

BY-LAWS

OF

TAHOE CHAPARRAL RESORT OWNERS' ASSOCIATION, INC.

ARTICLE I

Offices

A. PRINCIPAL OFFICE. The principal office for the transaction of the business of the corporation is hereby fixed and located at 308 East Plumb Lane, Reno, Washoe County, Nevada, 89502. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another in said County.

B. OTHER OFFICES. Branch or subordinate offices may at any time be established by the Board of Directors at any place or places where the corporation is qualified to do business.

ARTICLE II

Definitions

A. "THE ASSOCIATION" means Tahoe Chaparral Resort Owners Association, Inc., a Nevada nonprofit corporation, its successors and assigns.

B. "BOARD OF DIRECTORS" means the Board of Directors of the Association.

C. "THE DECLARATION" means the Declaration of Covenants, Conditions and Restrictions of Tahoe Chaparral as it may from time to time be amended.

D. "DECLARANT" means Lake Tahoe Resort Villas, a Nevada limited partnership, the Declarant referred to in the Declaration of Covenants, Conditions and Restrictions of Tahoe Chaparral, and its successors and assigns.

E. "THE DEVELOPMENT" means and includes the real property as defined in the Declaration of Covenants, Conditions and Restrictions of Tahoe Chaparral, all improvements thereof, all easements and rights appurtenant thereto and all property and improvements made subject to the Declaration in the future.

F. "INTERVAL" means a period of ownership of one week in a unit committed to interval ownership.

G. "INTERVAL UNIT" is an estate in fee simple consisting of one week in a unit, together with an undivided interest in the common areas and a membership in the Association.

H. "OWNER" or "INTERVAL UNIT OWNER" means the record owner or owners of an interval unit.

I. "UNIT" is a living facility for a single family built on the development, and includes (without limitation), the interior surfaces of the perimeter walls, floors, ceilings, windows, doors, interior surfaces of the windows and window frames, all airspace so encompassed, and any heating and hot water heaters located within the airspace so encompassed.

ARTICLE III

Membership

A. MEMBERS. Each interval unit owner, and only an interval unit owner, shall by reason of ownership of an interval unit become a member of the Association.

B. MEMBERS BOUND. Every member shall be bound by these By-Laws, the Articles of Incorporation of the Association, the Declaration, any management agreement entered into by the Association for the management of the development, and all rules and regulations promulgated by the Association and/or the management firm.

C. ENTITY OWNERS. In the event any interval unit is owned by a corporation, partnership or other legal entity, said entity shall designate a person or a reasonable number of persons to hold the privileges of membership, subject to rules and regulations promulgated by the Association and/or the management firm.

D. MULTIPLE OWNERS. In the event any interval unit 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 all such owners shall be members, subject to reasonable regulation by the Association as to the number of such persons permitted to enjoy the privileges of membership.

E. VOTING

1. In General.

Each unit shall have a total of 51 votes, with each interval unit owner thereof entitled to one vote per

interval unit owned. Lake Tahoe Resort Villas and its successors and assigns are entitled to one vote for each interval unit they own. Voting rights shall attach to the owner of each interval unit when the phase of Ski Lane Bitterbrush Unit No. 2 of which it is a part has been annexed to the Declaration.

2. Designation of Voting Members

The vote of an interval unit shall not be divisible. Interval unit owners which are corporations, partnerships, other legal entities and joint owners shall designate, at the time they become owners and thereafter, a member who shall exercise that interval unit's voting power, and notify the Association of such designation. Each interval unit owner may cast a vote by proxy as provided in these By-Laws. The right to vote of a member may be suspended by the Association as provided in the Declaration and these By-Laws.

3. Voting by Joint Owners

When an interval unit is owned by a Husband and Wife, or jointly by any two or more persons or entities, if said joint owners do not designate a voting member and if two or more are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting. Where said joint owners do not designate a voting member, and only one is present at a meeting, the person present may cast the vote of the interval unit, just as though he or she owned the unit individually, and without establishing the concurrence of the absent person or persons.

F. MEMBERSHIP CERTIFICATES. Certificates of membership in the Association shall be issued for all memberships. Membership certificates shall be in such form as the Board shall designate and shall be issued over the signatures of the President or Vice President and Secretary or Assistant Secretary. A certificate book shall be maintained in which shall be shown the name of the member, the certificate number, date of issue and a description of the unit upon which such membership is based. In the event one owner owns more than one existing membership, the total number may be combined into one certificate which shall show the number of votes or memberships represented thereby. Owners of more than one membership shall be entitled to all the rights and shall be subject to all the duties of each membership represented thereby but shall be treated as one owner for the purposes of notice, and use of the recreational facilities of the Association.

G. TRANSFER. Memberships in the Association are transferrable only upon the conveyance of the unit to which such membership is appurtenant and any other attempted

transfer or assignment of such membership shall be void. Transfers of record which occur by reason of the conveyance of any unit subsequent to the initial conveyance from the Declarant or a successor developer, shall be subject to a fee of Twenty-five Dollars (\$25.00). Said fee shall be paid from escrow by seller. The fee shall be applied to the indebtedness to the Association of the member whose membership is transferred, if any such indebtedness exists.

H. ISSUANCE. A membership certificate shall be issued to an owner upon giving proof of ownership in such manner as may be required by the Board of Directors.

I. MEMBERSHIP CARDS. The Board of Directors may issue identification cards to members and their immediate families and may also provide guest passes to casual guests of members to entitle the holder thereof to use the recreational facilities of the Association, upon such terms and conditions as the Board may from time to time prescribe in rules and regulations, which rules and regulations may contain restrictions on guest and group use of such facilities.

J. TEMPORARY PRIVILEGE CARDS. The Association may issue, as directed by the Board, temporary privilege cards to guests, tenants, or other authorized users of any interval unit owner subject to rules and regulations promulgated by the Association.

ARTICLE IV

Meetings of Members

A. PLACE OF MEETINGS. All annual meetings of members and all other meetings shall be held either at the principal office or any other place within or without the State of Nevada which may be designated by the Board of Directors.

B. ANNUAL MEETINGS. The annual meetings of members shall be held on the Thursday preceding Thanksgiving of each year, at the hour of 10:00 o'clock a.m. Should said day fall upon a legal holiday, then any such annual meeting of members shall be held at the same time and place on the next day thereafter which is not a legal holiday.

C. SPECIAL MEETINGS. Special meetings of the members, for any purposes whatsoever, may be called at any time by the President, Secretary or by a majority of the Board of Directors, or by memberships having not less than one-fifth (1/5) of the voting power of the Association.

D. NOTICE. Written notice of each annual or special meeting, signed by the President or Vice President,

or the Secretary or an Assistant Secretary, or by such other person or persons as the Directors shall designate, shall be given to each member entitled to vote thereat, either personally or by mail or other means of written communication, charges prepaid, addressed to such member at his address appearing on the books of the Association or given by him to the Association for the purpose of notice. If a member gives no address, notice shall be deemed to have been given him if sent by mail or telegram addressed to the unit within the Development to which such person's membership is appurtenant. All such notices shall be sent to each member entitled thereto not less than ten (10) nor more than sixty (60) days before each annual or special meeting, and shall specify the place, the day and the hour of such meeting and the purpose or purposes for which the meeting is called.

E. ADJOURNED MEETINGS AND NOTICE THEREOF. Any annual or special meeting, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the members entitled to vote, either present in person or represented by proxy thereat, but in the absence of a quorum no other business may be transacted at any such meeting.

When any annual or special meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

F. ENTRY OF NOTICE. Whenever any member entitled to vote has been absent from any annual or special meeting, an entry in the minutes to the effect that notice has been duly given to all members shall be conclusive and incontrovertible evidence that due notice of such meeting was given to such member, as required by the law and the By-Laws of the corporation.

G. VOTING. At all meetings every member entitled to vote shall have the right to vote in person or by proxy the number of memberships standing in his own name on the membership records of the Association. There shall be no cumulative voting. Such vote may be viva voce or by ballot upon demand made by a member before the voting begins.

H. QUORUM. The presence in person or by proxy of the holders of a majority of the memberships entitled to vote at any meeting shall constitute a quorum for the transaction of business. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

I. CONSENT OF ABSENTEES. The transactions of a meeting of members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, a majority of the members entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

J. PROXIES, Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Association. No such proxy shall be valid after the expiration of eighteen (18) months from the date of its execution, unless the member executing it specifies therein the length of time for which such proxy is to continue in force, which in no case shall exceed seven (7) years from the date of its execution.

ARTICLE V

Directors

A. POWERS. Subject to limitations of the Articles of Incorporation, the By-Laws, the provisions of the Nevada General Corporation Law, the provisions of the Nevada Revised Statutes, as amended, Section 81.410 through 81.540, and the provisions of the Declaration, all corporate powers shall be exercised by or under the authority of, and the business affairs of the Association shall be controlled by, the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Directors shall have the following powers, to wit:

First - To select and remove all officers, agents and employees of the Association, prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation or the By-Laws, fix their compensation, and require from them security for faithful service.

Second - To conduct, manage and control the affairs and business of the Association, and to make such rules and regulations therefor not inconsistent with law, with the Articles of Incorporation or the By-Laws, as they may deem best.

Third - To change the principal office for the transaction of the business of the Association from one location to another within the same county as provided in Article I(A), hereof; to fix and locate from time to time one or more subsidiary offices of the Association within or without the State of Nevada, as provided in Article I(B) hereof; to designate any place within or without the State of Nevada for the holding of any meeting or meetings of the membership.

Fourth - To adopt, make and use a corporate seal, and to prescribe the form of such seal and of such certificates from time to time, as in their judgment they may deem best, provided such seal and such certificates shall at all times comply with the provisions of the law.

Fifth - To cause memberships to be issued from time to time, upon such terms as may be consistent with the Articles of Incorporation, the Declaration and these By-Laws.

Sixth - To borrow money and incur indebtedness for the purpose of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

Seventh - To appoint an executive committee and other committees, and to delegate to the executive committee any of the powers and authority of the Board in the management of the business and affairs of the Association, except the power to adopt, amend or repeal the By-Laws. The executive committee shall be composed of one or more Directors.

Eighth - To levy assessments and to do all things provided by and in the manner required by the Articles of Incorporation and the Declaration.

B. NUMBER AND QUALIFICATION OF DIRECTORS. The authorized number of Directors of the Association shall be three (3), until changed by amendment of the Articles of Incorporation or by an amendment of these By-Laws. The President of the Association shall be, ex officio, one of the Directors of the Association.

C. ELECTION AND TERM OF OFFICE. The Directors shall be elected at each annual meeting of members, but if any such annual meeting is not held, or the Directors are not elected thereat, the Directors may be elected at any special meeting of members. All Directors shall hold office until their respective successors are elected.

D. VACANCIES. Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual or a special meeting of the members.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any Director, or if the members fail at any annual or special meeting of members at which any Director or Directors are elected to elect the full authorized number of Directors to be voted for at that meeting, or if the original incorporators shall fail to designate the total authorized number of Directors for the initial Board of Directors.

The membership by a majority vote may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors. If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board or the members shall have power to elect a successor to take office when the resignation is to become effective.

E. PLACE OF MEETING. Regular meetings of the Board of Directors shall be held at any place within or without the State which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation regular meetings shall be held at the principal office of the Association. Special meetings of the Board may be held either at a place so designated or at the principal office.

F. ORGANIZATION MEETING. Immediately following each annual meeting of members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business. Notice of such meetings is hereby dispensed with.

G. REGULAR MEETINGS. Regular meetings of the Board shall be held at such times as may be determined by the Board, which shall not be less often than twice each calendar year. Notice of regular meetings is dispensed with.

H. SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President, or, if he is absent or unable or refuses to act, by the Secretary or any Vice President or by any two Directors.

Written notice of the time and place of special meetings shall be delivered personally to the Directors or sent to each Director by mail or other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records of the Association, or if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the corporation is located at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such Director.

I. NOTICE OF ADJOURNMENT. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting.

J. ENTRY OF NOTICE. Whenever any Director has been absent from any special meeting of the Board of Directors, an entry in the minutes to the effect that notice has been duly given shall be conclusive and incontrovertible evidence that due notice of such special meeting was given to such Director, as required by law and the By-Laws of the Association.

K. WAIVER OF NOTICE. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the Directors not present sign a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Association records or made a part of the minutes of the meeting.

L. QUORUM. A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number be required by law or by the Articles of Incorporation.

M. ADJOURNMENT. A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour. In the absence of a quorum, a majority of the

Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

N. CONSENT IN LIEU OF MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all the members of the Board or of such committee. Such written consent shall be filed with the minutes of the proceedings of the Board or committee.

O. FEEES AND COMPENSATION. Directors shall not receive any stated salary for their services as Directors, but by resolution of the Board, a fixed fee, with or without expenses of attendance, may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity as an officer, agent, employee or otherwise, and receiving compensation therefor.

P. REMOVAL. Any Director may be removed with or without cause at any special meeting of the members called for that purpose by a vote of two-thirds (2/3) of the members present in person or by proxy.

ARTICLE VI

Officers

A. OFFICERS. The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The Association may also have, at the discretion of the Board of Directors, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section C of this Article. Officers other than the President need not be Directors. One person may hold two or more offices.

B. ELECTION. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section C and E of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

C. SUBORDINANT OFFICERS, ETC. The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine.

D. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, by a majority of the Directors at the time in office, at any regular or special meeting of the Board.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President, or to the Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

E. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled by a vote of a majority of Directors at a regular or special meeting of the Board of Directors.

F. PRESIDENT. The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members at which votes on Association business are to be taken, and at all meetings of the Board of Directors. He shall be ex officio a member of all standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of President of an Association, and shall have such other powers and duties as may be prescribed by the Board of Directors.

G. VICE PRESIDENT. In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors.

H. SECRETARY. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the Board of Directors may order, of all meetings of the directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of memberships present or represented at members' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office, a membership register, or a duplicate membership register, showing the names of the members and their addresses, the number of memberships held by each, the number and date of certificates issued for the existing memberships, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the members and of the Board of Directors required by the By-Laws or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such powers and perform such other duties as may be prescribed by the Board of Directors.

I. TREASURER. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at reasonable times be open to inspection by any Director or Association member.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

ARTICLE VII

Assessments

A. ANNUAL ASSESSMENTS. The Board of Directors shall annually fix and determine the sums necessary to provide for the expenses of the maintenance for the units, the common areas, the common elements and Association property, as well as all personal property, real estate and other taxes and improvement district assessments and taxes, all utility charges, and insurance expenses. All these expenses shall be prorated among all interval unit owners, including Declarant, on the following basis:

(1) Fixed expenses as determined by the Board of Directors shall be prorated equally among all interval unit owners, including Declarant, based on the number of interval units owned.

(2) Variable expenses as determined by the Board of Directors shall be prorated among the interval unit owners, excluding Declarant, except that Declarant shall be assessed the pro-rata share of the expenses for those intervals which are leased or rented by Declarant or used for sales or promotional purposes.

B. SPECIAL ASSESSMENTS. If an annual assessment is inadequate or anticipated to be inadequate, or if the Board of Directors determines that a special assessment is necessary for the acquisition of personal property or for improvements to the common area or units or to compensate for damages not fully covered by insurance, the Board of Directors may levy special assessments. The special assessments shall be prorated among the interval unit owners, including Declarant in such proportions as shall be determined by the Board of Directors.

C. INDIVIDUAL ASSESSMENTS. The expense of any maintenance, repair or replacement to the units, common areas, common elements or Association property caused by the intentional or negligent acts of an owner, his family, his tenants, or guests shall be paid by said owner. Said owner may be assessed for the cost thereof in an individual assessment, either added to the annual assessment of said owner or assessed through a special assessment. Individual assessments may also be employed to charge Hold-Over Owners, pursuant to Article XI of the Declaration of Covenants, Conditions and Restrictions of Tahoe Chaparral recorded with the Washoe County Recorder, with all costs incurred by the Association or other interval unit owners due to an interval unit owner failing to vacate a unit by check-out time. An owner may request a hearing before the Board of Directors to appeal any individual assessment assessed to pay the expense of any maintenance, repair or replacement caused by intentional or negligent acts. Any fine imposed on a member pursuant to Article VIII may be collected through an individual assessment.

D. COLLECTION. The Association shall inform each owner in writing of all assessments against him. The annual assessment may be paid in installments or in a lump sum as the Board of Directors may provide. Any lump sum payment or installment shall be due within thirty (30) days following the date of the assessment. Said unpaid payment or installment shall bear interest at a rate to be determined by the Board of Directors.

E. SURPLUS. Any payments or receipts to the Association from assessments or any other amounts paid during the year in excess of operating expenses of the Association shall be retained by the Association and applied against Association expenses for the following year.

F. ASSESSMENT LIENS

1. General

The amount of any assessment, plus interest, shall be a lien upon the interval unit assessed when the Association causes to be recorded with the County Recorder of Washoe County, Nevada, a notice of assessment, which shall state the amount of such assessment and such other charges as may be authorized by the Declaration of Covenants, Conditions and Restrictions of Tahoe Chaparral recorded at the Washoe County Recorder's Office, a description of the interval unit against which the same has been assessed, and the name of the record owner thereof. Such notice shall be signed by an authorized representative of the Association. Upon payment of said assessment and charges in connection with such notice, or upon satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction and release of the lien.

2. Priority

Such lien shall be prior to all other liens recorded subsequent to the recordation of said notice of assessment. Unless sooner satisfied and released or the enforcement thereof initiated as hereinafter provided, said lien shall expire and be of no further force and effect two (2) years from the date of recordation of said notice of assessment; provided however, that said two-year period may be extended by the Association for a period not to exceed two (2) additional years by recording a written extension thereof.

3. Enforcement

Such lien may be enforced by sale of the interval unit by the Association, its attorney or other person authorized to make the sale, after failure of the owner to pay such an assessment in accordance with its terms, such sale to be conducted in accordance with the provisions of Covenants Nos. 6, 7(10%) and 8 of N.R.S. 107.030 and N.R.S. 107.090 insofar as they are consistent with N.R.S. 117.075, or in any other manner permitted by law. The Association shall have the power to bid on the interval unit at the foreclosure sale and to hold, lease, mortgage and convey the same.

4. Extent of Lien

The lien provided for herein shall apply to all interval units owned by the particular interval unit owner or owners in default and shall not encumber interval units owned by other owners.

G. SUSPENSION. The Association shall not be required to transfer memberships on its books or to allow the exercise of any rights or privileges or membership, including voting rights, on account of a transfer of an interval unit to any owner or to any person claiming them unless or until all assessments and charges to which the interval unit or units are subject have been brought current.

H. PERSONAL ACTION. The Association shall also have the right to collect past due assessment payments or installments by maintaining a personal action against the owner or owners assessed. The prevailing party shall have the right to reasonable attorney's fees.

ARTICLE VIII

Rules, Regulations and Penalties

A. RULES. The Board of Directors shall have the power to adopt reasonable rules for the regulations of the occupancy and use of the development. Written copies of such rules and any schedule of fines and penalties adopted pursuant to subparagraph 2 below shall be available to owners.

B. PENALTIES. The Board of Directors shall have the power to adopt a schedule of reasonable fines and penalties, including the suspension of the privileges of membership, for violation of the terms of the Declaration of Covenants, Conditions and Restrictions of Tahoe Chaparral and for violation of any rules adopted pursuant to subparagraph 1 above. Said fines may be collected through individual assessments described in Paragraph VII(c) above.

C. SUSPENSION OF RIGHTS OF MEMBERS. The Board of Directors may, as an additional penalty, suspend all voting rights and all other rights of membership of any member during the period of any continuing violation of the terms of the Declaration of Covenants, Conditions and Restrictions of Tahoe Chaparral by such member or for any continuing violation of the rules adopted pursuant to subparagraph 1 above. Any member designated by a partnership, corporation or other entity, or any member who owns an interest in an interval unit with others, may have his voting membership suspended for the conduct of such other designees or owners.

D. NOTICE AND HEARING. No fine may be imposed nor shall membership privileges be suspended for violations of rules and regulations of the Association unless all of the following criteria shall have been observed by the Board:

(1) The member shall be notified by an officer of the Association in writing of the alleged violation, sent to the member's address as may appear on the membership books of the Association;

(2) A hearing shall have been conducted by the Board of Directors at which the member accused of the violation is given an opportunity to be present;

(3) At least five (5) days written notice of the hearing shall be given to the member accused of the violation; and

(4) A finding by a majority of the Board present and voting that a violation occurred.

Hearings shall be conducted by the Board on an informal basis and shall not be bound by formal rules of evidence. The Board may adopt such reasonable rules as it deems advisable covering the conduct of such hearings.

E. SUSPENSION OF RECREATION FACILITIES PRIVILEGES. Notwithstanding any other provision of the Declaration of Covenants, Conditions and Restrictions of Tahoe Chaparral, an agent or employee of the Association may immediately suspend a member's privilege of using a recreational facility, if said member violates the rules and regulations applicable to such recreational facility. Said member may request a hearing before the Board of Directors to appeal said suspension.

ARTICLE IX

Miscellaneous

A. RECORD DATE. The Board of Directors may fix a time, in the future not exceeding twenty (20) days preceding the date of any meeting of members, as a record date for the determination of the members entitled to notice of and to vote at any such meeting, and in such case only members of record on the date so fixed shall be entitled to notice of and to vote at such meetings, notwithstanding any transfer of any membership on the books of the Association after any record date fixed as aforesaid. The Board of Directors may close the books of the Association against transfers of memberships during the whole, or any part, of any such period.

B. INSPECTION OF CORPORATE RECORDS. The membership register or duplicate membership register, the books of account, and the minutes of the meetings of the members, the Directors and all committees shall be open to inspection upon a written demand of any member at any reasonable time, and for a purpose reasonably related to his interests as a member. Such inspection may be made in person or by an agent or attorney, and shall include the right to make extracts.

Demands or inspection other than those made during a members' meeting shall be made in writing upon the President, Secretary or Assistant Secretary of the Association.

C. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

D. ANNUAL REPORT AND ACCOUNT. The Board of Directors of the Association shall cause an annual report and account (including balance sheet and income statement) to be sent to the members not later than One Hundred Twenty (120) days after the close of the fiscal or calendar year.

E. EXECUTION OF CONTRACTS. The Board of Directors, except as in the By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract, deed or lease or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit to render it liable for any purpose or to any amount.

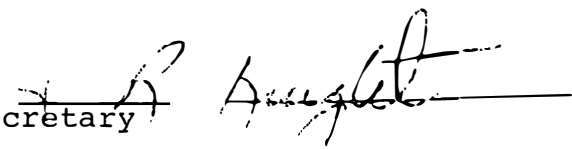
F. INSPECTION OF BY-LAWS. The Association shall keep in its principal office for the transaction of business the original or a copy of the By-Laws as amended or otherwise altered to date, certified by the Secretary which shall be open to inspection by the members at all reasonable time during office hours.

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, being the Secretary, of TAHOE CHAPARRAL RESORT OWNERS ASSOCIATION, INC., a Nevada nonprofit corporation, does hereby certify that the foregoing By-Laws consisting of IX Articles were duly adopted as the By-Laws of said corporation by the members of the Association on the 12 day of April, 1979.

TAHOE CHAPARRAL RESORT OWNERS
ASSOCIATION, INC.

BY


Secretary

MEMBERS CERTIFICATE OF ADOPTION

Pursuant to the provisions of Section 81.470 Nevada Revised Statutes, the undersigned, constituting the sole member of Tahoe Chaparral Resort Owners Association, Inc., holding all of the memberships therein, hereby consents to the adoption of the foregoing as the By-Laws for said nonprofit corporation.

DATED this 12th day of April, 1979.

LAKE TAHOE RESORT VILLAS,
A Nevada Limited Partnership

BY Robert J. Walters
~~Managing General Partner~~

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

On this 12th day of April, 1979, personally appeared before me, a Notary Public, Robert J. Walters, Managing General Partner of LAKE TAHOE RESORT VILLAS, a Nevada Limited Partnership, above-named, who acknowledged that he executed the above By-Laws.

Violet M. Drew
NOTARY PUBLIC

