

DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS ESTABLISHING A PLAN OF
CONDOMINIUM OWNERSHIP
FOR
ORION CONDOMINIUM ASSOCIATION, INC.

THIS DECLARATION is made on the date hereinafter set forth by JAMES A. YARROW, M.D. Trustee for, JAMES A. YARROW, M.D. A Professional corporation PENSION AND PROFIT SHARING PLAN, TRUST, GARY LEROY TOWLE AND MARY J. TOWLE, HUSBAND and WIFE, SAYED A. HUSSAIN AND TALAT A. HUSSAIN, HUSBAND and WIFE, JAMES W. MAHAFFEY, a Married man as his sole and separate property, hereinafter referred to as "Declarant".

RECITALS

1. Declarant is the owner of certain real property in the County of Douglas, State of Nevada, which is more particularly described in Exhibit A incorporated herein by reference (the "Properties").

2. Declarant has improved or intends to improve the properties by constructing thereon a multifamily residential structure containing 4 Condominium Units. Declarant intends to establish a condominium project, providing for separate title in each unit within the properties, with each Unit having a 1/4th undivided interest in the Common Area, and an exclusive easement to that part of the property designated as but not limited to, stairwells, storage lockers, and/or parking areas, as defined herein.

3. The ownership interests of Owners in the Condominium Units shall be subject to and impressed with certain protective covenants, conditions, restrictions, associations, easements, reservations and charges as set forth in this Declaration.

4. Each Condominium Unit shall have appurtenant to it a membership in Tahoe Village Homeowners Association, a Nevada non-profit corporation.

5. NOW THEREFORE, Declarant hereby declares all of the Properties are and shall be held, conveyed, hypothecated, encumbered, leased, rented, used and occupied subject to the following easements, restrictions, covenants, conditions, liens and charges which are in furtherance of a plan of condominium ownership, for the subdivision, all of which are declared and agreed to be for the purpose of enhancing, maintaining and protecting the value and attractiveness of the Properties and of the individual Condominium Units located therein. All of the limitations, restrictions, easements, covenants, conditions, liens and charges set forth herein shall run with the land, shall be binding on and shall inure to the benefit of all parties having or acquiring any right, title or interest in the Properties or any part thereof, and shall be binding on and inure to the benefit of their respective heirs, successors, and assigns.

ARTICLE I
Definitions

Section 1. "Articles" shall mean the Articles of Incorporation of Orion Condominium Association, Inc., which are filed in the Office of the Secretary of State of the State of Nevada.

Section 2. "Assessment" shall mean any Regular, Special or Special Individual Assessment made or assessed by the Association against an Owner and the Owner's Condominium in accordance with the provision of Article IV of this Declaration.

Section 3. "Association" shall mean and refer to Orion Condominium Association, Inc., a non-profit corporation, its successors and assigns.

Section 4. "Association Rules" shall mean the rules and regulations adopted by the Board of Directors of the Association pursuant to Article III, Section 8 of this Declaration, as the same may be in effect from time to time.

Section 5. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 6. "Bylaws" shall mean the Bylaws of the Association as such Bylaws may, from time to time, be amended.

Section 7. "Charter Documents" shall refer collectively to this Declaration, the Articles, Bylaws and Rules of the Association as the same may be amended from time to time.

Section 8. "City" shall mean the City of Stateline, County of Douglas, State of Nevada.

Section 9. "Common Area" shall mean the entire Properties other than Units, as defined herein or as shown on the Condominium Plan. Portions of the Common Area (including but not limited to, storage areas, stairwells, and landings) are set aside and allocated for the exclusive use of the Units which are adjacent or assigned to such Common Area, all as more particularly designated on the Condominium Plan. Such restricted use areas within the Common Area shall be referred to herein as "Restricted Common Areas".

Section 10. "Common Expense" shall mean any use of Common Funds authorized by Article IV hereof and Article IX of the Bylaws and includes, without limitation:

(i) all expenses or charges incurred by or on behalf of the Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Properties as incurred or as may be estimated from time to time by the Association's Board of Directors,

(ii) any amounts reasonably required to be set aside as reserves for maintenance, repair and replacement of the Common Facilities and for nonpayment of any Assessments, and

(iii) the use of such funds to defray costs and expenses incurred by the Association in the performance of its functions or in the proper discharge of the responsibilities of the board as provided in the Charter Documents and

Section 11. "Common Interest Development" shall refer to a real property development which consists of separately owned areas (units) and have common area owned by all of the owners in common and are subject to lien rights in favor of the Owners or the Association which secure the payments of assessments for the benefit of the Owners in common.

Section 12. "Common Facilities" shall refer to the that portion of any residential structure that is not defined as a separate interest herein and to the trees, hedges, plantings, lawns, shrubs, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures, master antenna system and other facilities constructed or installed, to be constructed or installed, or currently located on or within any portion of the Common Area.

Section 13. "Common Funds" shall mean all funds collected or received by the Association (i) for use in the maintenance, management, administration, insurance, operation, replacement, repair, addition to, alteration or reconstruction of all or any portion of the Common Area and Common Facilities and (ii) for use in discharging any and all of the Association's duties as provided in the Charter Documents.

Section 14. "Condominium" shall mean an estate in real property as defined in Nevada Revised Statutes, Chapter 117, consisting of an undivided interest as a tenant-in-common in the Common Area, together with a fee interest in a Unit shown as described in the Condominium Plan. The undivided interest of each Unit Owner in the Common Area shall be in the percentage set forth in Exhibit B incorporated herein by reference.

Section 15. "Condominium Plan" shall mean the Condominium Map recorded December 8, 1983, in Book 1283, at Page 1132, as Document No. 92316 in the Douglas County Recorder's Office, State of Nevada, and any amendments thereto recorded pursuant to Nevada Condominium Law with respect to the properties.

Section 16. "County" shall mean the County of Douglas, State of Nevada.

Section 17. "Declarant" shall refer to JAMES A. YARROW, M.D. Trustee for, JAMES A. YARROW, M. D., A Professional corporation PENSION AND PROFIT SHARING PLAN, TRUST, GARY LEROY TOWLE AND MARY J. TOWLE, HUSBAND and WIFE, SAYED A. HUSSAIN AND TALAT A. HUSSAIN, HUSBAND and WIFE, JAMES A. MAHAFFEY, a married man as his sole and separate property, its successors and assigns, if such successors and assigns acquire or hold record title to any portion of the Properties for development purposes.

Section 18. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Condominium Ownership, as such Declaration may, from time to time, be amended.

Section 19. "Family" shall mean one or more person each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not so related who maintain a common household in a Condominium Unit.

Section 20. "Member" shall mean and refer to every person or entity who holds a membership in the Association.

Section 21. "Mortgage" shall mean any security device, including any deed of trust, encumbering all or any portion of the Properties. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

Section 22. "Owner" means any person, firm, corporation or other entity which owns a fee simple interest in any Unit, (or purchaser with an acknowledged installment land sale contract, and excluding any person or entity holding such interest merely as security for the payment of a debt or the performance of an obligation). The term "Owner" shall include contract vendees.

Section 23. "Owner of Record" and "Member of the Association" include an Owner and mean any person, firm, corporation or other entity in which title to a Unit is vested as shown by the official records of the Office of the County Recorder.

Section 24. "Personal Property of the Association" shall mean all tangible and intangible personal property acquired, owned, held or controlled by the Association for the use, benefit and enjoyment of the Owners.

Section 25. "Properties" shall mean and refer to that certain real property described in paragraph 1 of the Recitals, including all structures and improvements located thereon.

Section 26. "Regular Assessment" shall mean an assessment levied on an Owner and the Owner's Condominium in accordance with Article IV, Section 2 hereof.

Section 27. "Restricted Common Area" shall refer to any portion of the common area designated by the declaration for the exclusive use of one or more, but fewer than all, of the owners of the separate interests and which is or will be appurtenant to the separate interest or interests. Restricted Common Area includes, stairwells, landings, storage areas, doorsteps, stoops, porches, exterior doors, door frames and hardware incident thereto, screens and windows or other fixtures designed to serve a single unit.

Section 28. "Separate Interest" shall refer to any unit which is conveyed to the owner for the owners exclusive use.

Section 29. "Single Family Residential Use" shall mean occupation and use of a Unit for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state or municipal rules and regulations. In no event shall a Unit be occupied by more individuals than permitted by applicable law, zoning or regulation.

Section 30. "Special Assessment" shall mean an assessment levied on an Owner and the Owner's Condominium in accordance with Article IV, Section 3 hereof.

Section 31. "Special Individual Assessment" shall mean an assessment levied against an Owner and the Owner's Condominium in accordance with Article IV, Section 4 hereof.

Section 32. "Unit" shall mean the elements of a Condominium that are not owned in common with the other Owners of Condominiums in the Properties. Each such Unit shall be a separate estate consisting of the space bounded by and contained within the unfinished interior surfaces of the perimeter walls, floors, ceilings, windows and doors of each Unit. The respective elements and the boundaries of each Unit are more particularly described in the Condominium Plan. In interpreting deeds and plans, the existing physical boundaries of a Unit, or of a Unit reconstructed in substantial accordance with the original plans, shall be conclusively presumed to be the unit's boundaries rather than the description expressed the deed or plans, regardless of minor variances between the boundaries as shown on the plans or the deed and those of the building containing the Unit and regardless of settling or lateral movement of the building. Whenever reference is made to a "Unit", whether in this Declaration, the Condominium Plan, any deed or elsewhere, it shall be assumed that such reference is made to the Unit as a whole, including each of its component elements (including the airspace so encompassed), and to any and all exclusive easements appurtenant to such Unit over Common Area, if any. The term "Unit" means separate interest and does not include those areas of the Properties that are defined herein as Common Area or Common Facilities.

ARTICLE II Declaration and Property Rights

Section 1. Ownership of Condominium; Easements. The interest of every Owner of a Condominium within the Properties shall include a Unit, the respective undivided interest in the Common Area appurtenant to such Unit, a membership in the Association and any exclusive or non-exclusive easements appurtenant to such Unit over the Common Area and Restricted Common Areas as described in this Declaration or the Condominium Plan. The common interest portion of a Condominium appurtenant to each Unit is declared to be permanent in character and cannot be altered without the consent of all Unit Owners and the first mortgagees of such Unit Owners as expressed in a duly adopted amendment to this declaration. For so long as the prohibition against severability of the component interests of a Condominium is in effect pursuant to Article XII of this Declaration, the common interest portion of a Condominium cannot be separated from the Unit to which it is appurtenant.

Section 2. Owners' Non-Exclusive Easements of Enjoyment. Every Owner of a Condominium shall have a right and easement of enjoyment in and to the Common Area, including ingress and egress to and from the Owner's Unit. However, such non-exclusive easements shall be subordinate to, and shall not interfere with, exclusive use easements appurtenant to Condominiums over those portions of the Common Area designated as "Restricted Common Area" on the Condominium Plan or in this Declaration. Each such non-exclusive easement shall be appurtenant to and shall pass with the title to every Condominium, subject to the following provisions:

(a) The right of the Association to assign, rent, license, lease, charge reasonable for, and to otherwise designate and control the use of any unassigned parking and storage spaces situated within the Common Area.

(b) The right of the Association to suspend an Owner's voting rights or right to use any recreational Common Facilities for any period during which any Assessment against the Owner's Condominium remains unpaid.

(c) The right of the Association to adopt rules and regulations as provided in Article III, Section 8 hereof and, in the event of a breach of such rules or of any other Charter Document provision, to temporarily suspend an Owner's voting rights and right of an Owner, the Owner's tenants and guests to use any recreational Common Facilities so long as the accused Owner is first given notice of the alleged violation and an opportunity to be heard before the Board or an authorized committee thereof in accordance with Article XIII Section 5 of this Declaration.

(d) The right of the Association, or its agents, when necessary, to enter any Unit in order to perform the Association's obligations under this Declaration, including its obligation to enforce the restrictions, to construct, maintain and repair Common Facilities as necessary for the benefit of the Common Area or the Owners in common, and to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat or nuisance to, or cause an unreasonable interference with, Association property or the Owners in common.

In case of an emergency originating in or threatening such Unit, the Association's right of entry for the above purposes shall be immediate and the Association's work may be performed whether or not the Owner or the Owner's tenant/lessee is present. In non-emergency situations, the Association or its agents shall furnish the Owner or the Owner's lessee with at least 24 hours written notice stating the Association's intent to enter the Unit and the purpose of the entry and shall make every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the Owner or the Owner's tenant/lessee.

Section 3. Delegation of Use.

(a) Delegation of Use and Leasing of Units, Generally. Any Owner may delegate, in accordance with and subject to the Charter Documents, the Owner's rights in and to the use and enjoyment of the Common Area and Common Facilities to the members of the Owner's family or the Owner's tenants who reside in the Owner's Unit; provided that any rental or lease of the Owner's Unit may be only to a single family for Single Family Residential Use. An Owner shall retain the right to enter the Properties and the Owner's Unit to perform all the functions and responsibilities common of landlords.

Any rental or lease of a Unit shall be subject to the provisions of the Charter Documents, all of which shall be deemed incorporated by reference in the lease or rental agreement. The Lessor-Owner shall provide each tenant or lessee with a copy of this Declaration and the Association Rules, and any subdivision rules of the Orion Condominium Association, Inc., and shall be responsible for compliance by the Owner's tenant or lessee with all applicable Charter Document provisions during the tenant's/lessee's occupancy and use of the Unit.

(b) Discipline of Lessee.

(1) In the event that any tenant or lessee fails to honor the provisions of any Charter Document, the Association shall so notify the Owner and give the Owner a reasonable opportunity to take corrective action or be heard before the Board if the Owner feels corrective action is unwarranted or unnecessary. If the Owner fails to take necessary corrective action with respect to a tenant or lessee in violation of the Charter Documents, the Board shall be entitled to take such corrective action as it deems appropriate under the circumstances, which may include suspension of the tenant's privileges to use the Common Area and/or Common Facilities or the imposition of fines and penalties on the Owner, so long as the requirements of subparagraph (c) below are satisfied.

(2) In the event a tenant's conduct involves material damage to, or misuse of, the Common Areas or Common Facilities, or constitutes an unreasonable nuisance to neighboring Unit Owners, the Association shall be entitled to take immediate corrective action against such tenant or lessee when such action is necessary to prevent damage to, or destruction of, any portion of the properties.

(3) The Association's rights under this subparagraph shall be subject to the due process requirements of subparagraph (c) below.

(c) Due Process Requirements for Disciplinary Action. The Association's right to initiate disciplinary action against an absentee owner or the owner's tenant or lessee shall arise only in the event that the Owner has not taken action to prevent and/or correct the actions of the Owner's tenant that constitute a violation of the Charter Documents or an unreasonable interference with the rights of quiet enjoyment by neighboring Owners. The lessor-Owner shall receive written notice from the Board or an authorized committee of the Board detailing the nature

of the infraction. The Owner shall have a reasonable opportunity either to take appropriate corrective action on a voluntary basis or to appear before the Board or a duly authorized committee thereof to present arguments as to why such action is unnecessary. Any disciplinary action shall be prosecuted in strict compliance with the notice and hearing procedures set forth in Article XIII, Section 5 hereof.

(d) Owner's Duty to Notify Association of the Identity of Tenants and Contract Purchasers. Each Owner shall notify the Secretary of the Association or the Association's property manager, if any, of the names of any contract purchaser, lessee or tenant of the Owner's Unit. Each Owner, contract purchaser, tenant or lessee shall also notify the Secretary of the Association of the names of all person to whom such owner, contract purchaser, tenant or lessee has delegated any rights of use and enjoyment in the Properties and the relationship that each such person bears to the Owner, contract purchaser, tenant or lessee.

Section 4. Notification Regarding Charter Documents.

(a) As soon as practicable before transfer of title or the execution of a real property sales contract with respect to any Condominium, the Owner thereof must give the prospective purchaser a current copy of the Charter Documents, rules and a written statement from the Association ("delinquency statement") as to the amount of any delinquent Assessments, penalties, attorneys' fees and other charges due with respect to the Condominium as of the date the statement is issued as well as the latest financial statements for the Association.

(b) In order to carry out the intent and purpose of this statutory provision, the Association shall, within 10 days of the mailing or delivery of a request therefor, provide the Owner with a copy of the current Charter Documents, together with the delinquency statement referred to paragraph (a) above. The Association shall be entitled to impose a fee for providing the Charter Documents and delinquency statement equal to (but not more than) the reasonable cost of preparing and reproducing the materials.

Section 5. Restricted Common Areas. Portions of the Common Area are hereby set aside and allocated for the restricted use of the Units and are designated herein and in the Condominium Plan as "Restricted Common Areas." The Restricted Common Areas are as follows:

(1) Automobile parking spaces set aside for the exclusive use of each Condominium, together with the right of ingress and egress in and upon said spaces. The Association shall permanently assign two covered parking space for each condominium, which shall be as near and convenient to said Condominium as reasonably possible (see condominium plan.

(2) Stairwells, stoops, landings (see condominium plan.

Section 6. Unassigned Parking Areas. Each covered parking space which is not designated on the Condominium Plan or this Declaration as a Restricted Common Area shall remain unassigned and shall not be granted as an exclusive use easement to any specific Unit. These spaces shall

be subject to regulation by the Association and are intended for short term parking by any Owner or any guest, invitee, customer or employee of any Owner.

ARTICLE III Homeowners Association

Section 1. Formation. The Association is a non-profit corporation formed under the laws of the State of Nevada. and shall be charged with the duties and invested with the powers set forth in the Charter Documents, including, but no limited to, control and maintenance of the Common Area and Common Facilities.

Section 2. Association Action; Board of Directors and Officers. Except as to matters which under the Charter Documents require the approval of Members, the affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint. Such election or appointment shall be in accordance with this Declaration or the Bylaws and any amendments thereto. Except as otherwise provided in the Charter Documents or by Nevada law, all matters requiring the approval of Members shall be deemed approved if approved by a majority of a quorum of Members at any regular or special meeting or by assent by written ballot held in accordance with the Bylaws.

Section 3. Membership.

(a) Qualifications. Each Owner of a Condominium shall be a member of the Association. An Owner shall hold on membership in the Association for each Condominium owned. Ownership of a Condominium shall be the sole qualification for membership in the Association. Each Owner shall remain a Member of the Association until the Owner's ownership interest in all Condominiums in the Properties ceases, at which time the Owner's membership in the Association shall automatically cease. Persons or entities who hold an interest in a Condominium merely as security for performance of an obligation shall not be regarded as Members.

(b) Members' Rights and Duties. Each Member shall have the rights, duties and obligations set forth in the Charter Documents.

Section 4. Membership Voting.

(a) Commencement of Voting Rights. Voting rights attribute to Condominium interests shall not vest until Assessments against those interests have been levied by the Association.

(b) Classes of Membership. The Association shall have one class of voting membership, namely Class A Members, consisting of all Owners.

The voting rights and other privileges of Members shall be as set forth in Article IV of the Association's Bylaws.

Section 5. Assessments. The Association shall have the power to establish, fix and levy Assessments against the owners of Condominiums within the Properties and to enforce payment of such Assessments, as more particularly provided in Article IV of this Declaration. Any Assessments levied by the Association on its Members shall be levied in accordance with and pursuant to the provisions of this Declaration.

Section 6. Transfer of Memberships. Membership in the Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale or encumbrance of the Condominium to which it is appurtenant, and then only to the purchaser, in the case of a sale, or mortgagee, in the case of an encumbrance of such Condominium. Membership passes automatically to the purchaser upon transfer of title to the Condominium. A mortgagee does not have membership rights until he becomes an Owner by foreclosure or deed in lieu thereof. Any attempt to make a prohibited transfer of a membership is void. In the event the Owner of any Condominium should fail or refuse to transfer the membership registered in the Owner's name to the purchaser of the Owner's Condominium, the Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 7. Powers and Authority of the Association.

(a) The Association shall have all of the powers set forth in the Nevada Statutes of a non-profit corporation organized under the laws of the State of Nevada in operating and managing its properties and in otherwise discharging its responsibilities for the benefit of its members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Charter Documents. The Association and its board of Directors shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of the Charter Documents and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners in common. The specific powers of the Association and the limitations thereon shall be as set forth in Article IX of the Bylaws. The Association has the power to buy and sell real property and borrow and lend money.

(b) Without limiting the generality of the foregoing, the Association is hereby irrevocably appointed to

(i) manage, control and deal with the interest of such Owners in the Common Area so as to permit the Association to fulfill all of its duties and obligations hereunder and to exercise all of its rights hereunder;

(ii) deal with the Properties upon their destruction or obsolescence as hereinafter provided; and

(iii) to deal with and handle insurance and insurance proceeds, as provided in Article VIII hereof, and condemnation and condemnation awards, as provided in Article X hereof. The

acceptance by any person or entity of any interest in any Unit shall constitute an appointment of the Association as the Owner's attorney-in-fact as provided above.

Section 8. Association Rules.

(a) Rule making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners of Condominiums within the Properties. Such rules may concern, but need not be limited to, matters pertaining to use of the Common Area and Common Facilities, parking, signs, delinquent assessments and the recovery thereof, collection and disposal of refuse, minimum standards of maintenance of landscaping or other improvement within the Properties, the elimination of improvements which obstruct the vision of motorists or which create a hazard for vehicular or pedestrian traffic, the keeping of household pets in Units and any other subject or matter within the jurisdiction of the Association as provided in the Charter Documents. Notwithstanding the foregoing grant of authority, the Association Rules shall not be inconsistent with or materially alter any provision of the Charter Documents or the rights, preferences and privileges of the Owners thereunder. In the event of any material conflict between any Association Rule and any provision of any other Charter Documents, the provisions contained in the other Charter Documents shall prevail.

(b) Distribution of Rules. A copy of the Association Rules, as from time to time they may be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. A copy of the Association Rules shall also be available and open for inspection during normal business hours at the principal office of the Association.

(c) Adoption and Amendment of Rules. Association Rules may be adopted, amended or supplemented by a majority vote of the Board. Amendments to the Rules shall be distributed to each Member either by mail or by personal delivery. Rules shall become effective immediately after their adoption by the Board or at such later date as the Board may fix considering the nature of the Rule and the circumstances attendant to the Rule's adoption.

Section 9. Breach of Rules or Restrictions. Any breach of the Association Rules or of any other Charter Document provision shall give rise to the rights and remedies set forth in Article XIII, Section 5 hereof.

Section 10. Limitation on Liability of the Association's Directors and Officers. No director, officer, committee member, employee or other agent of the Association, including the Declarant or any agent of the Declarant when acting in such capacity, shall be liable to any Owner or any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of any such person if such person has acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association.