

**SHARED OWNERSHIP RULES AND REGULATIONS
FOR
962 MODESTO AVENUE**

The following Rules and Regulations have been established for the benefit of all Owners. These Rules and Regulations supplement the Shared Ownership Declaration of Covenants, Conditions and Restrictions for 962 Modesto Avenue (the “**Declaration**”), but do not change your obligations as an Owner under the Declaration. These Rules and Regulations may be amended by the Consent of a Majority of the Owners. Compliance by you, your family and your guests with these Rules and Regulations will permit the use of your vacation home to run smoothly and efficiently. Please note that the failure by you or your guests to comply with these Rules and Regulations may result in the suspension of your rights and privileges as an Owner. For your convenience, a summary of these Rules and Regulations is set forth in the table below. Please be sure to read the text below, because the table is necessarily incomplete and may be difficult to comprehend. Also, please note that unless otherwise specifically defined herein, all capitalized terms shall have the meaning ascribed thereto in the Declaration.

I. DEFINITIONS

To assist you in reading the Rules and Regulations, many of the legal terms used in the Declaration have been dispensed with here in favor of plainer language. The context should make the meaning clear. To the extent there is any conflict between any provision of these Rules and Regulations and any provision of the Declaration, however, the provisions of the Declaration shall control.

II. USE PERIOD

A. For each Shared Ownership Interest I own, how many nights of use am I entitled to?

Answer: Each Owner has the exclusive right to use and occupy the Property during the designated Use Periods set forth in the Use Period Calendar attached hereto as Exhibit A. Each Owner's Use Periods are identified on the Use Period Calendar by a Block Number assigned to the Owner's particular Shared Ownership Interest. For example, the Owner of Shared Ownership Interest No. One has the exclusive right to use and occupy the Property during the Use Periods designated in Block No. 1.

In accordance with the Use Period Calendar, the Owner of Shared Ownership Interest No. One is entitled to a total of 97 nights of use; the Owner of Shared Ownership Interest No. Two is entitled to a total of 84 nights of use; the Owner of Shared Ownership Interest No. Three is entitled to a total of 84 nights of use; and the Owner of Shared Ownership Interest No. Four is entitled to a total of 100 nights of use (and one extra night of use in leap years).

B. Do I have to make a reservation to use the Property?

Answer: No.

C. May I share the Property with guests?

Answer: Yes. You may share the Property with guests, or you may have guest use some or all of your Use Periods even if you are not present. Please refer to the specific rules governing occupancy of the Property by guest set forth in Section XII, below.

D. May I rent my Use Period time?

Answer: You may rent only those days during your designated Use Periods. You may not, under any circumstances, rent out any Use Period of any other Owner. If an Owner does rent his or her Use Period, the specific rules governing occupancy of the Property by guests set forth in Section XII, below, shall apply with any renter being treated in the same manner as a Guest unaccompanied by the Owner.

The Owners must, through Manager, comply with the Lake Tahoe Vacation Rental Ordinance (Article XIII, Chapter 28A, City of South Lake Tahoe Code), which, among other things, requires owners of vacation home rentals who rent the property for thirty consecutive days or less to obtain a business license, a vacation home rental permit, and a transient occupancy tax remittance form for the Property and to pay transient occupancy taxes and annual permit fees. The ordinance subjects the owners of vacation home rentals to certain penalties for failure to abide with the ordinance and/or the permit conditions.

III. CHECK-IN AND CHECK-OUT TIMES

A. At what time may I check-in to the Property?

Answer: Check-In Time is after 4:30 p.m.

B. At what time must I check-out of the Property?

Answer: Check-Out Time is before 11:00 a.m.

C. On which days do Check-In and Check-Out times occur?

Answer: Check-In is on the first day of a Use Period as shown on the Use Period Calendar, and Check-Out is on the last day of a Use Period as shown on the Use Period Calendar.

D. Are there any other Check-In or Check-Out procedures I must follow?

Answer: Yes. Prior to arriving at the Property, you will receive a code to the key pad located near the garage door, authorizing entry into the residence. Once inside the residence, you will find the keys to the residence along with a complete inventory of items in the residence. You should conduct a check of all items on the inventory list upon your arrive and immediately report to the Manager any missing or damaged items. Failure to do so may result in your becoming financially responsible for such missing or damaged items. To help keep costs down and to assist the housekeeping staff, please turn off all lights, televisions, radios and other appliances, fold down all beds used during your stay, leave the residence keys on the kitchen table and lock the door to the residence on departure. (Note: The code use to raise the garage door during entry may also be used to close the garage door upon departure.)

IV. HOUSEKEEPING

The time between Check-Out Time and Check-In Time is reserved exclusively for the cleaning, inventory, repair and maintenance of the Property for the housekeeping and maintenance personnel.

Upon arrival you will find the Property fresh and clean. No further housekeeping is scheduled to be conducted during your stay. However, additional housekeeping services are available during your stay by contacting the Manager. A charge for additional housekeeping services will be made and reflected as a Personal Charge.

V. OCCUPANCY RESTRICTIONS

A. Could I be prevented from occupying the Property?

Answer: Yes. You may be denied occupancy of the Property if your use rights have been suspended as set forth in the documents governing your use of the Property.

B. How many persons may occupy the Property?

Answer: The maximum allowable occupancy for the Property is 10 persons.

VI. DAMAGES AND LOSSES

A. What if any damage or loss to the Property or any of its contents is discovered at check-in?

Answer: Any such damage or loss should be reported to the Manager as soon as possible after check-in. You may be charged for damage or loss to the Property or its contents which is not reported promptly after check-in.

VII. RESIDENCE INTERIOR

A. May I redecorate the Property?

Answer: No. No structural changes or moving or removal of furniture, wall hangings, or floor coverings, or redecorating of any type within the Property are permitted to be made by you or any of your guests.

VIII. EMERGENCY ACCESS TO THE RESIDENCE

A. What should I do if I lock myself out of the Residence?

Answer: The Manager has a key to the residence and should be contacted if you become locked out and cannot remember your entry code. In case of an emergency, the Manager may enter to Property and, if you are unaware of the entry, shall notify you as soon as reasonably possible of the reason therefore.

IX. EXCHANGE

A. May I exchange my Use Period(s) for time in other properties?

Answer: The Property is not affiliated with an exchange company and there presently is no ability to exchange your Use Periods, nor is one guaranteed to ever exist.

X. PERSONAL ITEMS & STORAGE

No part of the Property (including streets, driveways, garage, etc.) shall be used for the storage of any personal property without the prior written consent of the Manager and the Consent of a Majority of the Owners.

All damage to the Property or any part thereof caused by moving articles in or out shall be repaired at the expense of the Owner or guest moving such articles.

Neither the Manager nor the Declarant is responsible for personal property lost, stolen or damaged at the Property.

If an Owner or guest leaves personal belongings at the Property after checking out, Manager will make reasonable efforts to contact the Owner for a thirty (30) day period in order to return the items. If no contact is made after thirty (30) days, the items will be released to the finder or otherwise disposed of in the discretion of the Manager.

XI. AMENDMENT OF RULES AND REGULATIONS

A. Are the Rules and Regulations subject to change?

Answer: Yes. The Owners may amend the Rules and Regulations from time to time upon the Consent of a Majority of the Owners. You will be notified in advance of any changes and be asked to vote thereon.

XII. GUESTS

You may permit another person to occupy the Property during your Use Period without charge. You may invite others to share occupancy of the Property during your Use Period, provided that the maximum allowable occupancy for the Property is not exceeded. Manager will not give access to the Property to such user without permission from the Owner of the Use Period during which such user is seeking to occupy the Property. If you intend for a person other than yourself to use your Use Period or to accompany you during your Use Period, you must provide Manager with the name and address of such person(s) in writing prior to commencement of the occupancy period. When checking in, your guest will be asked to show proof of identification and sign a registration card. You will be responsible for all personal charges and/or damages to the Property resulting from use by your guests.

You may permit persons under 21 years of age to occupy the Property under the condition that he/she/they is/are accompanied by you or a guest 21 years of age or older. Additional rules and regulations governing the use of the Property by guests will be adopted by the Owners and/or Manager and may be amended from time to time.

XIII. RESTRICTED ACTIVITIES

Nothing shall be done or kept within any portion of the Property which violates any law, ordinance, statute, rule or regulation of any local, county, state or federal government or agency thereof. No noxious or offensive activity or conduct (including but not limited to the smoking of a cigarette, pipe, cigar, etc. within the residence) shall be carried on within any portion of the Property nor shall anything be done therein or there on which may or would become an annoyance or nuisance to other Owners or occupants. No portion of the Property shall be used for any trade, business or other commercial activity or solicitation except as expressly permitted by the Declaration. Except as expressly permitted by the Declaration, no Owner shall cause or permit the display of any sign or advertising matter within the Property. You are requested to control noise and your activities so that you do not disturb occupants in the surrounding neighborhood. In addition, you are requested to monitor your children's activity so they do not disturb the activities of others.

Nothing shall be done or kept within any other portion of the Property which will increase the rate of insurance on the Property without the prior written Consent of a Majority of the Owners. No Owner shall permit anything to be done or kept in the Property, or do or place anything elsewhere in the Property, which would result in the cancellation of insurance for the Property, or any portion thereof.

No Owner shall make or authorize any alterations, additions or improvements to the Property, or any portion thereof, including, but not limited to, the improvements, landscaping, or any personal property thereon, or the furnishings; or paint, repaint tile, paper or otherwise refinish or redecorate the inner surfaces of the walls, ceilings, floors, windows or doors bounding the Property or remove, alter or replace any portion of the furnishings without the prior written Consent of a Majority of the Owners. The right to perform all of the foregoing acts, with respect to the Property shall be delegated to the Manager under the

terms and conditions of the Management Contract, unless otherwise determined by the Consent of a Majority of the Owners. The foregoing prohibitions, however, shall not modify or affect the obligation of each Owner for the prudent care and ordinary maintenance and upkeep of the Property during his or her Permitted User's use.

XIV. PETS

Except for one dog during any Use Period, no animals or pets of any kind are allowed upon any portion of the Property (except those animals or pets certified to provide aid to the handicapped when accompanied by the handicapped individual).

XV. TELEPHONE CALLS

The residence is furnished with a private telephone with direct line access for local calls only. A record of all calls will be maintained by the Manager. Any long-distance calls made during an Owner's Use Period will be charged to the Owner at check-out. The Manager may impose reasonable charges for local and long-distance telephone calls, whether or not such calls are collect, billed to a credit card, billed to your home phone or billed to your business number.

XVI. PERSONAL CHARGES.

Towards the end of creating a casual ambience at the Property, all Owners will be required to maintain a \$500.00 deposit with the Manager, against which Personal Charges will be debited. The Manager will periodically assess Owners for funds to replenish this deposit once it dips below \$200.00. If for any reason an Owner's deposit is inadequate to cover his or her Personal Charges at Check-Out, the Owner will pay the deficiency at Check-Out. A minimum fee of \$10.00 will be charged for any personal charges required to be billed to an Owner after Check-Out. All Personal Charges, including, but not limited to, extra services or damages, for guests are considered the responsibility of the Owner who requested access for such guest. If an Owner's deposit is insufficient, or if an Owner has no valid credit card, or is not in residence at the Property, all goods and services must be paid for in cash or by accepted credit cards at the time goods or services are purchased. Any unpaid Personal Charges will bear interest at the maximum rate specified in Article V of the Declaration.

XVII. ENFORCEMENT OF THE RULES AND REGULATIONS

All Owners and their guests are expected to adhere to the requirements set forth in these Rules and Regulations and the Declaration. To assist in the enforcement of the provisions of these two documents, the Manager has been delegated enforcement authority. Any Owner or guest who has been advised by the Manager that they are in violation of the Rules and Regulations or the Declaration will immediately cease and desist the offending activity.

If any Owner or his guest, after being notified by the Manager that they are in violation of the Rules and Regulations or Declaration, fails to comply with the Manager's direction, the matter will be referred to all the Owners for consideration of the assessment of penalties by reason of such person's non-compliance in accordance with the terms of the Governing Instruments.

XVIII. EMERGENCIES

In case of an emergency, Owners should contact the appropriate authority by dialing **911**.

XIX. FAILURE TO VACATE.

If an Owner or permitted user fails to vacate the Property on time at the end of his Use Period, such Owner or permitted user may be subject to disciplinary action, monetary penalties or both.

XX. CONTROL OF CHILDREN

Parents are responsible for the conduct of their children. Children under 13 years of age must be accompanied by an adult at all times. Parents will be held financially responsible for disturbance or damage caused by minor children. Failure to pay for damages caused by such behavior may affect the Owner's right to use the Property.

XXI. SIGNS

No signs (including, without limitation, "For Sale" or "For Rent" signs) or flags of any kind shall be placed in the windows or on doors or other exterior surfaces of any portion of the Property except with the Consent of a Majority of the Owners.

READ AND APPROVED:

{Owner Signature}

{Print Name}

{Date}

{Owner Signature}

{Print Name}

{Date}

{Owner Signature}

{Print Name}

{Date}

{Owner Signature}

{Print Name}

{Date}

{Owner Signature}

{Print Name}

{Date}

{Owner Signature}

{Print Name}

{Date}

**EXHIBIT A
TO SHARED OWNERSHIP RULES AND REGULATIONS**

USE PERIOD CALENDAR

SEE ATTACHED