

*** HIGHLAND RANCHES POA ***

To: Virginia City Highlands POA
Board of Directors

February 26, 1998

From: Highland Ranches POA
Board of Directors

Subject: Highlands Firehouse Taxes

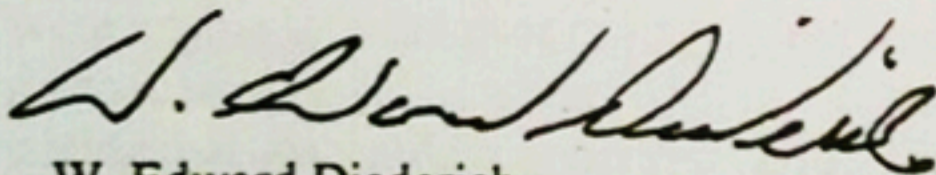
Dear Board Members,

At our most recent board meeting we discussed the letter regarding the Firehouse taxes that you presented us at our February co-meeting. After much discussion on this issue we were unable to recall ever having agreed to pay a portion of the property tax for the Firehouse. We did however recall in a commissioners meeting held at the Firestation, stating that we would support your association in obtaining tax-exempt status from the county. At our last co-meeting it was stated that you already applied for and have been denied the tax-exempt status from the county.

Our position on this issue is based on the fact that when the Firestation was initially built, the Highland Ranches POA contributed volunteer labor and approximately \$50,000.00 in cash for the project. Since our association has no legal property title rights to the Firestation or land, we cannot justify any further expenditures related to the Firestation contributed by our association.

If you have any additional questions regarding this issue, please contact our board.

Thank you,



W. Edward Diederich
President, Highland Ranches POA
Board of Directors

Highland Ranches POA
P.O. Box 1039
Virginia City, NV 89440