

Memorandum of Understanding
Between Storey County and the Virginia City Highlands Property Owners'
Association

**County Acquisition of the Virginia Highlands Station #2 at 2610 Cartwright Road,
Virginia City Highlands, Reno, Nevada**

This Memorandum of Understanding is between Storey County (hereinafter referred to as the "County") and the Virginia City Highlands Property Owners' Association (hereinafter referred to as "VCHPOA") outlining the County acquisition of the VCHPOA's Fire Station #2 at 2610 Cartwright Road, Virginia City Highlands, Reno, NV under the guidelines and laws of Eminent Domain.

Both parties recognize that the acquisition by the County of Fire Station #2 is in the best and common interests of the VCHPOA and of the Storey County voters and is in the interests of public safety for all parties involved.

The VCHPOA represents that it has full title to Fire Station #2 under fee simple ownership, represents that there is no indebtedness against the property, and that the VCHPOA is agreeable to transferring title to the County with the following conditions and guidelines:

The VCHPOA is agreeable and accepting the Appraisal Report prepared by Samuel K. Ward, 106 E. Adams St., Suite #212, Carson City, Nevada 89706, dated May 7, 2009, and that the purchase price paid by the County to the VCHPOA will be \$250,000.00 (Two-Hundred-Fifty-Thousand Dollars). The VCHPOA also recognizes that equipment and various trade fixtures are the personal property and owned by the County and are not included in this appraisal. The VCHPOA and County both agree that this appraisal covers the 1,944 sq. feet of the fire station and the 1,248 sq. feet of the residence on a 1.32-acre parcel within the VCHPOA jurisdiction, excepting the aforementioned equipment and trade fixtures which are the personal property of the County. The VCHPOA agrees to sell the property as-is, and the County agrees to accept the property as-is.

The payment of \$250,000.00 (Two Hundred Fifty Thousand Dollars) by the County can be paid either in full or be paid by a down payment of \$50,000.00 (Fifty-Thousand Dollars) at the close of escrow with the balance due to be paid over the following five years, at an annual simple interest rate equal to the Mid-Term Applicable Federal Rate published by the United States Department of Treasury for the month during which the County's acquisition is completed. There will be no prepayment penalty in this agreement.

Both the County and VCHPOA recognize the legal description of the property to be Lot 2, Block E as shown on the Virginia City Highlands Unit No 1 Subdivision Map, filed April 13th, 1972 as Document No. 35070, Records of Storey County, Nevada. The property is also identified by the Storey County Assessor's office as Parcel Number APN 03-041-02.

The VCHPOA represents that the sale of the Fire Station #2 has been noticed to all homeowners' of the Association in published minutes and associated documents, that such sale has been discussed and that the Board agrees unanimously that such a sale is clearly in the best interests of all property owners.

In return, the County and all of its departments, to include but not be limited to the County Fire Department, agree that once transfer of title is effected, they will all be subject to the Articles of Incorporation, By-Laws, CC&R's and Architectural Guidelines of the VCHPOA. In the event of dispute, resolution will be determined by arbitration as determined by the Nevada Ombudsman Program subject to and under the guidelines of the Nevada Revised Statutes Chapter 116. Both the County and the VCHPOA recognize the public nature of this acquisition and the County and the County Fire Department agree after acquisition to allow events of a public nature such as annual homeowners' meetings, monthly VCHPOA Board meetings and other uses for the community to be able to utilize the property as it has in the past and in compliance with reasonable procedures established by the County Fire Department. Such uses shall not be unreasonably denied by the County and/or by its departments.

The County also will recognize after acquisition that this property is rated as a residence regarding water usage and that all use of water resources will be under the restrictions of a residence. The County will recognize the need to comply with the County noise ordinances and to be considerate of all of its neighbors both in water usage and in noise abatement. The County also will continue to allow storage of the VCHPOA road equipment and tools, recognizing that this is in the interests of all parties in maintaining road conditions for snow removal and repair.

This Memorandum of Understanding and all questions of interpretation, construction and enforcement hereof and all controversies hereunder shall be governed by the applicable statutory and common law of the State of Nevada and any suits filed in regards to this Memorandum of Understanding must be filed in Nevada.

This Memorandum of Understanding including without limitation all representations, warranties and covenants made herein shall be binding upon and shall inure to the benefit of the respective parties, their heirs, successors and assigns.

Each party hereto shall pay its own expenses incident to the preparation and performance of this Memorandum of Understanding, including without limitation, attorney fees.

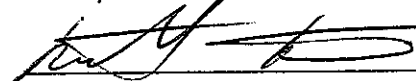
In any dispute between the parties, whether or not resulting in litigation, the parties substantially prevailing shall be entitled to recover from the other party all reasonable costs including, without limitation, reasonable attorneys' fees.

Time is of the essence regarding this Memorandum of Understanding.


Executed this 4 day of Dec., 2012



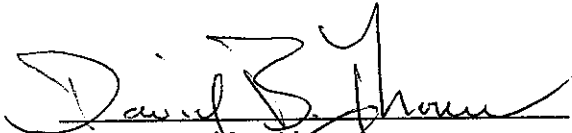
County Commissioner

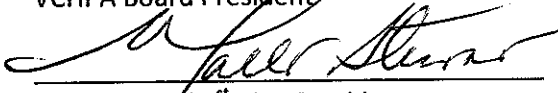



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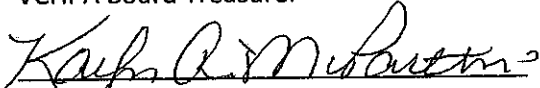


County Commissioner


VCHPA Board President


VCHPA Board 1st Vice-President


VCHPA Board Treasurer


VCHPA Board Secretary