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DAVID WALLEYS RESORT

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DECLARATION OF ANNEXATION

OF

DAVID WALLEY'S RESORT

PHASE V

THIS DECLARATION OF ANNEXATION OF DAVID WALLEY'S RESORT PHASE V made this 26th day of May, 2006, by WALLEY'S PARTNERS LIMITED PARTNERSHIP, a Nevada limited partnership ("Declarant"), is made with reference to the following facts:

RECITALS:

A. On September 23, 1998, Declarant recorded that certain DECLARATION OF TIME SHARE COVENANTS, CONDITIONS AND RESTRICTIONS FOR DAVID WALLEY'S RESORT in the Official Records of Douglas County, Nevada which Declaration has subsequently been amended such that the FIFTH AMENDED AND RESTATED DECLARATION OF TIME SHARE COVENANTS, CONDITIONS AND RESTRICTIONS FOR DAVID WALLEY'S RESORT recorded in the Official Records of Douglas County, Nevada, as Document No. 0521436 in Book 0801 at page 6980, on August 27, 2001, is the operative version of the document ("Declaration"). The Declaration directly affects certain real property shown on that certain Subdivision Map LDA #98-05 for DAVID WALLEY'S RESORT

(A COMMERCIAL SUBDIVISION) recorded on October 19, 2000, as Document No. 501638 in Book 1000, Page 3464, all of the Official Records of Douglas County, Nevada, affects property shown on that Record of Survey for DAVID WALLEY'S RESORT prepared pursuant to said Commercial Subdivision Map recorded on April 29, 2002 as Document No. 540898 in Book 0402 at Page 9099, on that Record of Survey in Support of Boundary Line Adjustment recorded September 20, 2002, as Document No. 552536 in Book 0902 at Page 6268 creating Parcel G (Phase III) and Parcel H; and on that Record of Survey to Support A Boundary Line Adjustment recorded September 19, 2005 as Document No. 655402 in Book 0905 at Page 6557 Parcel H (Phase IV), and on that Record of Survey for David Walley's Resort recorded May 26, 2006 as Document No. 676009 in Book 0506 at Page 10742, Parcel I (Phase V);

B. Subarticle 8.2 of said Declaration provides that additional Units may be annexed by the Declarant which annexed property will be subject to said Declaration and subject to the rights, powers, and duties of the WALLEY'S PROPERTY OWNERS ASSOCIATION ("Association").

C. By this Declaration of Annexation recorded pursuant to Subarticle 8.3 of the Declaration, Declarant hereby intends to cause the annexation of said Parcel I for the construction of Four (4) Units equaling 204 Time Shares and to cause said Units constructed thereon to be subject to the terms and conditions of this Declaration of Annexation; the Declaration; and the rights, powers and duties of the Association, and to hereby establish Parcel I as Phase V of DAVID WALLEY'S RESORT.

NOW THEREFORE, it is hereby declared that Parcel I as shown on that Record of Survey for David Walley's Resort recorded on May 26, 2006 as Document No. 676009 in Book 0065 at Page 10742 in the office of the Douglas County, Nevada Recorder (Parcel I) is annexed and designated as Phase V and is subject hereto, subject to the Declaration and subject to the rights, powers and duties of the Association on the following terms and conditions:

1. The provision 1.22 of the Declaration defining the word "Phase" shall read as follows as a result of this annexation of Phase V:

1.22 "Phase" means a legally described lot or parcel of land in which there are time shares and which lot or parcel has been annexed under or is otherwise subject to this Declaration.

(a) "Phase I" means the real property and improvements thereon described in Exhibit A-1, commonly known as the Aurora building.

(b) "Phase II" means the real property and improvements thereon described in Exhibit A-2, commonly known as the Bodie building.

(c) "Phase III" means the real property and improvements on Parcel G as described in the Declaration of Annexation of David Walley's Resort Phase III, commonly known as the Canyon building.

(d) "Phase IV" means the real property and improvements on Parcel H as described in the Declaration of Annexation of David Walley's Resort Phase IV, commonly known as the Dillon I building.

(e) "Phase V" means the real property and improvements on Parcel I as described in the Declaration of Annexation of David Walley's Resort Phase V, commonly known as the Dillon II building.

2. The term "Property" as defined in Subarticle 1.23 of the Declaration and as used throughout the Declaration shall include Parcel I.

3. The term "Project" as defined in Subarticle 1.24 of the Declaration and as used throughout said Declaration shall include Parcel I.

4. The term "Time Share" as defined in Subarticle 1.31 of the Declaration and as used throughout the Declaration shall apply to Units in Parcel I.

5. The provision 1.35 of the Declaration defining the word "Unit Type" shall read as follows as a result of this annexation of Phase V:

1.35 "Unit Type" means one of the following designations:



(a) Phase I:

(i) "Deluxe Unit" or "Deluxe" means one of eighteen (18) two bedroom units not a "Premium Unit" in "Phase I" and which contains approximately 1,235 square feet;

(ii) "Premium Unit" or "Premium" or "Vista" means one of three (3) two bedroom units one (1) on each floor of Phase I being the middle unit on the floor which unit is at the apex of the Phase I building and which contains a minimum of 1,290 square feet.

(b) Phase II:

(i) "One Bedroom" means one of the five (5) one bedroom units in Phase II which contains approximately 660 square feet.

(ii) "Standard Unit" or "Standard Two Bedroom" means one of twenty-eight (28) two bedroom units in Phase II which contains approximately 1,000 square feet and which is not a Premium Unit.

(iii) "Premium Unit" or "Premium" means one of six (6) two bedroom units in Phase II and which contains approximately 1,300 square feet.

(c) Phase III:

(i) "Two Bedroom" means one of twenty-four (24) two (2) bedroom units in Phase III which contains approximately 1,050 square feet.

(d) Phase IV:

(i) "Two Bedroom" means one of four (4) two (2) bedroom units in Phase IV which contains approximately 1,117 square feet.

(e) Phase V:

(i) "Two Bedroom" means one of four (4) two (2) bedroom units in Phase V which contains approximately 1,117 square feet.

6. The provisions of Article II paragraph 2.2 of the Declaration shall apply

to Parcel I.



7. The easement rights granted and reserved under paragraphs 2.7, 2.8 and 2.9 of the Declaration shall apply to Parcel I.

8. Owners of Time Shares in Parcel I, Phase V, shall have the right to reserve, use, and occupy Time Share Units in Parcel I, Phase V, subject to the requirements and limitations set forth in Article II of the Declaration. Owners of Time Shares in Phase I, Phase II and Phase III shall not be entitled to reserve, use or occupy Time Share Units in Phase V. Owners of Time Shares in Phase V shall not be entitled to reserve, use, or occupy Time Share Units in Phase I, Phase II or Phase III. Owners of Time Shares in Phase IV and Phase V may reserve, use or occupy Units in both said phases as the Units are substantially identical. It is anticipated that subsequent phases, if built, will duplicate the Phase IV and Phase V Units both in Unit design, size and quality and that the Units will be substantially identical. In the event subsequent phase Units are substantially identical in design, size and quality, Phase IV and Phase V Owners will be allowed to make reservations in Phase IV and Phase V and in those phases with the substantially identical units, and Owners in those phases will be allowed to make reservations in Phase IV and Phase V.

9. The property hereby annexed may be de-annexed by the Declarant at any time before a Time Share in Parcel I is conveyed, in which event Declarant shall record a Declaration of de-annexation to effectuate the de-annexation.

10. The provisions of this Declaration of Annexation shall be construed, with respect to Parcel I, to control to the extent that there are specific provisions herein contradictory to or inconsistent with the Declaration. Where there is no provision herein, the Declaration shall govern. Failure to include reference to specific provisions of the Declaration herein shall not mean they are excluded. This Declaration of Annexation and the Declaration should be construed to accomplish their overall intention.

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11. Capitalized terms not defined herein shall have the meaning given to them in the Declaration.

DATED the day and year first above written.

DECLARANT:

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.,
Its Manager

By: 
DAVID HYMAN, Authorized Agent

STATE OF NEVADA)
) : ss.
COUNTY OF DOUGLAS)

On May 26th, 2006, personally appeared before me, a notary public, DAVID HYMAN, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he is the Authorized Agent of SIERRA RESORTS GROUP, L.L.C., and who further acknowledged to me that he executed the foregoing document on behalf of said limited liability company as Authorized Agent of VALLEY PARTNERS, L.L.C., the General Partner of WALLEY'S PARTNERS LIMITED PARTNERSHIP.


NOTARY PUBLIC

