sale held pursuant to suit to foreclose such assessment lien, or upon nonjudicial foreclosure, and to apply as a cash credit against its bid, all sums due as provided herein, covered by the lien enforced. In case of such foreclosure, the Interval Unit Owner shall be required to pay a reasonable rental for the Interval Unit for the period of time said Interval Unit is occupied by, through or under said Interval Unit Owner after commencement of foreclosure proceedings, and Plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same from the Interval Unit Owner and/or Occupant.

The lien provided for herein shall apply only to the Interval Weeks owned by the particular Interval Unit Owner or Owners in default, and shall not encumber the property of any other Interval Unit Owner in such Unit.

Where the Mortgagee of an Institutional First Mortgage of record, or other purchaser of a Condominium Interval Unit, obtains title to an Interval Unit as a result of foreclosure of an Institutional First Mortgage, such acquirer of title, its successors and assigns, shall not be liable for the shares of Common Expenses and General and Special Assessment, or individual assessments, pertaining to such Condominium Parcel and chargeable to the former Interval Unit Owner or Owners of record, which became due prior to acquisition of title as the result of the foreclosure. Such unpaid share of General, Special and individual assessments shall be deemed, to the extent that the same cannot be collected directly from the former Interval Unit Owner or Owners, to be Common Expenses collectible from all of the Interval Unit Owners, including such acquirers of title by foreclosure.

Any person who acquires an interest in an Interval Unit through foreclosure, deed in lieu of foreclosure, or similar proceedings, shall also acquire the membership in the Association appurtenant to such Interval Unit, with the rights, responsibilities and obligations thereof.

Any person who acquires an interest in an Interval Unit, except through foreclosure of an Institutional First Mortgage of record, or through foreclosure of the Association's lien hereunder, as specifically provided above, including, without limitation, persons acquiring title by operation of law, and purchasers at judicial sales, except foreclosure of the Association's lien or an Institutional First Mortgage of record, shall not be entitled to occupancy of the Interval Unit or Units so acquired, or to the use and enjoyment of the Common Areas, until such time as all unpaid assessments due and owing by the former Interval Unit Owner or Owners have been paid. The Association, acting through its Board of Directors, or a Management Firm, shall have the right to assign its claim and lien rights for the recovery of any unpaid assessments to the Declarant, to any Interval Unit Owner, or group of Owners, or to any third person or persons.

At any time after General, Special and/or individual assessments have become delinquent, and lien rights have accrued in accordance with this Declaration, the Association may record a Notice of Delinquency as to such Interval Unit or Units, which Notice shall state therein the amount of such delinquency and that it is a lien, and the interest, costs (including attorneys fees) and penalties which have accrued thereon, a description of the Interval Unit or Units against which the same has been assessed, and the name of the record or reputed owner thereof, and such notice shall be signed by an officer of the Association, or, if applicable, the Management Firm. Upon the payment or other satisfaction of said assessments, interest, penalties, costs and other expenses in connection with which notice has been recorded, the Association shall record a further notice stating the satisfaction of the Assessment and the release of the Lien therefor.

ARTICLE XIV

ASSOCIATION Maintenance and Operations

The Association, or, if applicable, the Management Firm, shall maintain the Common Areas, and shall retain title to and be responsible for the maintenance, repair and replacement of all the personal property within the Units as well as the personal property utilized for maintenance of, or in connection with, the Common Areas. The Association shall engage and pay for all labor and materials as may be reasonably necessary for such maintenance and operations. The Association shall provide for regular sweeping of the roadways, the parking facilities and walkways which are a part of the Common Areas.

The Association and such persons as may be engaged by the Association for maintenance purposes, shall have the right to enter upon the exteriors of a Residence Building at any time, and upon the interiors of a Residence Building between 10:00 A.M. and 4:00 P.M. on each Friday, Saturday or Sunday which commences an Interval Week, and at any time during "Maintenance Week", but shall not have the right to enter an Interval Unit without permission of the Owner or Owners of such Interval Unit at any other time, except in case of an emergency.

Subject to the approval of the Tahoe Regional Planning Agency, the Declarant and the Association shall prepare and maintain a vegetation preservation and protection plan, and the same shall be enforced by the Association to insure the permanent maintenance of open spaces. It is expressly understood that the Tahoe Regional Planning Agency is an express beneficiary of this provision, and shall have the right to pursue such judicial remedies as it determines advisable to enforce this provision.

The Association shall be responsible for providing such settling basins, percolation trenches and skimmer chambers as may be required by the County of Washoe and the Nevada Department of Fish and Game. It is expressly understood that Washoe County and the State of Nevada Department of Fish and Game are express beneficiaries of this provision, and shall have the right to pursue such judicial remedies as they or either of them determines advisable to enforce this provision.

The Association shall establish such committees as may be provided for in its By-Laws, shall engage a manager, secretaries, auditors, legal

counsel and other employees or consultants as may be reasonably necessary for the discharge of its duties hereunder. The expenses of committees, the salaries of a manager and other employees, and the fees of consultants and professional advisors shall be established and paid for by the Association. The Association shall be authorized to incur all other expenses necessary or incident to the conduct or carrying on of its powers and duties.

ARTICLE XV

INSURANCE PROVISIONS

A. Purchase of Insurance:

The Association shall obtain fire and extended coverage insurance and vandalism and malicious mischief insurance insuring all of the insurable improvements within the Condominium Property, together with such other insurance as the Association deems necessary for the interest of the Association, all Interval Unit Owners, and their Mortgagees, as their interests may appear, in an amount which shall be equal to the maximum insurance replacement value as determined annually. The premiums for such ~~coverage and other expenses~~ in connection with said insurance shall be assessed against the Interval Unit Owners as a part of the Common Expenses. The named insured shall be the Association, individually, and as agent for the Interval Unit Owners, without naming them, and as agent for their Mortgagees.

Provision shall be made for the issuance of mortgage endorsements of memoranda of insurance to the Mortgagees of interests in Interval Units. Such policies shall provide that payment for losses thereunder by the Insurer shall be made to the Insurance Trustee hereinafter designated, and all policies and endorsements thereon shall be deposited with the Insurance Trustee. Interval Unit Owners may obtain insurance coverage at their own expense upon their own personal liability, and upon their own personal property.

B. Coverage:

(1) Casualty. All buildings and improvements upon the Condominium Property shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, and all personal property included in the Common Areas or owned by the Association for the use and benefit of the Interval Unit Owners shall be insured for its value, all as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against:

(a) Loss or damage by fire and other hazard covered by a standard extended coverage endorsement; and

(b) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the Condominium Property, including but not limited to, vandalism and malicious mischief.

(2) Liability. The Association shall obtain public liability insurance in such amounts and with such coverages as shall be required by the Board of Directors of the Association, including, but not limited to, hired automobile and non-owned automobile coverages, and with cross liability endorsement to cover liabilities of the Interval Unit Owners as a group to an

individual Interval Unit Owner, his guests, invitees or licensees, or to cover the liability of an Interval Unit Owner as an individual to the Interval Unit Owners as a group, or to the Association.

(3) Nevada Industrial Insurance: The Association shall obtain such coverage as is required by the Nevada Industrial Insurance Act as it may from time to time be amended.

(4) Other. The Association may obtain such other insurance as the Board of Directors of the Association shall determine from time to time to be required or to be desirable.

C. Insurance Trustee: Shares of Proceeds:

All insurance policies purchased by the Association shall be for the benefit of the Association and the Interval Unit Owners and their Mortgagees, as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to the Insurance Trustee, which shall be designated by the Board of Directors, and which shall be any bank or trust company in the State of Nevada with trust powers. The Insurance Trustee shall not be liable for payment of premiums nor for the renewal or the sufficiency of policies, nor for the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive such proceeds as are paid, and to hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the Interval Unit Owners and their Mortgagees as follows:

(1) Common Areas: Proceeds on account of damage to Common Areas shall be held for the benefit of the Interval Unit Owners in accordance with their undivided interests therein, provided, however, that proceeds attributable solely to damage to a Residence Building shall not be distributed as proceeds on account of Common Areas, but shall be distributed as proceeds for the benefit of Interval Unit Owners owning Interval Units therein in accordance with Paragraph (2) below.

(2) Interval Units: Proceeds on account of damage to Interval Units not comprising part of the Common Areas shall be held for the benefit of the Interval Unit Owners owning such Interval Units, based upon the ratio the fair market value of the Interval Units Owned bears to the value of the entire Unit in accordance with the percentages set forth in Exhibit 2 attached hereto.

(3) Personal Property: Proceeds on account of personal property owned by the Association shall be held for the benefit of the Association, provided however, that where such personal property is the interior furnishings of a Residence Building as to which a determination has been made not to reconstruct or repair, the Association shall pay such proceeds to the Interval Unit Owners owning the Interval Units in such Residence Building in accordance with Paragraph (2) above. Proceeds on account of any insured personal property belonging to any Interval Unit Owner or any other person or entity than the Association shall be held for the benefit of the owner thereof.

(4) Mortgagees: In the event a mortgage endorsement has been issued for an Interval Unit, the share of the Interval Unit Owner or Owners shall be held in trust for the Mortgagee and the Interval Unit Owner or Owners, as their interests may appear; provided, however, that no Mortgagee

shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds, except distributions thereof made to the Interval Unit Owner or Owners, and the Mortgagee, pursuant to the provisions of the Declaration.

D. Distribution of Proceeds:

Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(1) Expenses of the Trust: All expenses of the Insurance Trustee shall be first paid or provision made therefor.

(2) Reconstruction or Repair: If the damage for which insurance proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as elsewhere herein provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, with remittance to Interval Unit Owners or their Mortgagees payable to them jointly. This is a covenant for the benefit of any Mortgagee of an Interval Unit and may be enforced directly by such Mortgagee.

(3) Failure to Reconstruct or Repair. If it is determined in the manner herein provided that the damage for which the insurance proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners in accordance with Paragraph C above, remittances to Interval Unit Owners and Mortgagees being payable to them jointly. This is a covenant for the benefit of any Mortgagee of an Interval Unit, and may be enforced directly by such Mortgagee.

(4) Certificate: In making distribution to Interval Unit Owners and their Mortgagees, the Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary as to the names of the Interval Unit Owners, their Mortgagees, and their respective shares of the distribution.

E. Association as Agent:

The Association is hereby irrevocably appointed agent for each Interval Unit Owner and for each owner of a Mortgage or other lien upon an Interval Unit, and for each owner of any other interest in the Condominium Property for the purpose of adjusting all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon the payment of claims.

F. Notice of Insurance Coverage:

In a legal action in which the Association or any Interval Unit Owner or Owners may be exposed to liability in excess of insurance coverage protecting it and the Interval Unit Owners, the Association shall give notice to all Interval Unit Owners so exposed of such exposure within a reasonable time, and such Interval Unit Owners shall have the right to intervene in said action.

ARTICLE XVI

RECONSTRUCTION AND REPAIR AFTER CASUALTY

A. Determination to Reconstruct or Repair:

If any part of the Condominium Property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(1) Common Areas: Damaged Common Areas, other than Residence Buildings, shall be reconstructed or repaired, unless it is determined in accordance with Article XX that the Condominium shall be terminated.

(2) Residence Buildings.

(a) Lesser Damage. If at least fifty percent (50%) of the Units in the Condominium are found by the Board of Directors to be tenantable, all of the damaged Units shall be reconstructed or repaired unless within sixty (60) days after the casualty, it is determined in accordance with Article XX that the Condominium shall be terminated.

(b) Major Damage. If over fifty percent (50%) of the Units in the Condominium are found by the Board of Directors of the Association to be untenable, then the damaged property will not be reconstructed or repaired and the Condominium will be terminated without compliance with Article XX, unless within sixty (60) days after the determination of untenability is made, seventy five percent (75%) of the Interval Unit Owners agree in writing to such reconstruction or repair. If Interval Units in the Condominium at the time the determination of untenability is made are owned by both the Declarant and individuals other than the Declarant, and two classes of votes are still in existence, written approval must be obtained from both the Declarant and from seventy five percent (75%) of the Interval Unit Owners other than the Declarant, in order for such repair and reconstruction to be approved.

(3) Certificate. The Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary to determine whether or not the damaged property is to be reconstructed or repaired.

B. Plans and Specifications.

Any reconstruction or repair must be substantially in accordance with plans and specifications for the original buildings, or, if not, then, according to the plans and specifications approved by the Board of Directors of the Association, and, if the damaged property is a Residence Building, by not less than seventy five percent (75%) of the Interval Unit Owners, which approval shall not be unreasonably withheld. In addition, if Interval Units in the Condominium are owned by both the Declarant and individuals other than the Declarant, and two classes of votes are still in existence, approval must be obtained from both the Declarant and from seventy five percent (75%) of the Interval Unit Owners other than the Declarant for the modified plans and specifications to be approved.

C. Estimates of Costs.

Immediately after a determination is made to rebuild or repair damage to property for which the Association has the responsibility for reconstruction or repair, the Association shall obtain reliable and detailed estimates of the costs to rebuild and repair.

D. Assessments.

A share in the amount by which an award of insurance proceeds to the Insurance Trustee is reduced on account of a deductible clause in an insurance policy shall be assessed by special assessment against each Interval Unit Owner in accordance with the ratio which the value of the Interval Unit or Units owned bears to the total value of the reduction, as set forth in Exhibit 2 attached hereto. If the decision is made to reconstruct and repair, and if the proceeds of such assessments and the insurance are insufficient to defray the estimated costs of reconstruction and repair, or if, upon completion of reconstruction and repair the fund for the payment of the costs of reconstruction and repair are insufficient, additional special assessments may be made as required, in the same ratios, to pay for such reconstruction and repair.

E. Construction Funds:

The funds for the payment of costs of reconstruction and repair after casualty which shall consist of proceeds of insurance held by the Insurance Trustee and funds collected by the Association from special assessments against Interval Unit Owners shall be disbursed in payment of such costs in the following manner:

(1) Association. If the total assessments made by the Association in order to provide funds for the payment of costs of reconstruction and repair, which is the responsibility of the Association, is more than Five Thousand Dollars (\$5,000) then the sums paid upon such assessments shall be deposited by the Association with the Insurance Trustee. In all other cases, the Association shall hold the sums paid upon such assessments, and disburse the same in payment of the costs of reconstruction and repair.

(2) Insurance Trustee. The proceeds of insurance collected on account of a casualty, and the sums deposited with the Insurance Trustee by the Association from collection of assessments against Interval Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(a) Association-Lesser Damage. If the amount of the estimated costs of reconstruction or repair which is the responsibility of the Association is less than Five Thousand (\$5,000) Dollars, then the construction fund shall be disbursed in payment of such costs upon the order of the Association, provided, however, that upon request to the Insurance Trustee by a Mortgagee, which is a loss payee under an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereinafter provided for the reconstruction and repair of major damage.

(b) Association-Major Damage. If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is more than Five Thousand (\$5,000) Dollars, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association, and upon the approval of an architect qualified to practice in Nevada, and employed by the Association to supervise the work.

(c) Surplus. It shall be presumed that the first monies disbursed in payment of the costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in the construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund as provided in Article XV (D), except, however, that a part of a distribution to an Interval Unit Owner or Owners which is not in excess of special assessments paid by such owners into the construction fund shall not be made payable to any Mortgagee.

(d) Certificate. Notwithstanding the provisions herein, the Insurance Trustee shall not be required to determine whether or not sums paid by Interval Unit Owners upon assessments shall be deposited by the Association with the Insurance Trustee, nor to determine whether the disbursements from the construction fund are to be made upon the order of the Association or upon approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund, nor to determine whether any surplus funds to be distributed are less than the special assessments paid by the owners. Instead, the Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary, as to any or all of such matters, and stating that the sums to be paid are due and properly payable, and stating the name of the payee and the amount to be paid.

F. Mechanics Liens:

All work of whatever nature on the subject property, when commenced pursuant to this Article XVI, shall be done, performed, expeditiously pursued, and completed, in accordance with the approval given. Neither the Association nor any other person who or which performs any work, or causes any work to be performed, on the subject property, shall suffer or permit any mechanics', laborers', materialmens', contractors', sub-contractors', or other such or similar liens arising from any claim for damages or growing out of any work, or any other claim or demand, howsoever the same may arise, to be enforced against the subject property or any part or portion thereof, but the Association or such other person as the case may be, shall pay or cause to be paid all such liens, claims or demands, before any action is brought to enforce the same against any part or portion of the condominium Property, and the Association and each Interval Unit Owner, separately, but jointly and severally, covenants to indemnify all owners of the subject property and to hold them free and harmless from all liability for any and all such liens, claims or demands, together with all costs and expenses in connection therewith. This provision is intended for the benefit of the owners of all Interval Units, and upon recordation shall constitute a notice of owners'

non-responsibility in accordance with the Nevada Mechanics' Lien Law. If any such owner, or the Association, as the case may be, shall in good faith contest the validity of any such lien, claim or demand, then the Association shall, at its own expense, defend itself and the Owners against the same, and shall pay and satisfy any adverse judgment that may be rendered before the recordation thereof against any part or portion of the subject property.

ARTICLE XVII

USE AND OCCUPANCY OF COMMON AREAS

The Declarant, the Association, and the Interval Unit Owners, and all persons and entities who own an interest in and to the Condominium Property shall not have any right to bring any action for partition or division of the real property of the Condominium or any portion thereof, and said persons do hereby waive said rights of partition or division of said property, except as herein otherwise provided.

The Association, through its Board of Directors, shall promulgate rules and regulations for the use of the Common Areas, which may be amended from time to time by the Association through its Board of Directors. Such rules and regulations shall be available to all Interval Unit Owners, and other persons having an interest in the Condominium Property, and, in addition, shall be posted in conspicuous places on the Common Areas. The Interval Unit Owners hereby covenant and agree to be bound by all of such rules and regulations, and such persons shall obey the same and be responsible for obedience thereto by the Interval Unit Owners, their families, guests, invitees, lessees and servants.

Should any Interval Unit Owner fail to pay any General, Special or Individual Assessment, as required by the provisions of this Declaration, for the period of time specified therein, whereby said General, Special or Individual assessment becomes delinquent, the Association may, in its sole discretion, suspend the rights of any Interval Unit Owner, his family, guests, invitees, lessees, and servants, to possession, use, and occupancy of the unit and the Common Area until said General, Special or Individual Assessment has been paid in full and discharged. The Association may, through its Board of Directors, authorize the managing body to carry out the provisions of this Article. The Association shall further have the right to suspend any Interval Unit Owner and/or authorized user of the Common Areas, from the use of the Common Areas for a period not to exceed seven (7) days for any infraction of the rules and regulations pertaining to Common Areas. Should an Interval Unit Owner or the authorized user of said facilities be suspended from the use of the unit or the Common Areas as above provided, there shall be no reduction in the assessment due and payable by said Interval Unit Owner. If any infraction of the rules and regulations results in damage to or loss of any of the Common Areas, the Interval Unit Owner responsible therefor shall be subject to individual assessment by the Association for the same in accordance with the provisions of Article XII. Any Interval Unit Owner whose rights have been suspended pursuant to this paragraph shall be given written notice of said suspension at the time the suspension becomes effective.

ARTICLE XVIII

PRIVILEGES

The Association is authorized to enter into a Lease Agreement with the Declarant pertaining to the Recreational Facilities granting to the Declarant the possession of the Recreational Facilities for a term of three (3) years, with renewal options. During the period any such Lease Agreement or renewal term thereof is in effect, each Interval Unit Owner, by reason of his ownership, shall have all the privileges of membership in the Recreational Facilities operated by the Declarant without payment of the membership fee charged to the public. Specific facilities therein for which specific charges are made to public members shall be charged at the same rate to Interval Unit Owners; however, all facilities provided by reason of membership without specific charge therefor shall be available to Interval Unit Owners without charge of any kind. The Declarant agrees that such Recreational Facilities are for the primary benefit of the Interval Unit Owners, and public membership therein shall be limited as necessary to provide unrestricted accommodation for Interval Unit Owners. All costs and expenses of the furnishing, maintenance and operation of such Recreational Facilities shall be paid through the public membership and charges for specific facilities, and no assessment shall be made therefor against the Interval Unit Owners except as provided by the Lease Agreement. The Interval Unit Owners agree and understand that they are bound by the rules and regulations regarding the use of the facilities which may from time to time be promulgated by the Declarant, its successors and assigns, and that the privilege to use such Recreational Facilities may be denied in the same manner as the use of the Common Areas may be denied pursuant to the provisions of Article XVII hereof, upon failure to pay assessments and upon infractions of the rules and regulations. It is further understood that the privileges of membership arise by reason of ownership of an Interval Unit and may not be severed from such ownership.

In addition, each Interval Unit Owner, by reason of such ownership, is privileged to utilize facilities owned and operated by the Incline Village General Improvement District, including beach facilities and golf course facilities during the owned Interval. Use of such facilities by guests of the Interval Unit Owners shall be subject to the approval of the representatives of the Incline Village General Improvement District, or its successors, and may be subject to a fee or charge imposed by such General Improvement District.

The Interval Unit Owners, and, if applicable, their guests, shall use such facilities in accordance with the rules and regulations of the owners and operators thereof, and shall not do or allow to be done anything which may in any way impair the availability of such privileges to the Interval Unit Owners and their guests in this Condominium.

ARTICLE XIX

HOLDOVER OWNERS

Each Interval Unit Owner or his lessee or other authorized user shall not occupy or attempt to occupy his Interval Unit prior to 4:00 P.M. on the date of the commencement of such Interval, and shall vacate the same on or before 10:00 A.M. on the date upon which such Interval Week ends.

In the event any Interval Unit Owner or Occupant fails to vacate such Unit at the expiration of the Interval, he shall be deemed a "holdover owner". It shall be the responsibility of the Association to take such steps as may be

necessary to remove such holdover owner from the Unit, and to assist the Interval Unit Owner of any subsequent Interval, who may be affected by the holdover owner's failure to vacate as herein required, to find alternate accommodations during such holdover period.

In addition to such other remedies as may be available to it, the Association shall secure, at its expense, alternate accommodations for any Interval Unit Owner, lessee or other intended occupant who is unable to occupy his Unit due to the failure of any holdover owner to vacate. Such accommodations shall be as near in value to the actual Interval Unit such successive owner or authorized user was to occupy as possible. The holdover owner shall be charged by individual assessment for the cost of such alternate accommodations and any other costs incurred due to his failure to vacate, and an administrative fee of Fifty Dollars (\$50.00) per day shall be charged by individual assessment to such holdover owner during the period of holding over, in addition to any other costs or charges incurred by reason of such holding over. In addition, during such period of holding over, the holdover owner, his family, guests, and other authorized users shall be denied the use of all Privileges as herein defined. In the event it is necessary that the Association contract for a period greater than the actual period of holding over in order to secure alternate accommodations, as set forth above, the entire period shall be charged to the holdover owner, although the administrative fee of Fifty Dollars (\$50.00) per day shall cease upon the actual vacating of the Unit by the holdover owner.

The provisions of Article XII and XIII hereof pertaining to individual assessments and liens thereon are fully applicable to any individual assessments imposed in accordance with this Article XIX. All remedies, including special proceedings, shall be available to the Association pursuant to its right hereunder to remove a holdover owner as agent for the owners of succeeding Interval Units.

ARTICLE XX

TERMINATION OF CONDOMINIUM

A. Termination Before Fifty Years:

If all the Interval Unit Owners and the holders of all liens and mortgages affecting any of the Interval Units execute and duly record an instrument terminating this Condominium, or if "major damage" occurs as defined in Articles XV and XVI hereof, the Condominium Project shall be deemed subject to termination. In the event of such an occurrence, the Association is empowered to sell the Interval Unit retained as "Maintenance Week" as to each Unit, and to place the proceeds of all sales of Maintenance Weeks in its Treasury to be utilized in payment of Common Expenses. If a surplus exists thereafter, the same shall be distributed to the Interval Unit Owners as herein provided.

B. Termination After Fifty Years:

It is understood that this Condominium and this Declaration as amended shall remain in full force and effect for a period of fifty (50) years from the date of the close of the sale of the first Interval Unit in the project, and unless extended as herein provided, the Interval Unit Owners shall own their undivided interest in the Condominium Property as tenants in

common with the right of partition, and the Maintenance Weeks shall be disposed of as provided in Paragraph A of this Article.

The Board of Directors of the Association shall, no less than thirty (30) days, nor more than sixty (60) days, prior to the expiration of such fifty (50) year period, call a meeting of all Interval Unit Owners, at which meeting a vote shall be taken to decide the disposition of the Condominium. A quorum at such meeting shall be a majority of the total outstanding votes of all Interval Unit Owners. Unless a vote of seventy-five percent (75%) of such quorum calls for termination of the Condominium, the Condominium shall continue and this Declaration shall continue in full force and effect for a period of ten (10) additional years, at which time the process herein defined shall be repeated. This process may be repeated in ten-year increments until a vote of seventy-five percent (75%) of the quorum decides to terminate the Condominium, at which time the Association shall dispose of the Maintenance Week as herein provided, and then take the appropriate steps, including, if necessary, the filing of an appropriate action, to partition the Interval Units.

ARTICLE XXI

ENFORCEMENT OF BONDS

The Board of Directors of the Association will decide questions regarding the enforcement of the bonded obligation of the Declarant to complete Common Areas and facilities subject to the following provisions:

A. The board shall consider and vote upon the question of action by the Association to enforce the obligations under the bonds with respect to any improvements for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement in the Planned Construction Statement appended to the bond. If the Association has given an extension in writing for the completion of any Common Area improvement, the board shall consider and vote upon the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension.

B. If the Interval Unit Owners so request, a special meeting of the Interval Unit Owners shall be held for the purpose of voting upon whether to override a decision of the Board of Directors not to initiate action to enforce the obligations under the bond or upon the failure of the Board to consider and vote upon the question. The meeting shall be held not less than fifteen (15) days nor more than thirty (30) days after receipt by the Board of Directors of a petition for such a meeting signed by owners representing at least ten (10%) percent of the total voting membership of the Association.

C. At the meeting called in accordance with Paragraph B hereof the Interval Unit Owners, other than the Declarant, shall vote upon the question of whether to enforce the obligation of the Declarant under the bond.

D. A vote of a majority of the voting power of the Association residing in Owners other than the Declarant to take action to enforce the obligation under the bond shall be deemed to be the decision of the Association, and the Board of Directors shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the

Association.

ARTICLE XXII

MISCELLANEOUS PROVISIONS

A. Acceptance.

The Association and each grantee hereinafter of any part or portion of the property covered by these Restrictions, and any purchaser under any grant deed, contract of sale or any lessee under any lease covering any part or portion of said property, accepts the same subject to all of the restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers of the Association and the Declarant provided for in this Declaration.

B. Construction.

All of said Restrictions, Conditions, Covenants, Reservations, Liens and Charges contained in this Declaration shall be construed together, but if it shall at any time be held that any one or more of such restrictions, conditions, covenants, reservations, liens or charges, or any part thereof, is invalid or for any reason becomes unenforceable, no other restriction, covenant, condition, reservation, lien or charge, or any part thereof, shall be thereby affected or impaired.

C. Waiver.

The failure of the Association or of Declarant or any owner of any Interval Unit, or any other person entitled to enforce any of the restrictions, conditions, covenants, reservations, liens or charges to which said property or any part thereof is subject shall in no event be deemed a waiver of the right to do so thereafter, or to enforce any other restriction, condition, covenant, reservation, lien or charge.

D. Gender.

The singular shall include the plural and the plural the singular unless the context requires the contrary; and the masculine, feminine and neuter shall each include the masculine, feminine or neuter as the context requires.

E. Encroachment.

The Owners of the Interval Units agree that if any portion of a Condominium Unit encroaches upon another, a valid easement for the encroachment and maintenance of the same, so long as it stands, shall and does exist. In the event a Residence Building or Buildings are partially or totally destroyed, then reconstructed, the Interval Unit Owners agree that encroachment on parts of other Units or Common Areas shall be permitted for reconstruction, and that a valid easement for said encroachment and the maintenance thereof shall exist.

F. Non-Use or Abandonment.

No Interval Unit Owner may exempt himself from liability for his contribution toward the Common Expenses by a waiver of the use and enjoyment

of any of the Common Areas, Recreational Facilities or Privileges, or by the abandonment of his Interval Unit or Units.

G. Running With the Land.

All provisions of this Declaration and the Exhibits attached hereto, and all amendments thereto, shall be construed as covenants running with the land, and of every part thereof, and interest therein, including, but not limited to, every Unit the appurtenants thereof, and every Interval Unit Owner and occupant of a Unit, or any part thereof, and his heirs, executors, administrators, successors and assigns, shall be bound by all of the provisions of these Restrictions and Exhibits annexed hereto, and all amendments hereof.

H. Notices.

Whenever notices are required to be sent hereunder, the same may be delivered to the Interval Unit Owners either personally or by mail, addressed to such Interval Unit Owners at their place of residence on file with the Association from time to time. Proof of such mailing or personal delivery by the Association, or, if applicable, the Management Firm, shall be by affidavit of the person mailing or personally delivering said notices. Notices to the Association shall be delivered by mail to the Secretary of the Association, or the President of the Association, or to any member of the Board of Directors of the Association.

Notices to the Declarant shall be delivered by mail at: CLUB TAHOE, 914 Northwood, P.O. Box 4650, Incline Village, Nevada 89450.

All notices shall be deemed and considered received when mailed. Any party may change his or its mailing address by written notice duly receipted for, to the Association, or, if applicable, the Management Firm. Notices required to be given the personal representative of a deceased Owner, or his devisee when there is no personal representative, may be delivered either personally or by mail to such person at his or its address appearing in the records of the Court wherein the estate of such deceased Owner is being administered. If there is no estate being administered, the notice may be sent to the last address of record for the deceased owner. The change of the mailing address of any person, as specified herein, shall not require an amendment to this Declaration.

I. Declarant's Rights.

The Declarant shall have the right while any Interval Units remain unsold to use a portion of the Common Areas for the purpose of aiding in the sale of Interval Units, including the right to use portions of the Condominium Property for parking for prospective purchasers and such other persons as Declarant determines. The foregoing right shall mean and include the right to display and erect signs, billboards and placards, and to store, keep and exhibit the same, and to distribute audio and visual promotional materials upon the Common Areas.

J. Statutory Provisions.

Each Interval Unit Owner and the Association shall be governed by and

shall comply with this Declaration and the By-Laws of the Association, and the Condominium Act of the State of Nevada as it may exist from time to time. Failure to do so shall entitle the Association or any Interval Unit Owner to recover sums due for damages or injunctive relief, or both. Such actions may be maintained by or against one or more Interval Unit Owners, or, in a proper case, the Association. The prevailing party shall be entitled to receive reasonable attorney's fees. Such relief shall not be exclusive of other remedies provided by law or equity.

K. Caption.

The captions used in this Declaration and the Exhibits attached hereto are inserted solely as a matter of convenience and shall not be relied upon and/or used in construing the effect or meaning of any of the text of this Declaration or the Exhibits attached hereto.

L. Surplus.

If any surplus as herein defined is held by the Association the Interval Unit Owners own the same in the same percentage as their undivided interests in the Common Areas, and the same shall be distributed to such Interval Unit Owners at the close of the fiscal year of the Association.

M. Incorporation of Statute.

Notwithstanding the fact that the present provisions of the Condominium Act of the State of Nevada are incorporated herein by reference and included herein by way of such incorporation, the provisions of this Declaration and Exhibits attached hereto shall be paramount to the Condominium Act as to those provisions thereof where permissive variances are permitted; otherwise the provisions of the Condominium Act shall prevail and shall be deemed to be incorporated herein.

IN WITNESS WHEREOF, the undersigned has executed this Declaration of Covenants, Conditions and Restrictions of CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC., this 7th day of August, 1979.

CECO-7, A NEVADA LIMITED PARTNERSHIP

By___Peter A. Perry /s/_____
General Partner
Declarant

STATE OF NEVADA)
) ss
COUNTY OF WASHOE)

On this 7th day of August, 1979, before me personally appeared Peter A. Perry as a general partner of the Declarant, CECO-7, and acknowledged to me that he executed the above instrument on behalf of such Declarant with full authority to do so, for the uses and purposes therein stated.

Vivian Rubin /s/_____
NOTARY PUBLIC

EXHIBIT #2

to the
 AMENDED DECLARATION OF COVENANTS, CONDITIONS
 AND RESTRICTIONS, CLUB TAHOE RESORT

INTERVAL #	%	INTERVAL #	%
"	1-2.11	"	27-2.36
"	2-2.04	"	28-2.26
"	3-2.04	"	29-2.26
"	4-2.04	"	30-2.26
"	5-2.04	"	31-2.26
"	6-2.20	"	32-2.26
"	7-2.26	"	33-2.26
"	8-2.20	"	34-2.26
"	9-2.04	"	35-2.43
"	10-2.04	"	36-2.24
"	11-2.04	"	37-2.04
"	12-2.04	"	38-1.94
"	13-1.94	"	39-1.87
"	14-1.78	"	40-1.62
"	15-1.62	"	41-1.46
"	16-1.36	"	42-1.36
"	17-1.29	"	43-1.29
"	18-1.29	"	44-1.29
"	19-1.42	"	45-1.29
"	20-1.55	"	46-1.62
"	21-1.71	"	47-1.62
"	22-1.71	"	48-1.46
"	23-1.78	"	49-1.55
"	24-1.94	"	50-1.81
"	25-2.20	"	51-2.91
"	26-2.43	"	52-2.91
INTERVAL'S 1-52 TOTAL			100.00
			=====

EXHIBIT #2

ACCEPTANCE AND APPROVAL

CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC., a Nevada non-profit corporation, organized and existing under the laws of the State of Nevada, does hereby accept and consent to all the terms, provisions and conditions, reservations, liens, charges, restrictions and assignments as contained in the foregoing Amended Declaration, and by this Acceptance and Approval, which is hereby executed concurrently with the execution of this Amended Declaration, the undersigned hereby causes its signature to be hereto affixed by its authorized officers this 7th day of August, 1979.

CLUB TAHOE RESORT OWNERS'
ASSOCIATION, INC.

By_Peter A. Perry /s/
PETER A. PERRY, President

Vivian E. Lynch /s/_____
VIVIAN E. LYNCH, Secretary

AMENDED

ARTICLES OF INCORPORATION

OF

CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC.

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned do hereby associate themselves into a corporation, under and by virtue of the Nevada Revised Statutes, N.R.S. 81.410 through N.R.S. 81.450 inclusive:

ARTICLE I

The name of the corporation is:
CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC.

ARTICLE II

The location of the principal office of the corporation, in the State of Nevada, is 914 Northwood Blvd., Incline Village, Nevada 89450. Branch offices may hereafter be established at such other place or places, either within or without the State of Nevada, as may be determined from time to time by the Board of Directors.

ARTICLE III

The specific and primary purpose for which the corporation is formed is to acquire from CECO-7, a Nevada Limited Partnership, custody and control over that property, commonly known as CLUB TAHOE, a condominium subdivision as filed with the office of the Recorder of the County of Washoe, State of Nevada, together with the improvements located on said property, and to operate and maintain such property for the benefit of the owners of the Condominium Parcels thereof. The property embraced within the CLUB TAHOE subdivision may hereafter be referred to as "said property".

ARTICLE IV

In addition to the primary purpose stated in Article III hereof, the corporation shall have but shall not be limited to, the general purposes and powers to acquire by gift or purpose such other property and improvements within and adjacent to the boundaries of said property, and to maintain and otherwise manage the Common Areas thereof; to pay all taxes, assessments and charges which may properly be levied or assessed against said property or other property, real and/or personal, which may be acquired or owned by the corporation; to repair, maintain, rehabilitate and restore the real and personal property within said condominium and any improvements located thereon; to file liens upon Condominium Parcels within said subdivision and to secure the payment of obligations due from the owners thereof to the corporation; to collect, foreclose or otherwise enforce, compromise, release, satisfy and discharge said demands, and to do all other acts necessary to the filing, maintenance and discharge of said liens; and to take any action necessary to enforce the covenants, restrictions, reservations and conditions which at present or in the future may affect said property; and which may be created or imposed, either by recorded restrictions, the By-Laws of this corporation, rules or regulations imposed by this corporation, or otherwise.

In addition to the foregoing, the corporation shall have the

authority and power to do any and all lawful things and acts which it, from time to time in its sole discretion, may deem to be in the best interest of its members, and to pay all costs and expenses in connection therewith, and further, to do any and all lawful things which may be advisable, proper and permissible under and by virtue of any condition, covenant, restriction, reservation, charge or assessment affecting said subdivision, or any portion thereof, and to do and perform any and all acts which may be either necessary for or incidental to the exercise of any of the foregoing powers or for the peace, health, comfort, safety, or general welfare of the members of the corporation, and further, to do any and all things and exercise any and all rights and powers permitted to nonprofit corporations under the laws of the State of Nevada, including the power to mortgage or encumber any property owned by it.

ARTICLE V

The number of directors of this corporation to act initially shall be three, but such number may be changed by By-Laws duly adopted. The names and addresses of the incorporators and persons who are to act in the capacity of directors for the first year and until their successors shall have been elected and shall have accepted office are as follows:

David W. Hansen
2005 Driscoll Drive
Reno, Nevada 89509

Peter A. Perry
2300 Skyline Blvd.
Reno, Nevada 89509

Vivian E. Lynch
923 Whitaker Drive
Reno, Nevada 89503

ARTICLE VI

The corporation shall be non-stock and shall be owned equally by its members, and no dividends or pecuniary profits shall be paid to its members. Membership in the corporation shall be limited to owners of record of Interval Units within CLUB TAHOE, Washoe County, Nevada. One membership shall be issued for each Interval Unit in CLUB TAHOE, by whatever name said property may hereafter be called, and such membership shall be appurtenant to the Interval Unit.

In the event any Interval Unit in CLUB TAHOE is owned by two or more persons, whether by joint tenancy, tenancy in common or otherwise, the membership appurtenant to such Interval Unit shall be joint, and a single membership shall be issued in the name of all, and such owners shall designate to the corporation in writing at the time of their qualification for membership which of their number shall have the power to vote such membership. Membership in the corporation shall otherwise be regulated by the By-Laws.

ARTICLE VII

The corporation shall not execute nor file for record any documents which impose a restriction upon the sale, lease or occupancy of property subject to an insured mortgage on the basis of race, color or creed.

ARTICLE VIII

The existence of this corporation shall be for a period of fifty years.

IN WITNESS WHEREOF, the undersigned and above named incorporators and first directors of this corporation have executed these Amended Articles of Incorporation on the 17th day of July, 1979.

David W. Hansen /s/ _____
DAVID W. HANSEN

Peter A. Perry /s/ _____
PETER A. PERRY

Vivian E. Lynch /s/ _____
VIVIAN E. LYNCH

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this 17th day of July, 1979, before me personally appeared DAVID W. HANSEN and PETER A. PERRY, who acknowledged to me that they executed the above instrument.

Vivian E. Rubin /s/ _____
Notary Public

STATE OF NEVADA)
) ss.
COUNTY OF NEVADA)

On this 17th day of July, 1979, before me personally appeared VIVIAN E. LYNCH, who acknowledged to me that she executed the above instrument.

Karen Bernhardt /s/ _____
Notary Public

BY-LAWS OF
CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC.

A NEVADA NON-PROFIT CORPORATION

ARTICLE I

IDENTITY

The following By-Laws shall govern the operation of the Condominium created by the Declaration of Covenants, Conditions and Restrictions to which these By-Laws are attached.

The Association whose name appears in this instrument is a Nevada corporation not for profit, organized and existing under the laws of the State of Nevada for the purpose of administering the Condominium created by the Declaration of Covenants, Conditions and Restrictions to which these By-Laws are attached.

Section 1. The office of the Association shall be at the Condominium Property, or at such other place as may be subsequently designated by the Board of Directors of the Association.

Section 2. The Seal of the Corporation shall bear the name of the corporation, the word "Nevada", the words "Corporation Not For Profit", and the year of incorporation.

Section 3. As used herein, the word "corporation" shall be the equivalent of "Association" as defined in the Declaration of Covenants, Conditions and Restrictions to which these By-Laws are attached. All other words, as used herein, shall have the same definition as attributed to them in the Declaration of Covenants, Conditions and Restrictions to which these By-Laws are attached.

ARTICLE II

MEMBERSHIP

Membership in the Association shall be limited to Owners of Interval Units in the Condominium wherein this corporation has been designated the "Association", to operate and administer said Condominium by virtue of the Declaration of Covenants, Conditions and Restrictions of said Condominium. Transfer of Interval Unit Ownership either voluntarily, involuntarily, or by operation of law, shall terminate such transferor's membership in the Association, which said membership shall then become vested in the transferee. If Interval Unit Ownership is vested in more than one person, then all of the persons so owning such Interval Unit or Units shall be members eligible to hold office, attend meetings, etc., but as hereinafter indicated, the vote of an Interval Unit shall be cast by the voting member. In addition, the membership in the Association shall be based upon each Interval Unit equalling one membership, regardless of the number of owners thereof.

If Interval Unit ownership is vested in a corporation, said corporation shall have the ownership of the interest in the Common areas attributable to such Interval Unit regardless of the identity of the

individual designated at "voting member" in the manner hereinafter provided.

Control over the Common Areas of the Condominium, which are owned in undivided interests by the Interval Unit Owners who are members of the Association shall be transferred to the Association, and the Association shall assume such control on or before the closing of the sale of the first Interval Unit in the Condominium.

No person or persons shall exercise the rights of membership in the Association, or be entitled to the benefits thereof, until satisfactory proof has been furnished to the Secretary of the Association of such person's qualification as a member or nominee of a member pursuant to the terms of the Restrictions and the Articles of Incorporation. Such proof may consist of a copy of a duly executed and acknowledged deed, or title insurance policy, showing said person, or the person nominating him, to be qualified for membership in accordance therewith, which said deed or title insurance policy shall be deemed conclusive in the absence of a conflicting claim based upon a later deed or title insurance policy.

No initiation fees, costs or dues shall be assessed against any person as a condition upon his exercise of the rights of membership in the Association, except such assessments, levies and charges as are specifically authorized upon members pursuant to the Articles of Incorporation or the Declaration of Conditions, Covenants and Restrictions.

ARTICLE III

VOTING RIGHTS

Section 1. Right to Vote.

(a). Two classes of votes shall be in existence initially. Class "A" voting rights shall belong to Interval Unit Owners other than the Developer. There shall be one Class "A" vote for each Interval Unit owned. Class "B" votes shall be reserved solely and exclusively to the Developer, and shall consist of three (3) votes per Interval Unit owned. Class "B" votes will be converted into Class "A" votes in the manner prescribed in the Declaration of Covenants, Conditions and Restrictions. While two classes of votes are in existence, all questions will be decided by majority vote except in those cases provided by the Declaration of Covenants, Conditions and Restrictions, or By-Laws, where the vote of a specified percentage of each class shall be required in order to determine such questions.

(b) Where there is only one class of votes, the owner of each Interval Unit, including the Developer, shall be entitled to one vote. If an Interval Owner, including the Developer, owns more than one Interval Unit, he shall be entitled to one vote for each Interval Unit owned. A majority of the Interval Unit Owners, including the Developer, shall decide any question, unless the Declaration of Covenants, Conditions and Restrictions, these By-Laws, or the Articles of Incorporation provide otherwise, in which event such provision shall be controlling. The vote of an Interval Unit shall not be divisible.

Section 2. Quorum.

While two classes of votes are in existence, the presence in person or by proxy of a majority of each class of votes shall constitute a quorum,

unless otherwise provided in these By-Laws. Where there is only one class of votes in existence, the presence in person or by proxy of a majority of the Interval Unit Owners, including the Developer, shall constitute a quorum unless otherwise provided in these By-Laws.

Section 3. Proxies.

Votes may be cast in person or by proxy. Upon qualification as members of the Association, each Interval Unit Owner, or designated voting member of an Interval Unit, shall execute a proxy in favor of the President of the Association, which proxy shall remain in full force and effect unless revoked in the manner herein set forth. Each proxy so executed shall be deemed revoked for any particular meeting in which the Interval Owner or designated voting member appears in person at the meeting, in which case the Interval Unit Owner or designated voting member can designate any other member to cast that owner or member's vote. Such revocation shall be effective only for the meetings designated or at which the Interval Unit Owner appears in person, and the proxy in favor of the President of the Association shall be in full force and effect for all subsequent meetings unless similarly revoked.

An Interval Unit Owner may execute a permanent revocation of the proxy provided for herein, but in the event such permanent revocation of proxy is filed with the Secretary of the Association, and a different permanent proxy is not executed, the vote of such Interval Unit Owner shall not be included in the computations to determine a quorum for any vote unless such Interval Unit Owner appears in person or by proxy at the meetings of the Association, until another proxy is executed and filed with the Secretary of the Association.

Section 4. Designation of Voting Members.

If an Interval Unit is owned by one person, his right to vote shall be established by the recorded title to the Unit. If an Interval Unit is owned by more than one person (including a husband and wife), the person entitled to cast the vote for the Unit, or to execute the proxy, shall be designated in a certificate signed by all the recorded owners of the Unit and filed with the Secretary of the Association.

If an Interval Unit is owned by a corporation, the officer or employee thereof who is entitled to cast the vote of the Interval Unit for the corporation shall be designated in a certificate for such purpose, signed by the President or Vice President of the corporation, attested to by the Secretary or Assistant Secretary of the corporation, and filed with the Secretary of the Association. The person designated in such certificate who is entitled to cast the vote for an Interval Unit shall be known as the "voting member". If such a certificate is not on file with the Secretary of the Association for an Interval Unit owned by more than one person or by a corporation, the vote of that Interval Unit shall not be considered in the computations determining the requirement of a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for that Interval Unit. Such certificates of designation shall be valid until revoked or until superseded by a subsequent certificate, or until a change in the ownership of the Interval Unit concerned has been effected.

Section 5. Suspended Voting Rights.

In the event any Interval Unit owner is delinquent in the payment of any assessment for a period in excess of one year, all voting rights of such owner shall be suspended until the liability for assessments, interest, and charges has been paid in full.

ARTICLE IV

MEETINGS OF THE MEMBERSHIP

Section 1. Place.

All meetings of the Association membership shall be held at the Condominium Property, or at such other place within Washoe County, Nevada, and at such time as shall be designated by the Board of Directors of the Association, and stated in the notice of the meeting, and shall be open to all owners of Interval Units.

Section 2. Notices.

It shall be the duty of the Secretary of the Association to mail or deliver a notice of each annual or special meeting, stating the time and place thereof, to each Interval Unit Owner of record at least fourteen (14) but not more than thirty (30) days prior to such meeting. Notice of any special meeting shall state the purpose thereof. All notices shall be mailed to, or served, at the address of the Interval Unit Owners as they appear on the books of the Association.

Section 3. Annual Meeting.

(a) The annual meeting shall be held at 10:00 o'clock A.M. Pacific Time, on the last Saturday of April each year for the purpose of electing Directors, and transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next business day following.

(b) At the annual meeting, the members shall elect the Board of Directors by cumulative voting. Voting for the Board of Directors shall be by written ballot.

(c) Unless the entire Board is removed from office by the vote of the Association members, an individual director shall not be removed prior to the expiration of his term of office if the number of votes cast against his removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divider equal to one (1) plus the authorized number of directors.

(d) Commencing at the first election of the Board of Directors, and continuing thereafter for so long as a majority of the voting power of the Association resides in the Developer, or so long as there are two outstanding classes of membership in the Association, not less than twenty (20%) percent of the incumbents on the Board of Directors shall have been elected solely by votes of owners other than the Developer. In order to achieve this, the first member or members of the Board of Directors to be elected at each meeting will be elected solely by votes of owners other than the Developer. If there are five (5) or less members of the Board, one (1) member will be so elected. If there are six (6) or seven (7) members, there will be two (2) so elected. A Board Member who has been elected to office solely by the votes of members of

the Association other than the Developer, may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in members other than the Developer.

(e) Commencing at the first election of the Board of Directors held after the fourth (4th) anniversary of the original issuance of the subdivision Public Report for Club Tahoe, and continuing thereafter for so long as over ten (10%) percent of the voting of the Association resides in the Developer, a majority of the incumbents on the Board of Directors shall be elected solely by votes of owners other than the Developer. In order to achieve this, the Developer shall not participate in voting for members of the Board of Directors until a majority of the Board has been chosen. A Board member who has been elected to office solely by the votes of members of the Association other than the Developer may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the voting power residing in members other than the Developer.

Section 4. Special Meetings.

Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President and shall be called by the President or Secretary, at the request, in writing, of a majority of a quorum of the Board of Directors, or at the request, in writing, of voting members representing twenty-five (25%) percent of the members' total votes or of voting members representing fifteen (15%) percent of the total votes of members other than the Developer. Such requests shall state the purpose or purposes of the proposed meeting. Proxies given in accordance with Article III hereof shall not be used for the purpose of calling a special meeting. Business transacted at all special meetings shall be confined to the purpose or purposes stated in the notice thereof.

Section 5. Waiver and Consent.

Whenever the vote of members at a meeting is required or permitted by any provision of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of members may be dispensed with if not less than a majority of the members who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken; provided, however, that in no event may any action be taken on any matter required by the Declaration of Covenants, Conditions and Restrictions, or these By-Laws, to be approved by a percentage of voting power residing in members other than the Developer, unless such written consent be obtained from a sufficient number of such members other than the Developer to equal such required percentage. Proxies given in accordance with Article III shall not be used for this purpose. Notice of such action shall be given to all members, unless all members have approved such action in writing.

Section 6. Adjourned Meeting.

In the absence of a quorum at a members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for such an adjourned meeting shall be twenty-five (25%) percent of each class of vote.

Section 7. Approval or Disapproval.

The approval or disapproval of an Interval Unit Owner upon any matter, whether or not the subject of an Association meeting, shall be registered by the voting member designated for such Interval Unit.

Section 8. Management Firm.

If a Management Agreement as provided for in the Declaration of Covenants, Conditions and Restrictions is in effect, the Management Firm shall be entitled to notice of all Association meetings, and shall be entitled to attend the Association meetings, and it may designate such person(s) as it desires to attend such meetings on its behalf, but shall not have a vote at such meetings.

ARTICLE V

DIRECTORS

Section 1. Number, Term and Qualifications.

The affairs of the Association shall be governed by a Board of Directors composed of not less than three (3) nor more than seven (7) persons, as is determined from time to time by the members. All Directors, except those designated by the Developer, shall be members of the Association. All officers of a corporate Interval Unit Owner shall be deemed to be members of the Association so as to qualify as a Director thereof. At the annual meeting of 1982, two directors shall be elected for a term of one year and three directors shall be elected for two years. Thereafter, the directors elected at each annual meeting shall serve a period of two years, unless sooner removed or disqualified.

Section 2. First Board of Directors.

(a) The first Board of Directors of the Association who shall hold office and serve until their successors have been elected and qualified shall consist of the following:

David W. Hansen
Peter A. Perry
Vivian E. Lynch

(b) The first meeting of the Association, whether a regular or special meeting, shall be held within forty-five (45) days after the closing of the sale of the Interval Unit which represents the fifty-first percentile (51st%) interest authorized for sale under the first public report for the Project, but in no event shall the meeting be held later than six (6) months after the closing of the sale of the first Interval Unit.

Section 3. Removal of Directors.

Provided that the provisions of paragraph (c) of Section 3 of Article IV of these By-Laws are followed, any one or more of the Directors may be removed, with or without cause, at any time after the first annual meeting of the membership at any duly convened regular or special meeting, by the affirmative vote of the voting members casting no less than two-thirds (2/3rds) of each class of votes present at said meeting, and a successor may

then and there be elected to fill the vacancy thus created. Should the membership fail to elect said successor, the Board of Directors may fill the vacancy in the manner provided in Section 4 below.

Section 4. Vacancies on Directorate.

If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, shall choose a successor or successors, who shall hold office for the balance of the unexpired term in respect to which such vacancy occurred. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Directors.

Section 5. Disqualification and Resignation.

Any Director may resign at any time by sending a written notice of such resignation to the office of the corporation, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. Commencing with the Directors elected at the first annual meeting of the membership, the transfer of title of his Interval Unit by a Director shall automatically constitute a resignation, effective when such transfer takes effect, which shall be deemed accepted by the Board of Directors. No member shall continue to serve on the Board of Directors should he be more than thirty (30) days delinquent in the payment of any assessment, or should he become a "holdover owner" as defined in the Declaration of Covenants, Conditions and Restrictions. Any such delinquency or holdover status shall automatically constitute a resignation, effective upon the creation of such status as a delinquent or holdover owner, and such resignation shall be deemed to have been accepted by the Board of Directors.

Section 6. Regular Meetings.

The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate; but such meeting shall be held at least every six (6) months. Notice of such regular meetings shall nevertheless be given to each Director personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting, and such notice also shall be prominently displayed within the Project on a continuing basis.

Section 7. Special Meetings.

A special meeting of the Board of Directors may be called by written notice signed by the President of the Association or by any two (2) members of the Board of Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all governing body members, and shall be posted in a manner similar to that prescribed for notice of regular meetings not less than five (5) days prior to the scheduled time of the meeting.

Section 8. Attendance at Board Meetings.

(a) Regular and special meetings of the Board of Directors shall be open to all members of the Association; provided, however, that Association members who are not on the Board may not participate in any deliberation or

discussion unless expressly so authorized by a vote of a majority of the quorum of the Board of Directors.

(b) The Board may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in Executive Session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in Executive Session shall be first announced in open session.

Section 9. Directors' Waiver of Notice.

Before or at any meeting of the Board of Directors, any Director may waive notice of such meeting and such waiver shall be deemed the equivalent of the giving of notice to such Director. Attendance by a Director at any meeting of the Board of Directors shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any scheduled meeting of the Board of Directors, no notice shall be required, and any business may be transacted at such meeting.

Section 10. Quorum.

At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at such meeting at which a quorum is present, shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the Minutes thereof, shall constitute the presence of such Director for the purpose of determining a quorum.

Section 11. Compensation.

The Board of Directors may not pay compensation to Directors or officers of the Association for services performed in the conduct of Association business, except with the vote or written assent of a majority of those voting each class of vote; provided, however, that the governing body may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

Section 12. The Management Firm.

If a Management Agreement is in effect, the Management Firm shall be entitled to notice of all Directors' Meetings, and it shall be entitled to attend such meetings, and it may designate such person(s) as it desires to attend such meetings on its behalf, but shall not have a vote at any such meeting.

ARTICLE VI

POWERS AND DUTIES OF DIRECTORS

Section 1. Specified Powers.

The Board of Directors of the Association shall have the powers and duties necessary for the administration of the affairs of the Association, and may do all such acts and things as are not by law or by the Declaration of Covenants, Conditions and Restrictions, this Association's Articles of Incorporation, or these By-Laws, directed to be exercised and done by the Interval Unit Owners. These powers shall specifically include, but shall not be limited to, the following:

(a) To exercise all powers specifically set forth in the Declaration of Covenants, Conditions and Restrictions, this Association's Articles of Incorporation, these By-Laws, and in the Condominium Act, and all powers incidental thereto and derived therefrom.

(b) To impose assessments, collect said assessments, and use and expend the funds derived from such assessments to carry out the purposes and powers of the Association.

(c) To employ, dismiss, and control the personnel necessary for the maintenance and operation of the project, and of the Common Areas and facilities, including the right and power to employ attorneys, accountants, contractors and other professionals as the need arises.

(d) To make and amend regulations and rules respecting the operation and use of the Common Areas, and Condominium Property, and the use and maintenance of the Condominium Units therein.

(e) To contract for the management of the Condominium and to delegate to such contractee all of the powers and duties of the Association, except those which may be required by the Declaration of Covenants, Conditions and Restrictions to have approval of the Board of Directors or membership of the Association; to contract for the management or operation of the Common Areas susceptible to the separate management or operation thereof, and to lease or concession such portions where permitted by the Declaration of Covenants, Conditions and Restrictions.

(f) To further improve the Condominium Property, both real and personal, and to purchase realty and items of furniture, furnishings, fixtures, and equipment for the foregoing, and to acquire and enter into agreements pursuant to the Condominium Act, as amended, subject to the provisions of the Declaration of Covenants, Conditions and Restrictions, this Association's Articles of Incorporation, and these By-Laws.

(g) To enter into agreements with the Developer or its successors, concerning Recreational Facilities, and to enter into agreements with the Incline Village General Improvement District or its successors, concerning the use of recreational facilities owned by such Improvement District, and to enter into other agreements as may be deemed advisable with regard to the use of similar facilities in the Lake Tahoe Area.

(h) To designate one or more committees which, to the extent provided in the resolution designating such committee, shall have the powers of the Board of Directors in the management and affairs and business of the Association. Such committee or committees shall consist of at least three (3) members of the Association. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committees shall keep regular minutes of their proceedings, and report upon the same to the Board of Directors as required by such Board. The

foregoing powers shall be exercised by the Board of Directors or its contractee or employees, subject only to the approval by Interval Unit Owners when such is specifically required by the Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation of this Association, or these By-Laws.

(i) To enter into and terminate agreements with organizations or entities providing Interval Unit Owners with opportunities to trade or exchange their Intervals with owners of time intervals at other resorts.

Section 2. Restrictions on Powers.

The Board of Directors is prohibited from taking any of the following actions, except with the vote or written assent of a majority of each class of vote then obtaining:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Areas for a term longer than one (1) year with the following exceptions:

(1) A management contract, the terms of which have been approved by the Federal Housing Administration or Veterans Administration.

(2) A contract with a Public Utility Company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(3) Pre-paid casualty and/or liability insurance policies of not to exceed three (3) years duration; provided that the policy provides for short-rate cancellation by the insured.

(4) A Lease Agreement with the Developer, CECO-7, pertaining to the Recreational Facilities as described in Article XIX of the Declaration of Covenants, Conditions and Restrictions.

(b) Incurring aggregate expenditures for capital improvements to the Common Areas in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for the fiscal year.

ARTICLE VII

OFFICERS

Section 1. Elected Officers.

The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors.

One person may not hold more than one of the aforementioned offices, except one person may be both Secretary and Treasurer. The President and Vice-President shall be members of the Board of Directors. Notwithstanding

the foregoing, the restriction as to one person holding only one of the aforementioned offices, or the President and Vice-President being members of the Board of Directors, shall not apply while the Association is under the control of the Developer, the control being the right of the Developer to select a majority of the Board of Directors in accordance with these By-Laws, and the Nevada Condominium Act.

Section 2. Election.

The officers of the Association designated in Section 1 above shall be elected annually by the Board of Directors at the organizational meeting of each New Board following the meeting of the members.

Section 3. Appointed Officers.

The Board may appoint Assistant Secretaries and Assistant Treasurers, and such other officers as the Board of Directors deems necessary.

Section 4. Term.

The officers of the Association shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors, provided, however, that no officer shall be removed except by the affirmative votes for removal by a majority of the entire Board of Directors (not just a quorum). If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President.

The President shall be the chief executive officer of the Association; he shall preside at all meetings of the Interval Unit Owners and of the Board of Directors. He shall have executive powers and general supervision over the affairs of the Association and other officers thereof. He shall sign all written contracts to perform all of the duties incidental to his office, and which may be delegated to him from time to time by the Board of Directors.

Section 6. The Vice-President.

The Vice-President shall perform all of the duties of the President in his absence, and such other duties as may be required of him from time to time by the Board of Directors of the Association.

Section 7. The Secretary.

The Secretary shall issue notices of all Board of Directors' meetings and all meetings of the Interval Unit Owners; he shall attend and keep the Minutes of the same; he shall have charge of all the Association's books, records and papers, except those kept by the Treasurer. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 8. The Treasurer.

(a) The Treasurer shall have custody of the Association's funds and securities, except the funds payable to any Management Firm, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of, and to the credit of, the Association, in such depositories as may be designated from time to time by the Board of Directors. The books shall reflect an account for each Interval Unit in the manner required by the Nevada Condominium Act. In addition, the books shall reflect an account for the Common Areas.

(b) The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors in accordance with these By-Laws, making proper vouchers for such disbursements and shall render to the President and the Board of Directors at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of his transactions as the Treasurer, and an account of the financial condition of the Association.

(c) The Treasurer shall collect the assessments and shall promptly report the status of collections and of all delinquencies to the Board of Directors.

(d) The Treasurer shall give status reports to potential transferees on which reports the transferees may rely.

(e) The Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent.

(f) The duties of the Treasurer may be performed by a Management Firm employed by the Association, and said Management Firm shall fulfill the duties of the Treasurer and shall have custody of such books of the Association as it determines in its sole discretion to be required, and the foregoing shall include any books required to be kept by the Secretary of the Association.

ARTICLE VIII

FINANCES, ASSESSMENTS AND CHARGES

Section 1. Depositories.

The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board of Directors, and shall be withdrawn only upon checks and demands for money, signed by such officer or officers of the Association as may be designated by the Board of Directors. Obligations of the Association shall be signed by at least two officers of the Association; provided, however, that the provisions of any Management Agreement between the Association and a Management Firm relative to the subject matter of this section shall supercede the provisions hereof.

Section 2. Fidelity Bonds.

The Treasurer and all other officers who are authorized to sign checks and all officers and employees of the Association, and any contractee handling or responsible for Association funds shall be bonded in such amount as may be determined by the Board of Directors. The premiums on such bonds shall be paid by the Association. The bonds shall be in an amount sufficient to equal the monies an individual handles or has control of via a signatory on a bank account or other depository account; however, notwithstanding the

foregoing, the Management Firm, under the terms of a Management Agreement, attached to the Restrictions, as to funds in its possession and/or control, shall determine in its sole discretion, the amount of, and who is to be bonded, if any, among its own employees.

Section 3. Fiscal Year.

The fiscal year for the Association shall be on the first day of January of each year; provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions of the rules and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

Section 4. Determination of Budgets and Assessments.

The Board of Directors of the Association shall fix and determine from time to time, the sum or sums necessary and adequate for the common expenses of the Condominium, and shall be responsible for the preparation of budgets and financial statements, as required. Common Expenses shall include those items set forth in the Restrictions, and other expenses designated as common expenses from time to time by the Board of Directors of the Association. The Board of Directors is specifically empowered on behalf of the Association, to make and collect assessments, and to lease, maintain, repair and replace the Common Areas and the interior and exterior furnishings, fixtures and equipment in the Units. Funds for the payment of common expenses shall be assessed against the Interval Unit Owners in the proportions or percentages provided in the Declaration of Covenants, Conditions and Restrictions to which these By-Laws are subordinate. Special assessments and charges, as defined in the Restrictions, shall be levied in the same manner as herein provided for general assessments, and shall be payable in the same manner. Individual assessments shall be levied and shall be payable as provided in the Declaration of Covenants, Conditions and Restrictions.

(b) The Board of Directors shall provide an annual budget for the Association as follows:

(1) A pro forma operating statement (budget) for each fiscal year shall be distributed to Interval Unit Owners not less than sixty (60) days before the beginning of the fiscal year, and not less than thirty (30) days before the meeting at which the budget will be considered.

(2) A balance sheet - as of an accounting date which is the last day of the month closest in time to six (6) months from the date of the closing of the first sale of an interest in the subdivision, and an operating statement for the period from the date of the first closing to said accounting date, shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable, identified by the number of the Interval Week and the name of the person or entity assessed.

(3) A balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year which shall be distributed within ninety (90) days after the close of the fiscal year.

(c) The approval and acceptance of the proposed budget for a fiscal year shall be accomplished in the following manner:

(1) The Interval Unit Owners shall be given written notice of the time and place at which the meeting of the Board of Directors shall be held to consider the proposed annual budget of common expenses, and such meeting shall be open to all the members of the Association.

(2) The governing body of the Association may not, without the vote or written assent of a majority of the voting power of each class of votes, impose a regular annual assessment per Interval Unit which is greater than twenty percent (20%) over and above the regular annual assessment for the immediately preceding fiscal year.

(3) Special Assessments shall be subject to the following limitations:

(A) In any fiscal year, the Board of Directors may not, without the vote or written assent of a majority of the voting power of each class of vote, levy non-recurring assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(B) Every non-recurring assessment shall be levied upon the same basis as that prescribed for the levying of general assessments.

(C) The above provisions with respect to non-recurring assessments do not apply in the case where the non-recurring assessment is an individual assessment levied against a special Interval Unit Owner or Owners in accordance with the Declaration of Covenants, Conditions and Restrictions.

(d) When the Board of Directors has determined the amount of any assessment, the Treasurer of the Association shall mail or present to each Interval Unit Owner, a statement of all assessments against such Interval Unit. All assessments shall be payable to the Treasurer of the Association, and upon request, the Treasurer shall give a receipt for each payment made to him.

Section 5. Application of Payments and Co-Mingling of Funds.

All sums collected by the Association from assessments and maintenance fees may be co-mingled in a single fund or divided into more than one fund, as determined by the Board of Directors of the Association. All assessments, payments and charges paid by an Interval Unit Owner shall be applied as to interest, delinquencies, costs and attorneys fees, other charges, expenses and advances as provided herein, and in the Declaration of Covenants, Conditions and Restrictions, and to the General and Special Assessments, in the manner and amounts as the Board of Directors determines in its sole discretion. However, all payments made on account of individual assessments shall be applied to the costs, and charges for which such individual assessments were imposed.

Section 6. Accountings.

An independent accounting of the financial condition of the Association shall be made annually. Such accounting shall be prepared by such independent public accountants as the Board of Directors determines, and a

copy of such report shall be available to the members of the Association in the office of the Association, and with the Treasurer of the Association. Such report shall be available not later than three (3) months after the end of the fiscal year for which the report is made.

Section 7. Application of Surplus.

Any payments to or receipts by the Association, whether from Interval Unit Owners or otherwise, paid during the year, in excess of the operating expenses and other common expenses, including necessary reserves, of the Association, shall be returned to the Interval Unit Owners within sixty (60) days after the end of the fiscal year in which such surplus is generated, in the same pro rata percentage as assessments are made against such Interval Unit Owners.

ARTICLE IX

COMPLIANCE AND DEFAULT

Section 1. Violation.

In the event of a violation (other than non-payment of an assessment) by the Interval Unit Owner in any of the provisions of the Declaration of Covenants, Conditions and Restrictions, these By-Laws, or of the applicable provisions of the Nevada Condominium Act, the Association, by direction of its Board of Directors, may notify the Interval Unit Owner or Owners by written notice of said breach or violation, which notice shall be transmitted by mail. If such violation shall continue for a period of seven (7) days from the date of the mailing of said notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional, inexcusable and material breach of the Declaration of Covenants, Conditions and Restrictions, or of the By-Laws, or of the pertinent provisions of the Condominium Act, and the Association may then, at its option, have the following elections:

(a) An action at law to recover for its damage, on behalf of the Association or on behalf of the other Interval Unit Owners or both.

(b) An action in equity to enforce performance on the part of the Interval Unit Owner or Owners: or

(c) An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief.

Any violations which are deemed by the Board of Directors to be a hazard to the health, safety or the welfare of other Interval Unit Owners, or which may place the Association in violation of any covenant, condition or term required by or for the benefit of any governmental entity or agency, may be corrected immediately as an emergency matter by the Association, and the cost thereof shall be charged to the Interval Unit Owner or Owners in violation as an individual assessment, which shall be a lien against said Interval Unit with the same force and effect as if the charge were a part of the common expenses, in the manner provided in the Declaration of Covenants, Conditions and Restrictions.

Section 2. Negligence or Carelessness.

Each Interval Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, omission, neglect or carelessness, or by the act, omission, neglect or carelessness of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by such use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by any insurance company of its rights of subrogation. The expense for any maintenance, repair or replacement required, as provided in this section, shall be charged to such Interval Unit Owner as an individual assessment in accordance with the Declaration of Covenants, Conditions and Restrictions.

Section 3. Costs and Attorneys' Fees.

In any proceeding arising because of an alleged default, breach or violation by an Interval Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

Section 4. No Waiver of Rights.

The failure of the Association or of an Interval Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or the Interval Unit Owner to enforce such right, provision, covenant or condition in the future.

Section 5. Election of Remedies.

All rights, remedies and privileges granted to the Association or Interval Unit Owner, pursuant to any terms, provisions, covenants or conditions of the Condominium Documents, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such other party by the Condominium Documents, or at law or in equity.

ARTICLE X

ACQUISITION OF UNITS ON FORECLOSURE

At any foreclosure sale of an Interval Unit, the Board of Directors may, with the authorization and approval by the affirmative vote of voting members casting not less than sixty (60%) percent of each class of votes present in person or by proxy at any regular or special meeting of the members wherein such matter is voted upon, acquire in the name of the Association, or its designee, an Interval Unit being foreclosed. The term "foreclosure" as used in this section, shall mean and include any foreclosure of any lien, excluding the Association's lien for unpaid assessments. The power of the Board of Directors to acquire an Interval Unit at any foreclosure sale shall never be interpreted as a requirement or an obligation on the part of the said Board of Directors, or of the Association, to do so at any foreclosure sale, the provisions of this section being permissive in nature and for the purpose

of setting forth the power in the Board of Directors to do so should the requisite approval of the voting members be obtained.

The Board of Directors shall not be required to obtain the approval of Interval Unit Owners in order to acquire a Unit at a foreclosure sale resulting from the foreclosure of the Association's lien for unpaid assessments under the provisions of the Declaration of Covenants, Conditions and Restrictions, notwithstanding the sum the Board of Directors determines to bid at such foreclosure sale.

ARTICLE XI

TRANSFER OF UNITS

All owners of Interval Units shall notify the Association of any transfer, by sale or otherwise, of said Interval Unit within ten (10) days of the same. Said notice shall include such information and be in such form that the Association shall prescribe from time to time. Such transfer must include a transfer of membership in the Association, which shall be recorded on the Association's membership roster. The Association may send all necessary notices to the person or persons shown as Owner of said Interval Unit in its records, and said notice shall be binding as to any other Owner of said Interval Unit at any time that the Association has not received the notice provided herein.

ARTICLE XII

AMENDMENT TO THE ARTICLES OF INCORPORATION AND THE BY-LAWS

Section 1. Procedure.

The Articles of Incorporation and these By-Laws may be altered, amended or supplemented at any duly-called meeting of the Interval Unit Owners, provided:

(a) Notice of the meeting shall contain a statement of the proposed amendment.

(b) If the two-call voting structure is still in effect in the Association, the Articles of Incorporation and the By-Laws may be amended upon the affirmative majority vote of each class of vote, provided that the amendment has received unanimous approval of the full Board of Directors. If the amendment has not been approved by the unanimous vote of the full Board of Directors, then the Articles of Incorporation and the By-Laws may be amended only if the amendment receives the affirmative vote of not less than three-fourths (3/4ths) of each class of vote.

(c) If the two-class voting structure is no longer in effect, and the amendment has been approved by the unanimous approval of the full Board of Directors, amendments of the Articles of Incorporation or By-Laws may be enacted by the vote or written assent of:

(1) A majority of the quorum of the voting power of the entire Association, and

(2) A majority of votes of members other than the Developer.

(d) If the two-class voting structure is no longer in effect, and the proposed amendment has not received the unanimous approval of the full Board of Directors, then amendments to the Articles of Incorporation or By-Laws may be enacted only if they receive the vote or written assent of:

(1) A majority of the total voting power of the entire Association; and

(2) A three-fourths (3/4ths) majority of the votes of members other than the Developer.

(e) Notwithstanding the foregoing, the percentage of a quorum or of the total voting power of the Association or of members other than the Developer necessary to amend a specific clause or provision in the Articles of Incorporation or the By-Laws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under the clause to which the proposed amendment pertains.

(f) Notwithstanding the foregoing, these By-Laws may only be amended with the written approval, when required, of the parties specified in the Declaration of Covenants, Conditions and Restriction to which these By-Laws are attached.

Section 2. Recording.

All amendments shall be recorded and certified as required by the Nevada Condominium Act.

ARTICLE XIII NOTICES

Whatever notices are required to be sent hereunder shall be delivered or sent in accordance with the applicable provisions for notices as set forth in the Declaration of Covenants, Conditions and Restrictions to which these By-Laws are attached.

ARTICLE XIV INDEMNIFICATIONS

The Association shall indemnify every Director and every officer, his heirs, executors, administrators and assigns, against all loss, costs and expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or officer of the Association, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to be which Director or officer may be entitled.

ARTICLE XV LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of membership in the Condominium shall not relieve or

release any such former Owner or member from any liability or obligations incurred under or in any way connected with the Condominium during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Owner and member arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto.

ARTICLE XVI

LIMITATION OF LIABILITY

Notwithstanding the duty of the Association to maintain and repair parts of the Condominium Property, the Association shall not be liable for any injury or damage caused by a latent condition in the property, nor for injury or damage caused by the elements or by other owners or persons beyond the limits of any applicable liability insurance policy purchased by the Association.

ARTICLE XVII

PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Condominium Act, the Restrictions of these By-Laws.

ARTICLE XVIII

LIENS

Section 1. Protection of Property.

All liens against a Condominium Interval Unit, other than for mortgages, taxes or special charges levied by a governmental agency, shall be satisfied or otherwise removed within thirty (30) days of the lien attaching. All taxes and special charges levied by a governmental entity upon an Interval Unit shall be paid before becoming delinquent, as provided in these Condominium Documents, or by law, whichever is sooner.

Section 2. Notice of Lien.

An Interval Unit Owner shall give notice to the Association of every lien upon his Interval Unit, other than for mortgages, taxes and special assessments levied by any governmental entity, within five (5) days after the attaching of the lien.

Section 3. Notice of Suit.

Interval Unit Owners shall give notice to the Association of every suit or other proceeding which will or may affect title to his Interval Unit or any part of the property, such Notice to be given within five (5) days after the Interval Unit Owner receives notice thereof.

Section 4. Failure to Comply.

Failure to comply with this article concerning liens will not affect the validity of any judicial sale.

ARTICLE XIX

ASSOCIATION BOOKS AND RECORDS

Section 1. Availability to Members.

The Membership Register, books of account and minutes of meetings of the members of the Board, and of committees of the Board, shall be made available for inspection and copying by any member of the Association - or by his duly authorized representative - at any reasonable time and for a purpose reasonably related to his interest as a member, at the office of the Association, or at such other place within the Condominium Property as the Board of Directors shall prescribe.

Section 2. Times for Inspection.

The Board of Directors of the Association shall establish reasonable rules with respect to:

(a) Notice to be given to the Custodian of the records of the Association by the Interval Owner desiring to make the inspection.

(b) Hours and days of the week when such an inspection may be made.

(c) Payment of the cost of reproducing documents requested by a member.

Section 3. Membership Roster.

The Secretary of the Association shall maintain a roster of the names and current addresses of all members of the Association at the Association office. Prior to the second anniversary of the initial issuance of the final subdivision permit for Club Tahoe by the State of California, the membership roster shall not be available for inspection and copying, but the Secretary of the Association shall conduct a mailing to the members of the Association whenever requested to do so by any member who at the time of such request deposits with the Secretary the funds necessary to conduct such mailing. A copy of the membership roster shall be made available to any member upon request. The Board of Directors will determine and charge a fee to defray the cost of reproduction and mailing.

Section 4. Availability to Directors.

Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association, and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make abstracts and excerpts from, and copies of, such documents and records.

ARTICLE XX

ARCHITECTURAL CONTROL COMMITTEE

Section 1. Function and Structure.

There will be an Architectural Control Committee to control

structural and landscaping architecture and design within the project. The Committee will consist of not less than three (3) nor more than five (5) members.

Section 2. Membership.

(a) The Developer may appoint all of the original members of the Architectural Control Committee and all replacements until the first anniversary of the issuance of the original public report for the first phase of the Project. The Developer may reserve to itself the power to appoint a majority of the members of the Architectural Control Committee until ninety percent (90%) of all the Interval Units in the over-all development have been sold, or until the fifth anniversary of the original issuance of the final public report for the project, whichever first occurs.

(b) After one year from the date of the issuance of the original public report for the project, the Board shall have the power to appoint one (1) member to the Architectural Control Committee until ninety percent (90%) of all of the Interval Units in the over-all development have been sold, or until the fifth anniversary date of the original issuance of the final public report for the project, whichever first occurs. Thereafter the Board shall have the power to appoint all of the members of the Architectural Control Committee.

(c) Members appointed to the Architectural Control Committee by the Board of Directors shall be from the membership of the Association. Members appointed to the Committee by the Developer need not be members of the Association.

ARTICLE XXI

RESERVE EXPENDITURES

Whereas, pursuant to the bylaws of the Club Tahoe Resort Owners' Association, and the Declaration of Covenants, Conditions and Restrictions binding the property known as Club Tahoe, the Club Tahoe Resort Owners' Association is charged with the responsibility of maintaining the common areas at Club Tahoe and repairing and replacing the personal property within the units as well as the personal property utilized for maintenance of, or in connection with, the common area;

Whereas, it is anticipated that, in discharge of this responsibility, expenses will be incurred for the repair, replacement, and replenishing of such personal property and improvements to the common areas which from time to time become worn out, damaged, destroyed, obsolete or otherwise in need of replacement, which expenses (hereinafter referred to as "reserve account expenses"), shall be in addition to routine maintenance, cleaning and operation expenses;

Whereas, the Board of Directors of the Club Tahoe Resort Owners' Association has established a Reserve Account for the deposit and accumulation of Association monies to be expended for reserve account expenses;

Whereas, it is the desire of the Association, through its membership, that adequate funds for reserve account expenses be available to meet such expenses as anticipated, and that the funds set aside for the such purpose not

be used for other purposes; and

Whereas, it is the desire of the Association that, under the authority of Revenue Rulings 75-370, 75-371, and 74-563, funds collected for such purposes not be taxed as income to the Association.

NOW, THEREFORE, BE IT RESOLVED THAT:

1) The Board of Directors shall determine what portion of each annual assessment shall be held in reserve and shall deposit all such funds into the Reserve Account, which account shall require the signatures of two members of the Board of Directors or one member of the Board of Directors and the managing agent for withdrawal.

2) No expenditures shall be made from the Reserve Account except those expenditures for the specific purpose of repairing, replacing, or replenishing property which has become worn out, damaged, destroyed, exhausted, obsolete, or otherwise in need of replacement. Reserve Account funds shall not be used for routine repair, routine maintenance, or other normal operating expenses.

CERTIFICATE OF SECRETARY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, Secretary of the Association known as CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC., does hereby certify that the above and forgoing By-Laws were duly adopted by the Board of Directors of said Association on the 8th day of August, 1979, and that they constitute the By-Laws of said Association.

Vivian E. Lynch /s/ _____
SECRETARY

Peter A. Perry /s/ _____
PRESIDENT

ATTEST:

LEASE AGREEMENT

THIS AGREEMENT made and entered into this 1st day of August, 1979, by and between CECO-7, a Nevada Limited Partnership, doing business as CLUB TAHOE, hereinafter referred to as CECO-7, and CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC., a Nevada non-profit corporation, hereinafter referred to as "ASSOCIATION":

W I T N E S S E T H :

WHEREAS, CECO-7, a Nevada Limited Partnership, has constructed and developed an interval ownership Condominium Project know as CLUB TAHOE at Incline Village, Lake Tahoe, Nevada, and

WHEREAS, a complex of Recreational Facilities, known as "The Field House" forms a part of such project, and will be conveyed to the purchasers of Interval Units in such project in undivided shares together with the other Common Areas; and

WHEREAS, the parties have determined that it is in their mutual best interest for CECO-7 to retain possession of such Recreational Facilities and to operate the same for the benefit of the Interval Unit Owners at the expense of CECO-7; and

WHEREAS, the parties, initially contemplating that CECO-7 would retain title to the Recreational Facilities, entered into an Agreement known as the Field House Agreement, wherein CECO-7 agreed to provide such facilities for the use of the Interval Unit Owners in the manner herein provided; and

WHEREAS, the parties have performed under such agreement since the Recreational Facilities were first opened on November 1, 1978; and

WHEREAS, the parties desire to continue such relationship under a lease agreement now that it has been determined that title to the Recreational Facilities shall be conveyed to the Interval Unit Owners as a part of the Common Areas; and

WHEREAS, CECO-7 must have the opportunity to utilize such facilities to generate income to maintain and operate the same; and

WHEREAS, such Recreational Facilities were designed and constructed to accommodate a project of far greater size than CLUB TAHOE is now contemplated to be,

NOW THEREFORE, the parties do agree as follows:

A. The ASSOCIATION shall and does hereby lease to CECO-7, the Field House, tennis courts, swimming pools and pool buildings, and the land upon which the same are situated, as shown on the map of the project which is attached as Exhibit I to the Declaration of Covenants, Conditions and Restrictions of said project, and CECO-7 does hereby rent, hire and take of and from ASSOCIATION, for the term and upon the provisions, covenants and conditions set forth herein, such property, known as the Recreational Facilities and shown on Exhibit I to the aforementioned Declaration of Covenants, Conditions and Restrictions.

B. In consideration of the Lease of such Recreational Facilities,

CECO-7 does hereby agree to maintain and operate the same in accordance with the aforementioned Declaration, and to pay all costs, expenses and charges in connection with the operation thereof.

C. The term of this Lease shall be for a period of three (3) years, commencing on the 1st day of November, 1978 and continuing to the 31st day of October, 1981.

The ASSOCIATION does hereby grant to CECO-7 an option to renew this Lease upon the same terms and conditions as herein contained for additional periods of three (3) years each, which option shall be exercised by CECO-7 providing written notice of intent to renew to the ASSOCIATION Board of Directors at least three (3) months prior to the expiration of the original term, or any renewal term hereof. Should CECO-7 elect at any time not to exercise the option to renew, this agreement shall terminate and the ASSOCIATION shall thereafter operate such Recreational Facilities as it own.

Upon termination of this Agreement and any renewal term hereof, title to all furnishings, fixtures and equipment utilized in connection with such Recreational Facilities shall be vested in the ASSOCIATION.

D. It is understood and agreed that the facilities to be provided in accordance with this Agreement shall include but not necessarily be limited to, the existing structure known as The Field House, consisting of three levels, in which is located two regulation-sized raquetball/handball courts, a whirlpool and health spa, a bar and restaurant, a children's recreation room, a billiard room and a lounge, an outdoor swimming pool and jacuzzi and two tennis courts, title to which shall remain in the ASSOCIATION, and the equipment and supplies necessary to maintain and operate the same, the title to which shall remain in CECO-7 until vested in the ASSOCIATION in accordance with this Agreement at the termination thereof. Nothing in this Article is intended to limit or restrict CECO-7 from providing other or additional facilities, equipment or programs.

E. It is agreed that CECO-7 shall be solely responsible for the maintenance and operation of The Field House during the term of this Agreement, and shall provide at its own expense the personnel, equipment, supplies, and materials to operate the same in accordance with the Declaration of Covenants, Conditions and Restrictions of CLUB TAHOE and the facilities which were shown and demonstrated to the Interval Unit Owners at the time of their purchase of the Interval Units. It is understood, however, that this obligation of CECO-7 shall not extend to real property taxes and assessments upon the land underlying such facilities, which taxes and assessments shall be paid by the ASSOCIATION.

The obligations undertaken pursuant to this Agreement shall be discharged by CECO-7 without any direct supervision, control or participation by the ASSOCIATION; however, CECO-7 agrees and warrants that it will, at all times during the term of this Agreement, or any renewed term hereof, use its best efforts to provide Recreational Facilities of the quality and variety as those in existence at the time of the execution of this agreement, and will maintain such facilities in the condition in which they now exist, reasonable wear and tear excepted. CECO-7 shall maintain for the benefit of the ASSOCIATION a reserve fund for the repair and replacement of such facilities in accordance with good accounting practices.

F. It is understood and agreed that CECO-7 may sell private

memberships to use the Recreational Facilities to non-interval unit owners, or may use such facilities for purposes not directly related to CLUB TAHOE: provided, however, that such private memberships shall not conflict with or impose a burden upon, the use of The Field House facilities by the Interval Unit Owners. CECO-7 agrees that such private memberships shall be of limited duration so that in the event the use of the facilities by such private members does impose a substantial burden or restriction upon the use of the facilities by the Interval Unit Owners, such memberships or as many of them as CECO-7, in its sole discretion, shall determine to be excessive, may be cancelled upon thirty (30) days' notice.

G. It is understood and agreed that the membership fees charged to such private members shall not be charged to the Interval Unit Owners who shall have all the privileges of membership in The Field House free of charge, save and except that the Interval Unit Owners may be charged for items purchased at the Pro Shop, bar and restaurant, and for the use of boats and other equipment at the same use charge as is imposed upon private members in addition to the membership fee of such private members.

H. The ASSOCIATION agrees that the use of The Field House facilities by the Interval Unit Owners shall be in accordance with the Declaration of Covenants, Conditions and Restrictions of CLUB TAHOE, and the rules and regulations promulgated for such facilities by CECO-7. The ASSOCIATION further agrees that The Field House staff shall have the right, at the sole discretion of the Director of The Field House, to exclude any Interval Unit Owner who persists in violating the rules and regulations pertaining to such facilities, or who fails to pay charges billed to him for items purchased at The Field House, or for the use of equipment for which a charge is made. The ASSOCIATION agrees to indemnify The Field House and CECO-7 from any and all claims, liabilities, damages or losses sustained by The Field House as a result of the loss, destruction or damage to any Field House property, real and/or personal, or loss, destruction or damage to any third persons, as a direct and proximate result of the negligent or intentional acts or omissions of any Interval Unit Owners, their guests, invitees, licensees or lessees. This indemnity obligation, at the option of the ASSOCIATION, may be discharged by assessment against the responsible Interval Unit Owner or Owners, and in the event of non-payment, assignment of the lien rights pertaining to such assessments to CECO-7.

I. As a part and parcel of the consideration of this Lease Agreement, and in lieu of the rent reserved, CECO-7 agrees, during the term of this Agreement and any renewed term hereof, that profits before income taxes shall be divided equally between CECO-7 and the ASSOCIATION, with the proviso that the share of profits allocated to the ASSOCIATION shall be for the specific purpose of reducing the annual general assessment of the Interval Unit Owners for the Common Expenses of the Condominium.

It is further agreed that in the event such facilities shall be operated at a net loss, such net loss shall be absorbed entirely by CECO-7 during the term of this Agreement or any renewed term hereof.

It is further agreed and understood that the Statement of Profit and Loss shall be prepared by the independent C.P.A. firm utilized by CECO-7, and that such statement shall be binding upon both parties for purposes of this Agreement, providing, however, that the ASSOCIATION may, at any time at its own expense, require an audited statement to be prepared.

J. Notices required to be given hereunder shall be given to CECO-7 at 930 Tahoe Blvd., P.O. Box 3546, Incline Village, Nevada 89450, and to the ASSOCIATION at CLUB TAHOE, 914 Northwood Blvd., Incline Village, Nevada 89450. These addresses may be changed by notice in writing to the other party at any time.

This Agreement shall be fully binding in all particulars upon the parties hereto and all their successors and assigns in interest.

IN WITNESS WHEREOF, the parties hereby execute this Lease Agreement and bind themselves to its provisions this 1st day of August, 1979.

CECO-7, a Nevada Limited Partnership

By Peter A. Perry_/s/_____
General Partner

CLUB TAHOE RESORT OWNERS'
ASSOCIATION, INC.

By Peter A. Perry_/s/_____
President

Vivian E. Lynch_/s/_____
Secretary

ACCEPTANCE AND APPROVAL

CLUB TAHOE RESORT OWNERS' ASSOCIATION, INC., a Nevada non-profit corporation, organized and existing under the laws of the State of Nevada, does hereby accept and consent to all the terms, provisions and conditions, reservations, liens, charges, restrictions and assignments as contained in the foregoing Amended Declaration, and by this Acceptance and Approval, which is hereby executed concurrently with the execution of the Amended Declaration, the undersigned hereby causes its signature to be hereto affixed by its authorized officers this 31st day of October, 1989.

CLUB TAHOE RESORT OWNERS'
ASSOCIATION, INC.

RICHARD ROLL, PRESIDENT

STATE OF NEVADA)
) ss
COUNTY OF WASHOE)

On this 31st day of October, 1989, personally appeared before me, a notary public, Richard Roll, know to me to be an officer or authorized agent of Club Tahoe Resort Owners' Association, Inc. who acknowledged that he signed the within instrument.

WITNESS my hand and official seal.

Notary Public

Murray Ison, Secretary

STATE OF NEVADA)
)ss
COUNTY OF WASHOE)

On this 31st day of October, 1989, personally appeared before me, a notary public, Murray Ison, known to me to be an officer or authorized agent of Club Tahoe Resort Owner's Association, Inc. who acknowledged that he signed the within instrument.

WITNESS my hand and official seal.

Notary Public