

APN: a portion of 1319-15-000-024
When recorded mail to:
ALLISON, MacKENZIE, PAVLAKIS,
WRIGHT & FAGAN, LTD.
P.O. Box 646
Carson City, NV 89702

Douglas County - NV
Werner Christen - Recorder
Page: 1 of 6 Fee: 19.00
BK-0207 PG-02489 RPTT: 0.00



THE UNDERSIGNED affirm by executing this document that it does not contain the social security number of any person. (Per NRS 239B.030).

DECLARATION OF ANNEXATION

OF

DAVID WALLEY'S RESORT

Parcels L and M

THIS DECLARATION OF ANNEXATION OF DAVID WALLEY'S RESORT made this 8TH day of February, 2007, 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, (Aurora Phase and Bodie Phase) 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 - Canyon Phase) 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); 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); on the Record of Survey for David Walley's Resort recorded July 26, 2006 as Document No. 680634 in Book 0706 at Page 9384, (Parcel J, K, L and M) (Parcels H, I, J, K, L and M - Dillon Phase).

B. Subarticle 8.2 and 8.3 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 and Annexation, Declarant hereby intends to annex Parcels L and M and to cause their annexation for the construction of four (4) Units on Parcel L and four (4) Units on Parcel M 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 do hereby annex Parcels L and M into DAVID WALLEY'S RESORT.

NOW THEREFORE, it is hereby declared that Parcel L and Parcel M as shown on that Record of Survey for David Walley's Resort recorded on July 26, 2006 as Document No.

680634 in Book 0706 at Page 9384 in the office of the Douglas County, Nevada Recorder are annexed into David Walley's Resort, 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:

1.22 "Phase" means legally described lots or parcels of land in which there are time shares in which an Owner may make reservations pursuant to a declaration of annexation, and which lots or parcels have been annexed and are subject to the Declaration.

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

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

(d) "Dillon Phase" means the real property and improvements on Parcels H, I, J, K, L and M on those Records of Survey recorded as Documents No. 655402, 676009 and 680634 and includes what are also commonly referred to as:

- (i) Phase IV which references
Parcels H, L and M;
- (ii) Phase V which references
Parcel I;
- (iii) Phase VI which references
Parcel J; and
- (iv) Phase VII which references
Parcel K.

2. The term "Property" as defined in Subarticle 1.23 of the Declaration and as used throughout the Declaration shall include Parcels L and M.

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

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 Parcels L and M.

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

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

(a) Aurora/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) Bodie/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) Canyon/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) Dillon Phase:

(i) "Two Bedroom" means one of four (4) two (2) bedroom units on each of Parcel H, I, J, K, L and M each of which units contains approximately 1,117 square feet.

6. The provisions of Article II paragraph 2.2 of the Declaration shall apply to Parcels L and M.

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

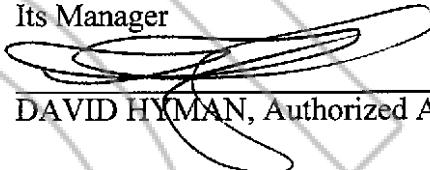
8. Owners of Time Shares in Parcels L and M shall have the right to reserve, use, and occupy Time Share Units in Parcels L and M, respectively, subject to the requirements and limitations set forth in Article II of the Declaration. Owners of Time Shares in Aurora/Phase I, Bodie/Phase II and Canyon/Phase III shall not be entitled to reserve, use or occupy Time Share Units in Parcels L or M. Owners of Time Shares in Parcels L and M shall not be entitled to reserve, use, or occupy Time Share Units in Aurora/Phase I, Bodie/Phase II or Canyon/Phase III. However, owners of Time Shares in the Dillon Phase, Parcels H, I, J, K, L and M may reserve, use or occupy Units on all said parcels, as all Units and buildings are substantially identical. It is anticipated that subsequent buildings, if built, will duplicate units on Parcels H, I, J, K, L and M, in Unit design, size and quality and that the buildings will be substantially identical. In the event subsequent Units and buildings are built which are substantially identical in design, size and quality to the Units on Parcels H, I, J, K, L and M, Owners in those subsequently built Units will be allowed to make reservations in Parcels H, I, J, K, L and M, and existing Owners in those Parcels will be allowed to make reservations in such subsequently built Units.

9. Either property hereby annexed may be de-annexed by the Declarant at any time before a Time Share in Parcels L or M, respectively, 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 Parcels L and M, 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.

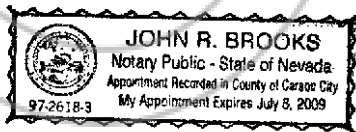
11. Capitalized terms not defined herein shall have the meaning given to them in the Declaration.


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)
CARSON CITY : ss.
COUNTY OF DOUGLAS)

On FEBRUARY 8TH, 2007, 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 Manager of VALLEY PARTNERS, L.L.C., the General Partner of WALLEY'S PARTNERS LIMITED PARTNERSHIP.




NOTARY PUBLIC