

APN 17-211-01,02,03,04
17-212-01,05,07

010800076

Douglas County, Nevada

RECORDATION REQUESTED BY:

Anthony J. Krol, Esquire
White and Williams LLP
1800 One Liberty Place
Philadelphia, PA 19103-7395

[Subordinated Loan]

**AMENDMENT TO
DEED OF TRUST, ASSIGNMENT OF RENTS AND PROCEEDS,
SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING
(THIS DEED OF TRUST SECURES FUTURE ADVANCES)**

THIS AMENDMENT TO DEED OF TRUST, ASSIGNMENT OF RENTS AND PROCEEDS, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING (the "**Amendment**"), is made effective as of April 20, 2001, between **WALLEY'S PARTNERS LIMITED PARTNERSHIP**, a Nevada limited partnership having an office located at 2001 Foothill Road, Genoa, Nevada 89411 ("**Grantor**"), and **STEWART TITLE OF DOUGLAS COUNTY**, as trustee to this instrument ("**Trustee**") and **LIBERTY BANK**, a Connecticut nonstock mutual savings bank with an office and place of business at 291 Main Street, Middletown, Connecticut 06457 ("**Beneficiary**").

BACKGROUND

A. In accordance with the terms of that certain Acquisition, Construction and Subordinated Debt Loan Agreement dated June 5, 1998 by and between Beneficiary and Grantor (as amended, the "**Prior Construction Loan Agreement**"), Beneficiary agreed to extend to Grantor, inter alia, a certain \$800,000.00 Subordinated Loan.

B. Grantor's obligation to repay the above-described credit facility is evidenced by Grantor's promissory note dated June 5, 1998 in the original principal amount of Eight Hundred Thousand Dollars (\$800,000.00) (the "**Prior Note**").

C. The Prior Construction Loan Agreement, the Prior Note and all other documents executed and delivered in connection with or collateral to any of the foregoing, as any of the same may be amended, modified, supplemented, extended and/or renewed from time to time, are sometimes referred to collectively as the "**Prior Loan Documents**".

D. Beneficiary and Grantor have entered into an Amended and Restated Acquisition, Construction and Subordinated Debt Loan Agreement of even date with this Amendment (as the same may be amended, modified, supplemented, extended, renewed and/or restated the "**Amended Construction Loan Agreement**"). Pursuant to the Amended Construction Loan Agreement, Beneficiary has agreed, inter alia to continue to extend the Subordinated Loan to Grantors, to

increase the principal amount thereof to \$1,181,832.74 by adding accrued and unpaid interest to the principal balance, and to otherwise modify the payment terms of such Subordinated Loan.

E. Grantor's obligation to repay the above-described Subordinated Loan, pursuant to the terms of the Amended Construction Loan Agreement is further evidenced by Guarantor's amended and restated promissory note in the original principal amount of \$1,181,832.74 (as the same may be amended, modified, supplemented, extended, renewed and/or restated the "**Current Note**").

F. The Amended Construction Loan Agreement, the Current Note, all other documents executed and delivered in connection with such documents and the transactions contemplated thereunder, as any of the same may be amended, modified, supplemented, extended, renewed and/or restated are referred to herein as the "**Amended Loan Documents**").

G. Grantor has previously executed and delivered a Deed of Trust, Assignment of Rents and Proceeds, Security Agreement, Financing Statement and Fixture Filing dated June 5, 1998 naming Stewart Title of Douglas County, as trustee, and Liberty Bank, as beneficiary (the "**Deed of Trust**"). The Deed of Trust was recorded as document number 0441511 in Book 0698 Page 1782 of the real estate records of Douglas County, Nevada.

H. The Deed of Trust encumbers the real property being commonly referred to as 2001 Foothill Road, Genoa, Nevada, more particularly described on **Exhibit "A"** attached hereto.

Now, therefore, for valuable consideration the parties hereto agree as follows:

1. Definitions. The following defined terms as used in the Deed of Trust shall have the following meanings and the definitions for such terms in the Deed of Trust are amended and restated in their entireties to read as follows:

"Deed of Trust" means this Deed of Trust among Grantor, Lender, and Trustee, as amended by this Amendment dated April 20, 2001 and as it may be further amended, modified, supplemented, extended, renewed and/or restated.

"Loan Agreement" means the Amended Construction Loan Agreement, as the same may be amended, modified, supplemented, extended, renewed and/or restated.

"Loan Documents" means the Amended Construction Loan Agreement, the Current Note, the Amended Loan Documents, the Prior Loan Documents, all documents executed in connection with Future Advances or any of the other Indebtedness, this Deed of Trust and all other documents executed and delivered in connection with or collateral to any of the foregoing, as any of the same may be amended, modified, supplemented, extended, renewed and/or restated from time to time.

“**Note**” means and includes the amended and restated subordinated loan note in the principal amount of \$1,181,832.74, dated April 20, 2001 made by Grantor payable to the order of Lender together with all renewals, extensions, modifications, refinancings, and substitutions for such Note.

“**Overdue Rate**” shall mean the applicable Default Rate, as defined in the Loan Agreement.

2. **Future Advances and Indebtedness.** The obligations of Grantor under the Amended Construction Loan Agreement, the Current Note and the Amended Loan Documents shall be expressly included as “Future Advances” and “Indebtedness” under the Deed of Trust. The Deed of Trust shall secure all of such obligations of Grantor.

3. **Confirmation of Lien.** Grantor agrees that the lien of the Deed of Trust shall secure the obligations of Grantor under the Amended Loan Documents in addition to all other Indebtedness and Future Advances and that such lien is hereby ratified and confirmed.

4. **Inconsistency.** To the extent of any inconsistency between the terms and conditions of this Amendment and the terms and conditions of the Deed of Trust, the terms and conditions of this Amendment shall prevail.

5. **Ratification.** All terms and conditions of the Deed of Trust not inconsistent herewith shall remain in full force and effect and are hereby ratified and confirmed by Grantor.

6. **No Release.** Nothing contained herein is intended to terminate or release the lien of the Deed of Trust, which lien is hereby ratified, confirmed, extended and continued.

7. **Legal Description of Real Estate Exhibit.** An exhibit, titled “LEGAL DESCRIPTION EXHIBIT A,” is attached to this Amendment and by this reference is made a part of this Amendment just as if all the provisions, terms and conditions of the Exhibit had been fully set forth in this Amendment.

8. **Water Rights.** The water rights described on **Exhibit “B”** attached to this Amendment are owned by the Grantor and are appurtenant to and run with the land encumbered by the Deed of Trust, which land is more fully described on **Exhibit “A”** attached to this Amendment. All of such water rights shall be deemed to be encumbered by and conveyed by the Grantor under the Deed of Trust as amended by this Amendment.

9. **Miscellaneous Provisions.** The following miscellaneous provisions are a part of this Amendment:

9.1 **Amendments.** No alteration of or amendment to this Amendment shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

9.2 **Applicable Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of Nevada.

9.3 **Caption Headings.** Caption headings in this Amendment are for convenience purposes only and are not to be used to interpret or define the provisions of this Amendment.

9.4 **Severability.** If a court of competent jurisdiction finds any provision of this Amendment to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Amendment in all other respects shall remain valid and enforceable.

9.5 **Waiver of Right to Trial by Jury.** GRANTOR AND BENEFICIARY WAIVE ANY RIGHT TO TRIAL BY JURY ON ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER ANY OF THE LOAN DOCUMENTS OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF GRANTOR AND BENEFICIARY WITH RESPECT TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. GRANTOR AND BENEFICIARY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF GRANTOR AND BENEFICIARY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. GRANTOR ACKNOWLEDGES THAT IT HAS HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, REGARDING THIS SECTION, THAT IT FULLY UNDERSTANDS ITS TERMS, CONTENT AND EFFECT, AND THAT IT VOLUNTARILY AND KNOWINGLY AGREES TO THE TERMS OF THIS SECTION.

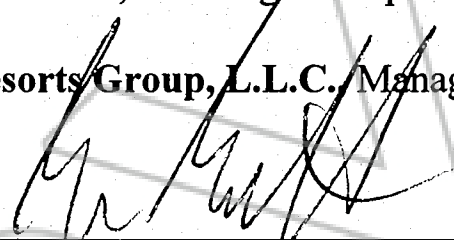
GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AMENDMENT, AND AGREES TO ITS TERMS.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed effective as of the date written above.

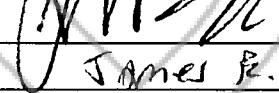
WALLEY'S PARTNERS LIMITED PARTNERSHIP, a Nevada limited partnership

By: Valley Partners, L.L.C., its sole general partner

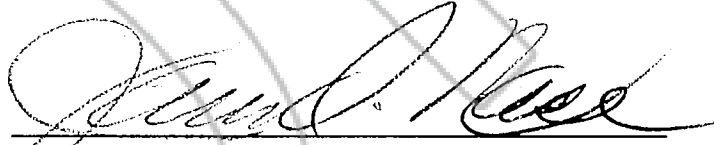
By: Sierra Resorts Group, L.L.C. Manager

By: 
Name/Title: GARY GROSTKE, MANAGER

LIBERTY BANK

By: 
Name/Title: JAMES R. BISHOP, SUP

STEWART TITLE OF DOUGLAS COUNTY

By: 
Name/Title: JAMES D. BOSE
Vice President

STATE OF PENNSYLVANIA :

SS.

COUNTY OF PHILADELPHIA :

On this, the 19th day of APRIL, 2001 before me, a notary public, personally appeared GARY GROTKE, who acknowledged himself to be the MANAGER of Sierra Resorts Group, L.L.C., Manager of Valley Partners, L.L.C., a Nevada limited liability company and the sole general partner of Walley's Partners Limited Partnership, and that he as such officer, being authorized to do so, executed the foregoing instrument on behalf of the partnership for the purposes therein contained by signing his name on behalf of the company as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Mary E. Brundage
Notary Public
My Commission Expires:

SEAL

NOTARIAL SEAL
MARY E. BRUNDAGE, Notary Public
City of Philadelphia, Phila. County
My Commission Expires May 5, 2003

STATE OF Connecticut :

ss. Middletown

COUNTY OF Middlesex :

On this, the 20 day of APRIL, 2001 before me, a notary public, personally appeared JAMES E. BISHOP, who acknowledged himself to be the SR. VICE PRESIDENT of Liberty Bank, a Connecticut nonstock mutual savings bank, and that he as such officer, being authorized to do so, executed the foregoing instrument on behalf of the Bank for the purposes therein contained by signing his name on behalf of the Bank as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Arlene S. Moroch

Notary Public

ARLENE S. MOROCH

My Commission Expires:

NOTARY PUBLIC

MY COMMISSION EXPIRES NOV. 30, 2005

SEAL

COPY

STATE OF Nevada :

COUNTY OF Douglas :

SS.

On this, the 23 day of April, 2001 before me, a notary public, personally appeared JAMES D. ROSE, who acknowledged himself to be the Vice President of Stewart Title of Douglas County, as Trustee, and that he as such Vice President, being authorized to do so, executed the foregoing instrument on behalf of Stewart Title of Douglas County for the purposes therein contained by signing his name on behalf of Stewart Title of Douglas County as such _____.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Mary H. Kelsh
Notary Public
My Commission Expires: 11-5-02

COPY

EXHIBIT "A"

Legal Description

COPY

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LEGAL DESCRIPTION

Order No.: 98080620

The land referred to herein is situated in the State of Nevada, County of Douglas, described as follows:

PARCEL A:

A parcel of land located within a portion of the West one-half of the Northeast one-quarter (W1/2NE1/4) of Section 22, Township 13 North, Range 19 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the one-quarter corner common to Sections 15 and 22, T. 13 N., R. 19 E., M.D.M., a found 1985 BLM brass cap as shown on the Record of Survey prepared by David D. Winchell and recorded September 28, 1989 in the office of Recorder, Douglas County, Nevada as Document No. 211937;

thence along the north-south centerline of said Section 22, South $00^{\circ}15'37''$ West, 166.96 feet to the POINT OF BEGINNING;

thence along the north line of Parcel A as shown on the Parcel Map for Edgar R. and Helen J. Johnson recorded June 23, 1976 in the office of Recorder, Douglas County, Nevada as Document No. 01230, South $88^{\circ}33'18''$ East, 370.82 feet to a point on the westerly right-of-way of Foothill Road;

thence along said westerly right-of-way along the arc of a curve to the right, nontangent to the preceding course, having a radius of 1150.00 feet, central angle of $01^{\circ}40'17''$, arc length of 33.55 feet, chord bearing South $28^{\circ}00'23''$ West, a chord distance of 33.55 feet;

thence continuing along said westerly right-of-way, South $28^{\circ}50'31''$ West, 265.21 feet;

thence continuing along said westerly right-of-way along the arc of a curve to the left having a radius of 1250.00 feet, central angle of $24^{\circ}21'00''$, arc length of 531.23 feet, chord bearing South $16^{\circ}40'01''$ West, and chord distance of 527.25 feet;

thence continuing along said westerly right-of-way, South $04^{\circ}29'31''$ West, 313.93 feet;

thence continuing along said westerly right-of-way along the arc of a curve to the right having a radius of 1150.00 feet,
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STEWART TITLE
Guaranty Company

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LEGAL DESCRIPTION - continued
Order No.:98080620

central angle of $02^{\circ}54'29''$, arc length of 58.37 feet, chord bearing South $05^{\circ}56'46''$ West, and chord distance of 58.36 feet;

thence along the south line of said Parcel A, North $89^{\circ}57'53''$ West, 50.37 feet to a point on said north-south centerline of Section 22;

thence along said north-south centerline, North $00^{\circ}15'37''$ East, 1147.37 feet to the POINT OF BEGINNING.

Assessors Parcel No. 17-211-01

PARCEL B:

A parcel of land located within portions of the Southwest one-quarter of the Southeast one-quarter (SW1/4SE1/4) of Section 15 and the Northwest one-quarter of the Northeast one-quarter (NW1/4NE1/4) of Section 22, Township 13 North, Range 19 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the one-quarter corner common to Sections 15 and 22, T. 13 N., R. 19 E., M.D.M., a found 1985 BLM brass cap as shown on the Record of Survey prepared by David D. Winchell and recorded September 28, 1989 in the office of Recorder, Douglas County, Nevada as Document No. 211937, the POINT OF BEGINNING;

thence along the north-south centerline of said section 15, North $00^{\circ}03'48''$ West, 132.83 feet to a found $5/8''$ rebar, LS 827;

thence along the north line of Parcel B as shown on the Parcel Map for Edgar R. and Helen J. Johnson recorded June 23, 1976 in the office of Recorder, Douglas County, Nevada as Document No. 01230, South $88^{\circ}39'09''$ East, 474.47 feet to a point on the westerly right-of-way of Foothill Road;

thence along said westerly right-of-way along the arc of a curve to the right, nontangent to the preceding course, having a radius of 1150.00 feet, central angle of $15^{\circ}46'42''$, arc length of 316.69 feet, chord bearing South $19^{\circ}16'53''$ West, and chord distance of 315.69 feet;

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thence along the south line of said Parcel B, North $88^{\circ}33'18''$ West, 370.82 feet to a point on the north-south centerline of said Section 22;

thence along said north-south centerline of Section 22, North $00^{\circ}15'37''$ East, 166.96 feet to the POINT OF BEGINNING.

Assessors Parcel No. 17-211-02

PARCEL C:

A parcel of land located within a portion of the Southwest one-quarter of the Southeast one-quarter (SW1/4SE1/4) of Section 15, Township 14 North, Range 19 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the one-quarter corner common to Sections 15 and 22, T. 13 N., R. 19 E., M.D.M., a found 1985 BLM brass cap as shown on the Record of Survey prepared by David D. Winchell and recorded September 28, 1989 in the office of Recorder, Douglas County, Nevada as Document No. 211937;

thence along the north-south centerline of said Section 15, North $00^{\circ}03'48''$ West, 132.83 feet to a found $5/8''$ rebar, LS 827, the POINT OF BEGINNING;

thence continuing along said north-south centerline, North $00^{\circ}03'48''$ West, 262.00 feet;

thence along the north line of Parcel C as shown on the Parcel Map for Edgar R. and Helen J. Johnson recorded June 23, 1976 in the office of Recorder, Douglas County, Nevada as Document No. 01230, South $88^{\circ}40'14''$ East, 496.90 feet to a point on the westerly right-of-way of Foothill Road;

thence along said westerly right-of-way along the arc of a curve to the right, nontangent to the preceding course, having a radius of 1150.00 feet, central angle of $13^{\circ}06'36''$, arc length of 263.13 feet, chord bearing South $04^{\circ}50'14''$ West, and a chord distance of 262.56 feet;

thence along the south line of said Parcel C, North $88^{\circ}39'09''$

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West, 474.47 feet to the POINT OF BEGINNING.

Assessors Parcel No. 17-211-03

PARCEL D:

A parcel of land located within a portion of the southwest one-quarter of the Southeast one-quarter (SW1/4SE1/4) of Section 15, Township 13 North, Range 19 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the one-quarter corner common to Section 15 and 22, T. 13 N., R. 19 E., M.D.M., a found 1985 BLM brass cap as shown on the Record of Survey prepared by David D. Winchell and recorded September 28, 1989 in the office of Recorder, Douglas County, Nevada as Document No. 211937;

thence along the north-south centerline of said Section 15, North $00^{\circ}03'48''$ West, 394.83 feet to the POINT OF BEGINNING;

thence continuing along said north-south centerline of Section 15, North $00^{\circ}03'48''$ West, 927.74 feet to a found 2" iron pipe, no tag;

thence along the north line of Parcel D as shown on the Parcel Map for Edgar R. and Helen J. Johnson recorded June 23, 1976 in the office of Recorder, Douglas County, Nevada as Document No. 01230, North $86^{\circ}52'39''$ East, 152.42 feet to a point on the westerly right-of-way of Foothill Road;

thence along said westerly right-of-way, South $25^{\circ}40'29''$ East, 536.80 feet;

thence along the arc of a curve to the right having a radius of 1150.00 feet, central angle of $23^{\circ}57'25''$, arc length of 480.85 feet, chord bearing South $13^{\circ}41'47''$ East, and chord distance of 477.35 feet;

thence along the south line of said Parcel D, North $88^{\circ}40'14''$ West, 496.90 feet to the POINT OF BEGINNING.

Assessors Parcel No. 17-211-04

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PARCEL E:

A parcel of land located within a portion of the West one-half of the Southeast one-quarter (W1/2SE1/4) of Section 15 and the West one-half of the Northeast one-quarter (W1/2NE1/4) of Section 22, Township 13 North, Range 19 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the one-quarter corner common to Sections 15 and 22, T. 13 N., R. 19 E., M.D.M., a found 1985 BLM brass cap as shown on the Record of Survey prepared by David D. Winchell and recorded September 28, 1989 in the office of Recorder, Douglas County, Nevada as Document No. 211937;

thence along the north-south centerline of said Section 15, North $00^{\circ}03'48''$ West, 1322.57 feet to a found 2" iron pipe, no tag;

thence North $86^{\circ}52'39''$ East, 249.87 feet to a point on the easterly right-of-way of Foothill Road, the POINT OF BEGINNING;

thence continuing North $86^{\circ}52'39''$ East, 4.38 feet to a found fence post, no tag, per Deed recorded February 28, 1977 in the office of Recorder, Douglas County, Nevada in Book 277, at Page 1249;

thence South $89^{\circ}20'43''$ East, 1064.63 feet;

thence South $00^{\circ}04'09''$ West, 2621.92 feet to a point on the north-south 1/16 line of the Northeast one-quarter of said Section 22;

thence South $89^{\circ}11'10''$ West, 1178.84 feet to a found 1/2" rebar, no tag, a point on said easterly right-of-way of Foothill Road;

thence along said easterly right-of-way along the arc of a curve to the left, nontangent to the preceding course, having a radius of 1240.00 feet, central angle of $02^{\circ}22'15''$, arc length of 51.31 feet, chord bearing North $05^{\circ}40'39''$ East, and chord distance of 51.31 feet;

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thence North $04^{\circ}29'31''$ East, 313.93 feet;

thence along the arc of a curve to the right having a radius of 1160.00 feet, central angle of $24^{\circ}21'00''$, arc length of 492.99 feet, chord bearing North $16^{\circ}40'01''$ East, and chord distance of 489.28 feet;

thence North $28^{\circ}50'31''$ East, 265.21 feet;

thence along the arc of a curve to the left having a radius of 1240.00 feet, central angle of $54^{\circ}31'00''$, arc length of 1179.85 feet, chord bearing North $01^{\circ}35'01''$ East, a chord distance of 1135.85 feet;

thence North $25^{\circ}40'29''$ West, 499.42 feet to the POINT OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING:

A parcel of land located within a portion of the Southwest one-quarter of the southeast one-quarter (SW1/4SE1/4) of Section 15, Township 13 North, Range 19 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the one-quarter corner common to Sections 15 and 22, T. 13 N., R. 19 E., M.D.M., a found 1985 BLM brass cap as shown on the Record of Survey prepared by David D. Winchell and recorded September 28, 1989 in the office of Recorder, Douglas County, Nevada as Document No. 211937;

thence North $80^{\circ}37'31''$ East, 709.60 feet per Quitclaim Deed recorded August 2, 1971 in the office of Recorder, Douglas County, Nevada in Book 89, at Page 392 to the POINT OF BEGINNING;

thence North $80^{\circ}17'29''$ West, 62.50 feet per said Deed;
thence North $09^{\circ}42'31''$ East, 348.48 feet per said Deed;
thence South $80^{\circ}17'29''$ East, 125.00 feet per said Deed;
thence South $09^{\circ}42'31''$ West, 348.48 feet per said Deed;
thence North $80^{\circ}17'29''$ West, 62.50 feet per said Deed to the POINT OF BEGINNING.

A Portion of Assessors Parcel No. 17-212-01

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PARCEL F:

A parcel of land located within a portion of the Southwest one-quarter of the southeast one-quarter (SW1/4SE1/4) of Section 15, Township 13 North, Range 19 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the one-quarter corner common to Sections 15 and 22, T. 13 N., R. 19 E., M.D.M., a found 1985 BLM brass cap as shown on the Record of Survey prepared by David D. Winchell and recorded September 28, 1989 in the office of Recorder, Douglas County, Nevada as Document No. 211937;

thence North $80^{\circ}37'31''$ East, 709.60 feet per Quitclaim Deed recorded August 2, 1971 in the office of Recorder, Douglas County, Nevada in Book 89, at Page 392 to the POINT OF BEGINNING;

thence North $80^{\circ}17'29''$ West, 62.50 feet per said Deed;
thence North $09^{\circ}42'31''$ East, 348.48 feet per said Deed;
thence South $80^{\circ}17'29''$ East, 125.00 feet per said Deed;
thence South $09^{\circ}42'31''$ West, 348.48 feet per said Deed;
thence North $80^{\circ}17'29''$ West, 62.50 feet per said Deed to the POINT OF BEGINNING.

A Portion of Assessors Parcel No. 17-212-01

Reference is made to Record of Survey for Walley's Hot Springs, Inc., filed for record in the office of the County Recorder of Douglas County, Nevada, on May 14, 1998, in Book 598 at Page 2700, as Document No. 439613.

"Together with all water rights, surface or ground, permitted, certificated, adjudicated, or vested, as well as all seeps, springs, and other rights to water, of any nature whatsoever, appurtenant to or historically used on the property" under permit nos, 48320, 48321, 20409, certificate 6712, and proof no 07310

Which land is described as follows, pursuant to a Commercial Subdivision, filed for record with the Douglas County Recorder on October 19, 2000, in Book 1000, at Page 3464, as Document No. 501638, and by Certificate of Amendment recorded November 3, 2000 in Book 1100, Page 467, as Document No. 502689, Official Records of Douglas County, Nevada:

The land referred to herein is situated in the State of Nevada, County of Douglas, described as follows:

PARCEL 1:

PARCELS A, B, C, D, E-1 and F, of the Final Subdivision Map LDA #98-05 for DAVID WALLEY'S RESORT, a Commercial Subdivision, filed for record with the Douglas County Recorder on October 19, 2000, in Book 1000, at Page 3464, as Document No. 501638, and by Certificate of Amendment recorded November 3, 2000 in Book 1100, Page 467, as Document No. 502689, Official Records of Douglas County, Nevada.

APN's 17-211-01, 17-211-02, 17-211-03, 17-211-04, 17-212-05, 17-212-07

TOGETHER WITH a permanent non-exclusive easement for utilities and access, FOR THE BENEFIT OF PARCEL E-1, as set forth in Quitclaim Deed recorded September 17, 1998 in Book 998, Page 3250 as Document No. 449574, Official Records, Douglas County, Nevada.

PARCEL 2:

All that real property situate in the County of Douglas, State of Nevada, described as follows:

A parcel of land located within a portion of the West one-half of the Southeast one-quarter (W1/2SE1/4) of Section 15 and the West one-half of the Northeast one-quarter (W1/2NE1/4) of Section 22, Township 13 North, Range 19 East, Mount Diablo Meridian, more particularly described as follows:

Commencing at the one-quarter corner common to Sections 15 and 22, T.13N, R19.E, M.D.M., a found 1985 BLM brass cap as shown on the Record of Survey prepared by David D. Winchell and recorded September 28, 1989 in the office of Recorder, Douglas County, Nevada as Document No. 211937; thence along the north-south centerline of said Section 15, North 00°03' 48" West, 1322.57 feet to a found 2" iron pipe, no tag; thence North 86°52'39" East, 249.87 feet to a point on the easterly right-of-way of Foothill Road, the Northwest corner of Parcel E as shown on the Record of Survey for Walley's Hot Springs, Inc. recorded May 14, 1998 in the office of the Recorder, Douglas County, Nevada as document No. 439613, the POINT OF BEGINNING; thence along the boundary of said Parcel E the following courses: thence continuing North 86°52'39" East, 4.38 feet to a found fence post, no tag, per Deed Recorded February 28, 1977 in the office of Recorder, Douglas County, Nevada in Book 277, at page 1249; thence South 89°20'43" East, 1064.63 feet; thence South 00°04'09" West, 2621.92 feet to a point on the north-south 1/16 line of the Northeast one-quarter of said Section 22; thence South 89°11'10" West, 1178.84 feet to a found 1/2" rebar, no tag, a point on said easterly right-of-way of Foothill Road; thence along said easterly right-of-way along the arc of a curve to the left, nontangent to the preceding course, having a radius of 1240.00 feet, central angle of 02°22'15", arc length of 51.31 feet, chord bearing North 05°40'39" East, and a chord distance of

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51.31 feet; thence North 04°29'31" East, 313.93 feet; thence along the arc of a curve to the right having a radius of 1160.00 feet, central angle of 24°21'00", arc length of 492.99 feet, chord bearing North 16°40'01" East, and chord distance of 489.28 feet; thence North 28°50'31" East, 265.21 feet; thence along the arc of a curve to the left having a radius of 1240.00 feet, central angle of 54°31'00", arc length of 1179.85 feet, chord bearing North 01°35'01" East, and chord distance of 1135.85 feet; thence North 25°40'29" West, 499.42 feet to the POINT OF BEGINNING.

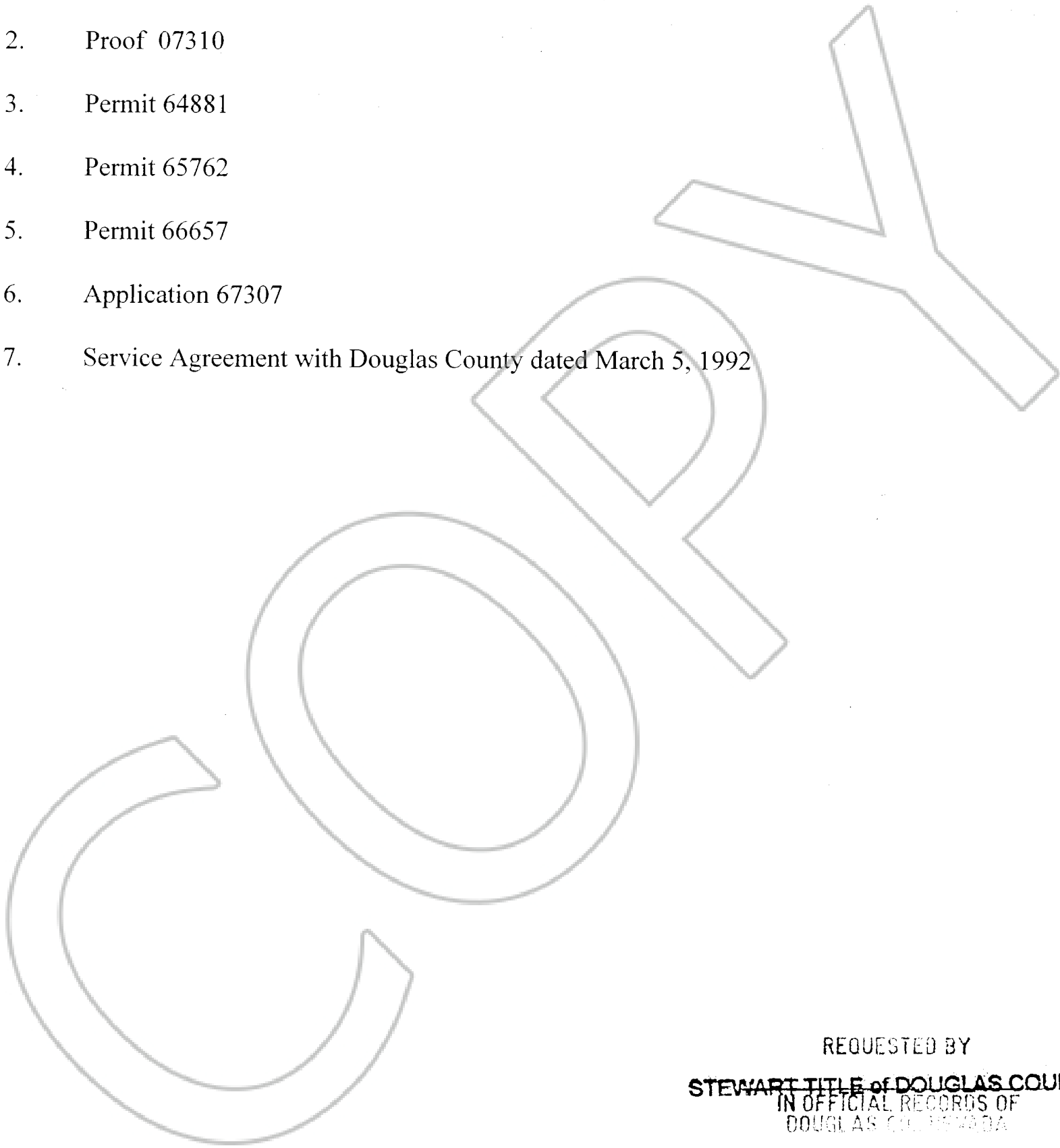
TOGETHER with a permanent non-exclusive easement for utilities and access as set forth in Quitclaim Deed recorded September 17, 1998 in Book 998, Page 3250 as Document No. 449574, Official Records, Douglas County, Nevada.

EXCEPTING THEREFROM the timeshare interests previously released of record by Liberty Bank from the liens in favor of Liberty Bank pursuant to those certain Deeds of Trust, Assignment of Rents and Proceeds, Security Agreement, Financing Statement and Fixture Filing, one dated June 5, 1998, recorded with the Recorder of Douglas County, Nevada, on June 8, 1998 in Book 0698, at page 1755, as instrument 0441510, and the other dated June 5, 1998, recorded with the Recorder of Douglas County, Nevada, on June 8, 1998 in Book 0698, at page 1782, as instrument 0441511.

EXHIBIT B

WATER RIGHTS ENCUMBERED BY DEED OF TRUST

1. Certificate 6712 under Permit 20409
2. Proof 07310
3. Permit 64881
4. Permit 65762
5. Permit 66657
6. Application 67307
7. Service Agreement with Douglas County dated March 5, 1992



REQUESTED BY
~~STEWART TITLE of DOUGLAS COUNTY~~
IN OFFICIAL RECORDS OF
DOUGLAS COUNTY, NEVADA

2001 APR 24 PM 2: 22

LINDA SLATER
RECORDER

\$25⁰⁰ PAID *KJ* DEPUTY