

APNs: A portion of 232-060-10;
232-104-04; 232-220-08; 232-220-11

WHEN RECORDED, MAIL TO:



Dave Davis, Esq.
Jones Vargas
100 W. Liberty St., 12th Floor
Reno, Nevada 89501

6003534A-RR

**WATER FACILITIES COST SHARING, EASEMENT
AND LICENSE AGREEMENT**

This Water Facilities Cost Sharing, Easement and License Agreement ("Agreement") is entered into effective as of the 12th day of September, 2006, by and between **SOMERSETT COUNTRY CLUB, LLC**, a Nevada limited liability company, **SOMERSETT DEVELOPMENT COMPANY, LTD.**, a Nevada limited liability company, and **SOMERSETT COUNTRY CLUB, INC.**, a Nevada non-profit corporation (individually and collectively, to the extent and at all times any is the owner and/or operator of the Country Club Property or the Country Club Controlled Water Facilities, "Country Club"), and **SOMERSETT OWNERS ASSOCIATION**, a Nevada non-profit corporation ("SOA"), with reference to the following facts, and is as follows:

RECITALS:

- A. SOA is the master homeowners' association for Somersett, a master-planned golf community located in the City of Reno, Washoe County, Nevada ("Somersett").
- B. Somersett is improved with an "executive par-3" 9-hole golf course commonly referred to as the "Canyon Nine" golf course ("Canyon Nine"). Canyon Nine is located on certain real property more particularly described in **Exhibit "A"** attached hereto and incorporated herein by this reference (the "Canyon Nine Property").
- C. Canyon Nine is owned, maintained and operated by SOA.
- D. Country Club is the owner and operator of the 18-hole championship golf course located in Somersett (the "Championship Course"). The Championship Course is located on certain real property more particularly described in its presently existing quantity and configuration on **Exhibit "B"** attached hereto and incorporated herein by this reference, and as may be altered from time to time pursuant to the ultimate build out of the development of Somersett, such real property comprising the Championship Course is referred to herein as the "Country Club Property".
- E. Canyon Nine derives golf course irrigation water from various surface water rights, which source strictly and only from the Truckee River and are delivered for application to Canyon



Nine via water diversion, pumping, transmission and retention/storage facilities, some of which are owned by Country Club and which are situated within easements benefiting Country Club or on fee property owned by Country Club (all such water facilities the "Country Club Controlled Water Facilities"). The Country Club Controlled Water Facilities are essential to the on-going and continued viability and quality operation of Canyon Nine. The Country Club Controlled Water Facilities are described more particularly and graphically depicted on **Exhibits "C-1" and "C-2"** attached hereto and incorporated herein by this reference.

F. Somersett has been developed in a manner which contemplates and requires the coordinated use of various infrastructure supporting the most efficient and reliable use and operation of the Championship Course and Canyon Nine; and the Championship Course was conveyed to Country Club, and Canyon Nine was dedicated and conveyed to SOA, both with the understanding that certain portions of the infrastructure supporting the use and operation of the Championship Course and Canyon Nine would be shared between Country Club and SOA; and this Agreement is being entered into for the express purpose of setting forth the agreed upon terms, covenants and conditions with respect thereto.

Country Club and SOA are sometimes referred to individually as "Party" and collectively, as "Parties".

NOW, THEREFORE, in consideration of the covenants, conditions and promises below set forth, Country Club and SOA agree as follows:

1. Maintenance, Repair and Operation.

1.1 Affirmative Covenant to Maintain, Repair and Operate. Country Club hereby covenants to maintain, repair, replace and operate the Country Club Controlled Water Facilities in a continual, diligent and prudent manner, so as to provide irrigation water by and through such facilities to SOA for application to Canyon Nine, during all such times as Canyon Nine is being operated as a golf course or, if not so operated, to the extent the Canyon Nine property is owned and maintained by SOA as green open-space. Country Club's obligations described in this Section 1.1 are referred to herein as the "Operational Covenant".

1.2 Standard of Care of Operational Covenant. Country Club shall fulfill the Operational Covenant to a degree, and in a manner, which is in keeping and compliant with the provision of water to Canyon Nine which, if properly applied by SOA together with such other prudent golf course maintenance and husbandry practiced by SOA, will allow SOA to maintain Canyon Nine in a condition on a par with other first-class/championship golf courses in the greater Reno/Sparks Metropolitan Area. Without limiting the foregoing sentence, the standard of care exercised by Country Club in implementing the Operational Covenant at all times shall meet the minimum operational standards and practices as set forth on **Exhibit "D"** attached hereto and incorporated herein by this reference.



1.3 Nature of Operational Covenant. The Operational Covenant touches and concerns the Country Club Property, the burden of which shall run with the Country Club Property and the benefits of which shall run with the Canyon Nine Property.

2. Cost Sharing by SOA. In consideration of Country Club's performance of the Operational Covenant, SOA shall pay to Country Club a portion of the operational and utility costs incurred by Country Club in connection therewith on the remaining terms and provisions of this Section 2.

2.1 Base Operation Charge. SOA shall pay to Country Club the monthly amount of One Thousand Two Hundred and No/100ths Dollars (\$1,200.00) (the "Operation Charge"). The Operation Charge represents SOA's total contribution for the personnel, equipment, supplies and all other needs and expenses incurred by Country Club in implementing the Operational Covenant, except for the Utility Cost Share (below defined). The Operation Charge shall be subject to increase in accordance with the consumer price index adjustment provision below set forth.

2.2 Utility Cost Increase. For the calendar years 2004, 2005 and 2006, Country Club has monitored and recorded those utility costs incurred in the operation of the Country Club Controlled Water Facilities (including the water facilities of which they are a part). Beginning with the calendar year 2007, SOA, in addition to its payment of the Operation Charge, shall pay annually to Country Club an amount equal to twenty percent (20%) of the amount by which the aggregate utility cost for the operation of the Country Club Controlled Water Facilities (including the water facilities of which they are a part) exceeds the aggregate utility cost thereof for the calendar year 2006 (for 2007 and each calendar year thereafter, the "Utility Cost Share").

2.3 Annual CPI Adjustment of Operation Charge. The Operation Charge shall be subject to adjustment on January 1, of each calendar year throughout the term of this Agreement (each such date an "Adjustment Date") as follows:

The base for computing the adjustment shall be the Consumer Price Index for All Urban Consumers -- All Items -- U.S. City Average (1982-84 = 100), published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is published nearest prior to January 1, 2006, or nearest prior to the immediately preceding Adjustment Date, whichever is later ("Base Index"). If the Index published nearest prior to the applicable Adjustment Date ("Comparison Index") has increased over the Base Index, then the Operation Charge for the period from the then Adjustment Date until the next Adjustment Date shall be set by multiplying the Operation Charge then in effect by a fraction, the numerator of which is the Comparison Index and the denominator of which is the Base Index.

If the Index has changed so that the base year differs from that used as of the date hereof, then the Index shall be converted in accordance with the conversion



factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Agreement, then such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

2.4 Payment of Operation Charge and Utilities Excess.

(a) Each monthly Operation Charge shall be paid by SOA to Country Club on or before thirty (30) days of delivery to SOA of each invoice therefor from Country Club. Any Operation Charge not paid timely by SOA shall accrue interest at the rate of eighteen percent (18%), per annum, commencing on the day payment becomes delinquent and continuing until and including the day by which such payment is delivered to Country Club.

(b) The Utility Cost Share shall be paid by SOA to Country Club on or before thirty (30) days of delivery to SOA of the annual invoice therefor from Country Club, together with such supporting back-up data and copies of utility bills as are reasonably sufficient for SOA to determine the propriety of such billing. Any Operation Charge not paid timely by SOA shall accrue interest at the rate of eighteen percent (18%), per annum, commencing on the day payment becomes delinquent and continuing until and including the day by which such payment is delivered to Country Club.

3. Easement to SOA. Country Club hereby grants and conveys to SOA a non-exclusive easement for the term of this Agreement for access over, across, under and through the Country Club Property for the purpose of the maintenance, repair, replacement and use of the Country Club Controlled Water Facilities, which easement shall exist over all such portions of the Country Club Property reasonably convenient and necessary to enjoy such easement (the "SOA Easement"). The SOA Easement is presently granted and in full force and effect; however, such grant is on the express condition that SOA may utilize the Easement only during such times as there exists an Operational Covenant Default (below defined).

4. License to SOA. Country Club hereby grants a license to SOA to maintain, repair, replace and operate all of the fixtures, equipment and other personal property components comprising the Country Club Controlled Water Facilities (the "SOA License"). The SOA License is created and granted presently and is coupled with an interest as provided in this Agreement; however, SOA may make use of and enjoy actively the SOA License only during the continuance of an Operational Covenant Default.

5. Events of Default.

5.1 Default by Country Club. At any such time that SOA determines that Country Club is in material breach of its obligations under and pursuant to this Agreement (in each



such instance, an "Operational Covenant Default") it may provide notice thereof to Country Club describing in reasonable detail the nature of such default and those actions which must be undertaken by Country Club to cure and remedy the Operational Covenant Default. Upon delivery of each such notice to Country Club, the failure of Country Club to cure such default within ten (10) days of such delivery shall be deemed a "Country Club Default", and SOA shall be entitled to exercise Self-Help Remedies (below defined) and/or avail itself of such other remedies available to it at law or in equity; provided, however, that if the nature of the Country Club Default is such that it is not commercially reasonable or capable of being cured within such thirty (30) day period, then provided Country Club commences to cure the applicable Operational Covenant Default within such thirty (30) day period and thereafter diligently and continually prosecutes such cure to completion, then the Country Club Default shall be deemed suspended pending such cure.

5.2 SOA Default. The failure of SOA to make payment of any invoice for a monthly Operation Charge or annual Utility Cost Share within thirty (30) days of delivery thereof to SOA from Country Club shall be deemed a SOA default, and Country Club may seek to collect payment of such delinquent invoice in such manner as then allowed pursuant to applicable law.

5.3 SOA Self-Help Remedies. In the event of a Country Club Default which is neither cured nor suspended in accordance with Section 5.1 above, SOA may immediately exercise its rights with respect to the SOA Easement and the SOA License in such manner as is reasonably necessary to cure the applicable Country Club Default. Such actions may be undertaken by SOA through its employees, agents and independent contractors. The actual and commercially reasonable cost incurred by SOA in exercising such easement and license rights shall be paid by Country Club to SOA within thirty (30) days of delivery of an invoice therefor from SOA to Country Club, together with such supporting and back-up invoices, third-party invoices and other materials as are reasonably sufficient for Country Club to determine the accuracy and propriety of such billing. Failure of Country Club to pay such invoiced amounts as above provided shall subject such unpaid portion thereof to interest accruing at the rate of eighteen percent (18%) per annum, commencing on the date such amount first becomes delinquent and continuing until and including the date by which such amount is paid in full.

6. Relocation and Modification of Country Club Controlled Water Facilities. During the term of this Agreement, Country Club shall be entitled to relocate, replace and modify the Country Club Controlled Water Facilities and the water facilities and systems of which they are a part, provided that in all such instances of replacement, relocation and modification, there shall be no unreasonable interference with or interruption of Country Club's ability to comply with its obligations to provide water to Canyon Nine in accordance with the Operational Covenant and the further terms and provisions of Section 1 hereof. In order for SOA to mitigate and plan for any interference with or interruption of water delivery to Canyon Nine, Country Club shall deliver notice to SOA of any reasonably anticipated interference with or interruption of the delivery of water to



Canyon Nine not less than thirty (30) days prior to the work or event anticipated to give rise to such interruption or interference.

7. Reconveyances and New Grants. This Agreement is the agreement contemplated and entered into pursuant to Section 2.4 of the Dedication Agreement (Canyon Nine Golf Course) entered into between Country Club and Association with respect to "Shared Water Facilities" (as defined in such Section 2.4); and in keeping with the intent of the terms and provisions of such Section 2.4 of such Dedication Agreement, Association hereby expressly agrees to cooperate with Country Club in connection with the ownership and operation of the Country Club Controlled Water Facilities (including the water facilities of which they are a part). Such ownership and operation may require, among other matters, the re-parceling of legal parcels and/or the adjustment of parcel line boundaries, as well as the need to encumber such parcels with easements and other operating agreements in order to provide an efficient, coordinated and integrated use of the Country Club Controlled Water Facilities (and the water facilities of which they are a part). To that end, Association expressly acknowledges and agrees that it shall cooperate with Country Club in effectuating such parcel reconfigurations and adjustments, easement grants, etc., all of which may require the conveyance of portions of the Canyon Nine Property and the grant and the acceptance of the grant of other real property interests by and to Association.

8. Force Majeure and Emergency Circumstances. The performance of Country Club's duties and obligations pursuant to Section 1 hereof shall be excused by and to the extent of the duration of any cause beyond the reasonable control of Country Club, notwithstanding Country Club's reasonable diligent efforts, including acts of God, strikes, boycotts, lock-outs or other labor difficulties, explosions, sabotage, accidents, acts of war, flood, fire or other casualty, legal requirement, governmental delays or any other cause or causes, except financial, beyond the reasonable control of Country Club and which Country Club could not have reasonably foreseen and provided against.

9. Term of Agreement. This Agreement shall continue in full force and effect in accordance with its terms until such time as Canyon Nine no longer is used either as a golf course or as open green space requiring the provision of water thereto to the extent of and as required by the terms and provisions of this Agreement.

10. Indemnification.

10.1 SOA Indemnification. SOA shall indemnify, hold harmless and defend Country Club, its officers, directors, members, partners, employees, agents and independent contractors, as the case may be, from and against, any and all losses, claims, liabilities, costs, damages of Country Club, expenses (including reasonable attorney and expert fees, and disbursements incurred by any of them in any action or proceeding brought by any third party) and suits and proceedings of any nature whatsoever (including for personal injury [including death] or property or environmental damage) arising out of or as a result of the negligent act or omission or willful misconduct of SOA in the exercise by SOA or by any of its agents, contractors, subcontractors, invitees or successors of any of its rights under the



SOA Easement or the SOA License, except to the extent any such losses, claims, liabilities, costs, damages, expenses and suits and proceedings arise from the negligence or willful misconduct of Country Club.

10.2 Country Club Indemnification. Country Club shall indemnify, hold harmless and defend SOA, its officers, directors, members, partners, employees, agents and independent contractors, as the case may be, from and against, any and all losses, claims, liabilities, costs, damages of SOA, expenses (including reasonable attorney and expert fees, and disbursements incurred by any of them in any action or proceeding brought by any third party) and suits and proceedings of any nature whatsoever (including for personal injury [including death] or property or environmental damage) arising out of or as a result of the intentional or negligent failure, such failure not being excused by force majeure or other legal excuse, of Country Club to perform the Operational Covenant in accordance with the terms and provisions of Section 1.

11. Miscellaneous Provisions.

11.1 Constructive Notice and Acceptance. Every person who now or hereafter owns or acquires any right, title or interest in or to any portion of the Country Club Property is and shall be conclusively deemed to have consented and agreed to every covenant, condition, restriction and provision contained in this Agreement, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Country Club Property.

11.2 Notices. Except as provided herein, all notices, waivers, billings and other communications hereunder shall be in writing, and shall be delivered by personal delivery, by telegraphic, facsimile or other electronic means, by overnight air courier or by mail, and shall be deemed to have been duly given and to have become effective upon receipt by the Parties or their permitted assignees at the following addresses or at such other address as shall be given in writing by a Party hereto:

To Country Club: Somerset Country Club, LLC
P.O. Box 34360
Reno, Nevada 89533

Telephone No.: (775) 323-1405

Facsimile No.: (775) 323-1498

and to:

Somerset Development Company, Ltd.
P.O. Box 34360
Reno, Nevada 89533

Telephone No.: (775) 323-1405

Facsimile No.: (775) 323-1498



and to: Somerset Country Club, Inc.
P.O. Box 34360
Reno, Nevada 89533

Telephone No.: (775) 323-1405
Facsimile No.: (775) 323-1498

To SOA: Somerset Owners Association
c/o Associated Management, Inc.
P.O. Box 51615
Sparks, Nevada 89431

Telephone No.: (775) 626-7333
Facsimile No.: (775) 626-7374

11.3 No Waiver. The failure of a Party to insist, in any one or more instances, on performance of any of the terms, covenants and conditions of this Agreement shall not be construed as a waiver or relinquishment of any rights granted hereunder or of the future performance of any such term, covenant or condition, but the obligations of the Parties with respect thereto shall continue in full force and effect. No waiver of any provision or condition of this Agreement by a Party shall be valid unless in writing signed by such Party or operational by the terms of this Agreement. A waiver by one Party of the performance of any covenant, condition, representation or warranty of another Party shall not invalidate this Agreement nor shall such waiver be construed as a waiver of any other covenant or condition. A waiver by any Party of the time for performing any act shall not constitute a waiver of the time for performing any other act or the time for performing an identical act required to be performed at a later time.

11.4 Headings. Section headings used herein are for convenience only and are not a part of this Agreement and shall not be used in construing this Agreement.

11.5 Recordation of Agreement. Each Party hereby consents to the recordation of this Agreement in the official records of Washoe County, Nevada.

11.6 Cumulative Remedies. Each remedy provided for in this Agreement shall be cumulative and not exclusive. The failure to exercise any remedy provided for in this Agreement shall not constitute a waiver of such remedy or of any other remedy provided herein or therein.

11.7 Amendments; Modifications. Any amendments or modifications of this Agreement shall be made only in writing, and be executed by all Parties.



11.8 Entire Agreement. This Agreement contains the entire understanding among the Parties concerning the subject matter hereof and thereof, and except as expressly provided for herein, supersede all prior understandings and agreements, whether oral or written, between them with respect to this Agreement.

11.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all, taken together, shall constitute one and the same instrument.

11.10 No Third-Party Rights. The Parties do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement or of any duty, covenant, obligation or understanding established under this Agreement, except insofar as such third party may be the beneficiary of an indemnity hereunder.

11.11 Further Assurances. Each Party agrees that it will, at any time and from time to time, upon written request of any other Party, execute and deliver such further documents (in recordable form, if appropriate under the circumstances) and do such further acts and things as the requesting Party may reasonably request in order to effect the purposes of this Agreement.

11.12 Evidence of Termination of Easements. SOA covenants for itself, its successors and assigns that at such time as the term of this Agreement expires as provided in Section 8, SOA, upon receipt of written request by Country Club, shall execute and deliver to Country Club a good and sufficient quitclaim deed to all easement, real covenant and license rights hereunder.

11.13 Attorney's Fees. If any legal action, arbitration or other proceeding is brought for the enforcement of this Agreement (including any cross-complaint, counterclaims, or third-party claim), or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing Party or Parties shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding (including all such costs incurred on appeal or in the enforcement of any judgment or settlement), in addition to any other relief to which it or they may be entitled.

11.14 Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns in and to the Country Club Property and Canyon Nine Property, respectively.




IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SOMERSETT COUNTRY CLUB, LLC,
a Nevada limited liability company

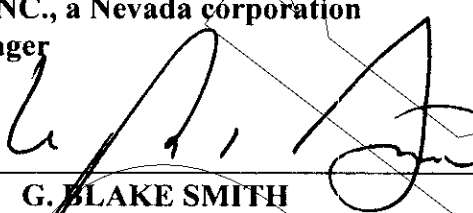
**By: SOMERSETT DEVELOPMENT COMPANY
LTD., a Nevada limited liability company**
Its: Manager

By: SR, INC., a Nevada corporation
Its: Manager

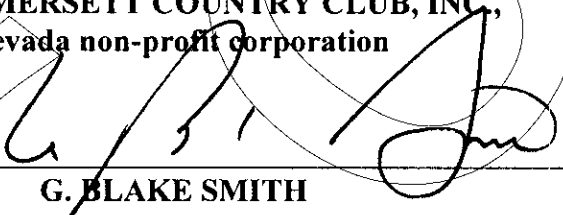
By: 
G. BLAKE SMITH
Its: President

SOMERSETT DEVELOPMENT COMPANY, LTD.,
a Nevada limited liability company

By: SR, INC., a Nevada corporation
Its: Manager

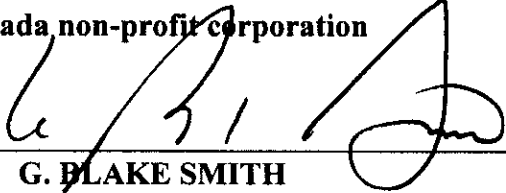
By: 
G. BLAKE SMITH
Its: President

SOMERSETT COUNTRY CLUB, INC.,
a Nevada non-profit corporation

By: 
G. BLAKE SMITH
Its: President

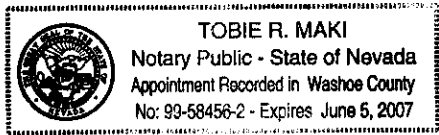


**SOMERSETT OWNERS ASSOCIATION,
a Nevada non-profit corporation**

By: 
G. BLAKE SMITH
Its: **President**

STATE OF NEVADA)
)ss.
COUNTY OF WASHOE)

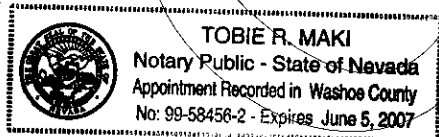
This instrument was acknowledged before me on September 2, 2006, by G. BLAKE SMITH, as President of SR, INC., a Nevada corporation, as Manager of SOMERSETT DEVELOPMENT COMPANY LTD., a Nevada limited liability company, as Manager of SOMERSETT COUNTRY CLUB, LLC, a Nevada limited liability company.




Notary Public
My Commission Expires: 6-5-07

STATE OF NEVADA)
)ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on September 2, 2006, by G. BLAKE SMITH, as President of SR, INC., a Nevada corporation, as Manager of SOMERSETT DEVELOPMENT COMPANY LTD., a Nevada limited liability company.

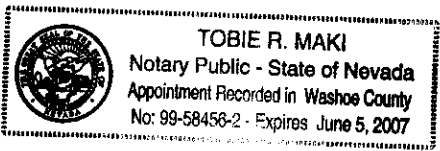



Notary Public
My Commission Expires: 6-5-07



STATE OF NEVADA)
)ss.
COUNTY OF WASHOE)

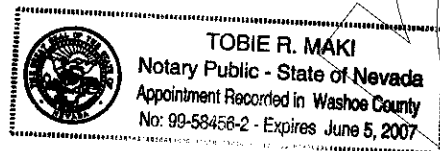
This instrument was acknowledged before me on September 12, 2006, by G. BLAKE SMITH, as President of SOMERSETT COUNTRY CLUB, INC., a Nevada non-profit corporation.



Notary Public
My Commission Expires: 6-5-07

STATE OF NEVADA)
)ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on September 12, 2006, by G. BLAKE SMITH, as President of SOMERSETT OWNERS ASSOCIATION, a Nevada non-profit corporation.



Notary Public
My Commission Expires: 6-5-07

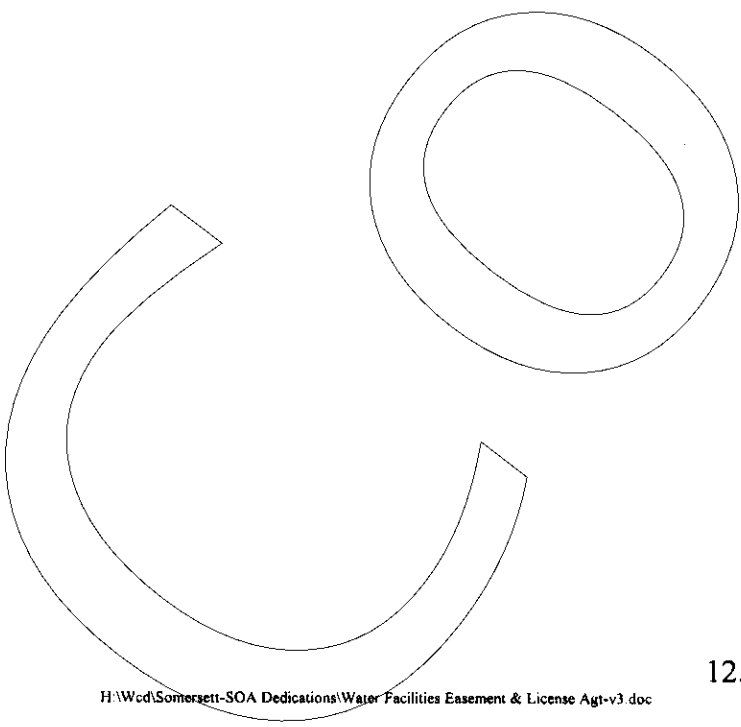




EXHIBIT "A"

Canyon Nine
Legal Description

All that certain real property situate in the City of Reno, County of Washoe, State of Nevada, more particularly described as follows:

PARCEL 2:

Parcel A-2 of PARCEL MAP NO. 4609, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on August 4, 2006, as File No. 3422329.

APN: a portion of 232-060-10

PARCEL 3:

Parcel D Common Area of AUTUMN RIDGE PHASE 1 @ SOMERSETT, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on February 14, 2002, as File No. 2652501, Tract Map No. 4056.

APN: 232-104-04

PARCEL 4:

Parcel B of PARCEL MAP NO. 4313, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on January 7, 2005, as File No. 3153490.

APN: 232-220-08

PARCEL 5:

Parcel C of PARCEL MAP NO. 4314, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on January 7, 2005, as File No. 3153491.

APN: 232-220-11



EXHIBIT "B"

Country Club Property
Legal Description

All that certain real property situate in the City of Reno, County of Washoe, State of Nevada, more particularly described as follows:

PARCEL 1:

All that certain real property situated within a portion of the Northwest Quarter (NW 1/4) of Section Twelve (12), Township Nineteen (19) North, Range Eighteen (18) East, Mount Diablo Meridian, set forth as Adjusted Parcel 1A in Boundary Line Adjustment & Quitclaim Deed recorded June 16, 2006, as Document No. 3401826 of Official Records, being more particularly described as follows:

BEGINNING at the most northwesterly corner of Parcel 1, as shown on that "Second Parcel Map for Somersett Town Center", recorded 4123, File Number 2965382, Official Records of Washoe County, Nevada, said point also being on the southerly right of way line of Somersett Parkway, as shown on that "Dedication Map of Somersett Parkway Phase 2", recorded in the office of the Washoe County Recorder on February 13, 2002, as Dedication Tract Map No. 4053, File Number 2652303, Official Records of Washoe County, Nevada;

Thence along the southerly right of way line of said Somersett Parkway, South 79°08'37" East, a distance of 65.42 feet;

Thence leaving the southerly right of way line of said Somersett Parkway, South 10°51'23" West, a distance of 49.53 feet;

Thence South 51°53'05" West, a distance of 80.25 feet;

Thence South 04°33'44" West, a distance of 107.51 feet;

Thence South 79°08'37" East, a distance of 83.89 feet;

Thence North 10°51'23" East, a distance of 9.00 feet;

Thence South 79°08'37" East, a distance of 43.00 feet;

Thence North 10°51'23" East, a distance of 8.50 feet;



Thence South $79^{\circ}08'37''$ East, a distance of 14.00 feet;

Thence Northeasterly along the arc of a tangent curve to the left having an arc length of 8.64 feet and a radius of 5.50 feet, through a central angle of $90^{\circ}00'00''$, whose chord bears North $55^{\circ}51'23''$ East, a distance of 7.78 feet;

Thence South $77^{\circ}43'59''$ East, a distance of 26.79 feet;

Thence North $10^{\circ}51'52''$ East, a distance of 62.69 feet;

Thence North $70^{\circ}37'49''$ East, a distance of 19.53 feet;

Thence Southeasterly along the arc of a non-tangent curve to the left having an arc length of 9.38 feet and a radius of 163.00 feet, through a central angle of $03^{\circ}17'57''$, whose chord bears South $12^{\circ}37'22''$ East, a distance of 9.38 feet;

Thence South $14^{\circ}16'19''$ East, a distance of 21.00 feet;

Thence Southeasterly along the arc of a tangent curve to the right having an arc length of 59.54 feet and a radius of 137.00 feet, through a central angle of $24^{\circ}54'08''$, whose chord bears South $01^{\circ}49'15''$ East, a distance of 59.08 feet;

Thence South $10^{\circ}37'49''$ West, a distance of 125.14 feet;

Thence Southeasterly along the arc of a tangent curve to the left having an arc length of 126.94 feet and a radius of 88.00 feet, through a central angle of $82^{\circ}38'59''$, whose chord bears South $30^{\circ}41'40''$ East, a distance of 116.22 feet;

Thence South $72^{\circ}01'10''$ East, a distance of 73.57 feet;

Thence Southeasterly along the arc of a tangent curve to the left having an arc length of 45.54 feet and a radius of 113.00 feet, through a central angle of $23^{\circ}05'33''$, whose chord bears South $83^{\circ}33'56''$ East, a distance of 45.24 feet;

Thence South $12^{\circ}01'10''$ East, a distance of 63.07 feet to the southerly line of said Parcel 1;

Thence along the southerly line of said Parcel 1 the following ten (10) courses:

1. South $90^{\circ}00'00''$ West, a distance of 103.11 feet;

2.



2. South 00°00'00" West, a distance of 61.38 feet;
3. South 90°00'00" West, a distance of 14.81 feet;
4. South 56°50'51" West, a distance of 49.23 feet;
5. South 00°00'00" West, a distance of 33.78 feet;
6. South 64°32'38" West, a distance of 86.74 feet;
7. South 00°00'00" West, a distance of 33.30 feet;
8. South 90°00'00" West, a distance of 68.16 feet;
9. South 00°00'00" West, a distance of 47.00 feet;
10. South 90°00'00" West, a distance of 401.21 feet to the southwesterly corner of said Parcel 1; also being a point on the easterly line of Parcel A-1, as shown on that "Record of Survey in Support of a Boundary Line Adjustment between Somerset Development Company, LTD., Morgan Pointe, LLC, Joseph & Monique Festinese, Robert & Stephanie Angold, and Robert Eisan & Nancy Austin", recorded in the office of the Washoe County Recorder on April 14, 2003, as Record of Survey Map No. 4232, Document No. 2836417, Official Records of Washoe County, Nevada;

Thence along the westerly line of said Parcel 1 the following four (4) courses:

1. North 29°30'32" East, a distance of 393.95 feet;
2. North 42°54'22" East, a distance of 182.92 feet;
3. North 12°47'06" West, a distance of 86.06 feet;
4. North 10°51'24" East, a distance of 245.00 feet to the Point of Beginning;

Said parcel is further shown and delineated as Parcel 1-A on Record of Survey No. 4742, filed June 16, 2006 as File No. 3401827.

APN: A portion of 232-051-01 and 02.

Document Number 3401826 is provided pursuant to the requirements of Section 1. NRS 111.312



EXHIBIT "C-1"

**Description of Country Club
Controlled Water Facilities**

COPY

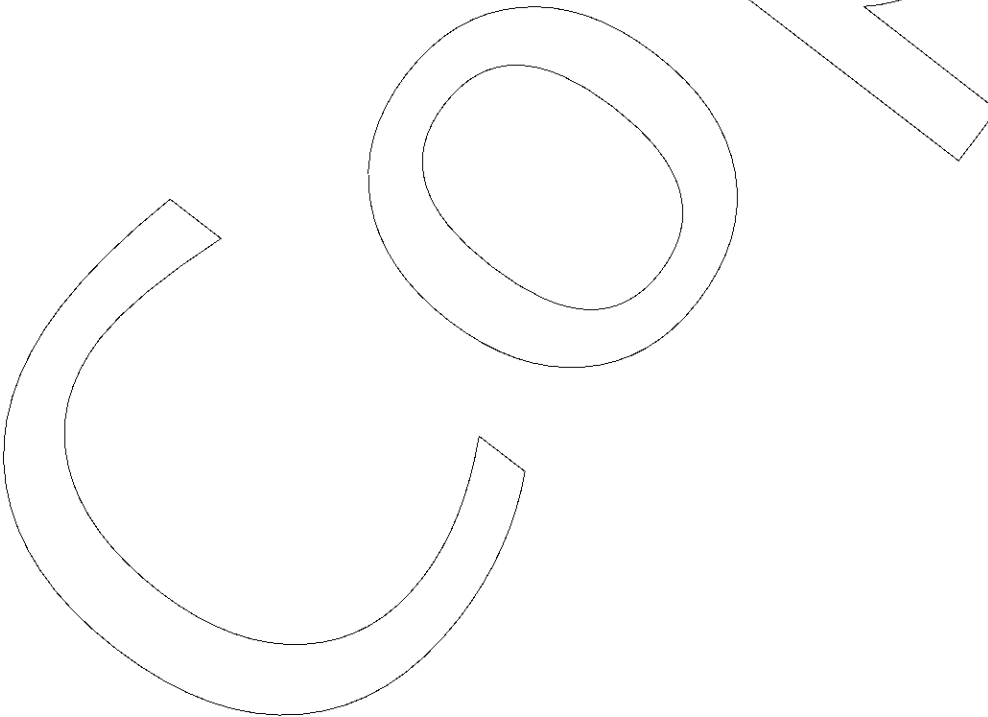


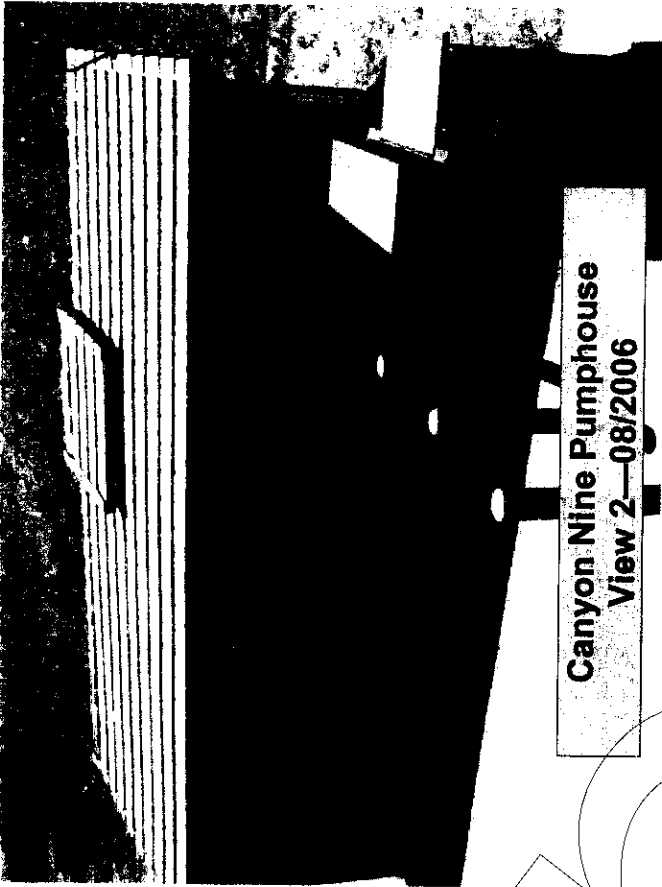
SOMERSETT C.C. & CANYON NINE WATER SYSTEM

TRUCKEE RIVER: Two 75 horsepower pumps located at the pump house in Mogul. The pumps rotate and run separately up to the lake on hole # 9 of the Canyon Nine. This is an eight inch line with a flow of 600 gallons per minute. The water is stored in the lake for two different functions; irrigating the Canyon Nine and to transfer water to the country club.

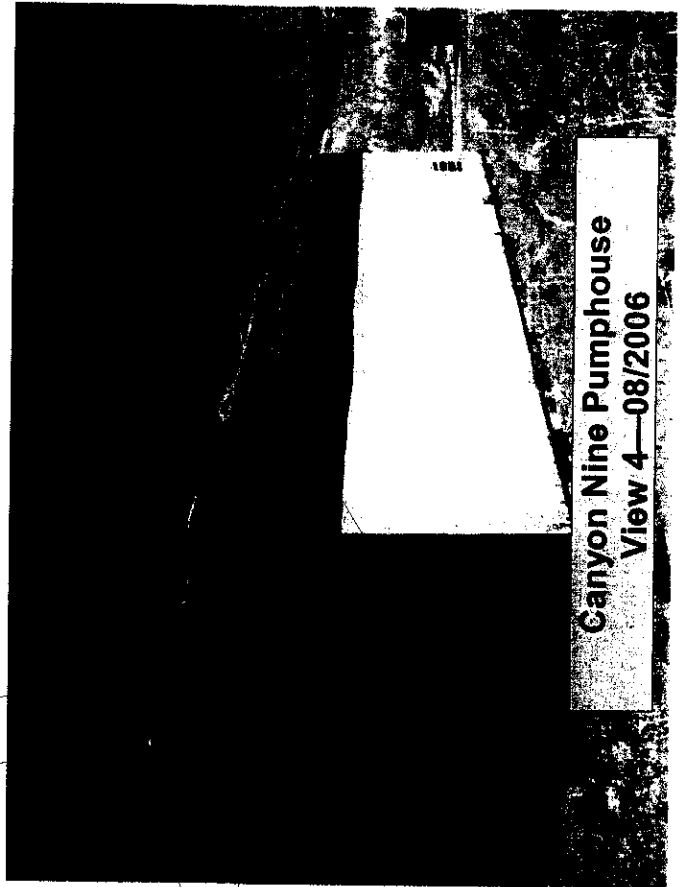
CANYON NINE PUMP HOUSE: This one pump station does two different features. It irrigates the Canyon Nine with two 30 horsepower pumps that run automatically from the computerized irrigation system. This starts as an eight inch line and reduces according to plan with a flow up to 400 gallons per minute. Another two 75 horsepower pumps run separately and manually that transfers water from the lake on hole # 9 of the Canyon Nine to the lake on hole #14 of the country club. This is an eight inch line with a flow up to 900 gallons per minute.

G:\SOA\Dedication.September06\C9 CC water system.doc

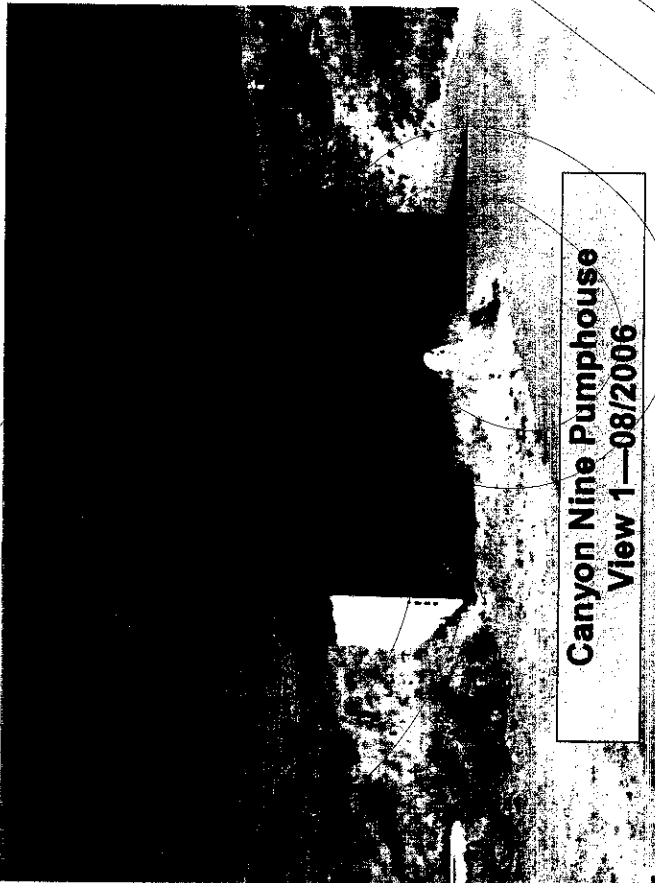




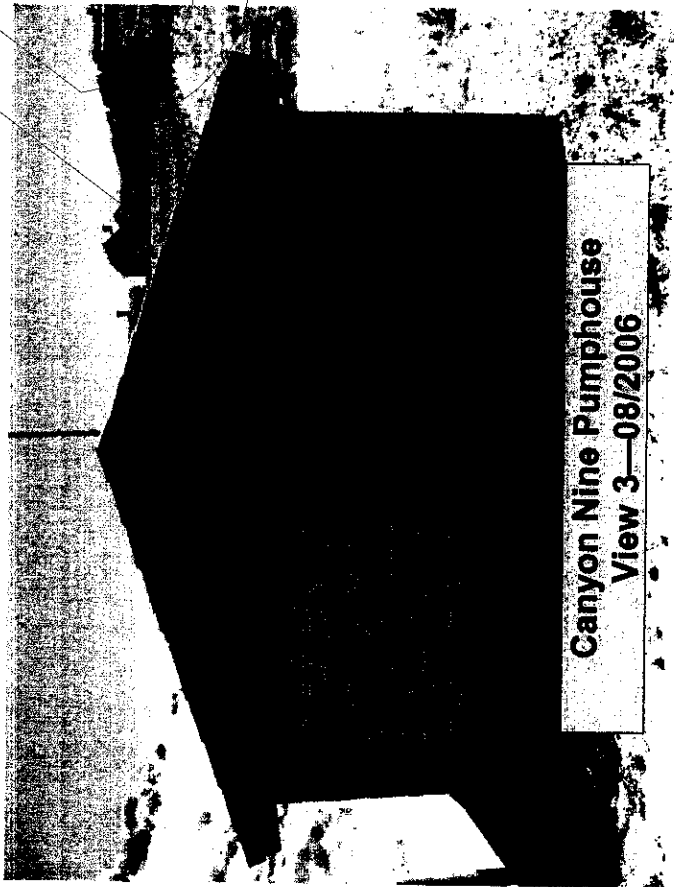
Canyon Nine Pumpphose
View 2—08/2006



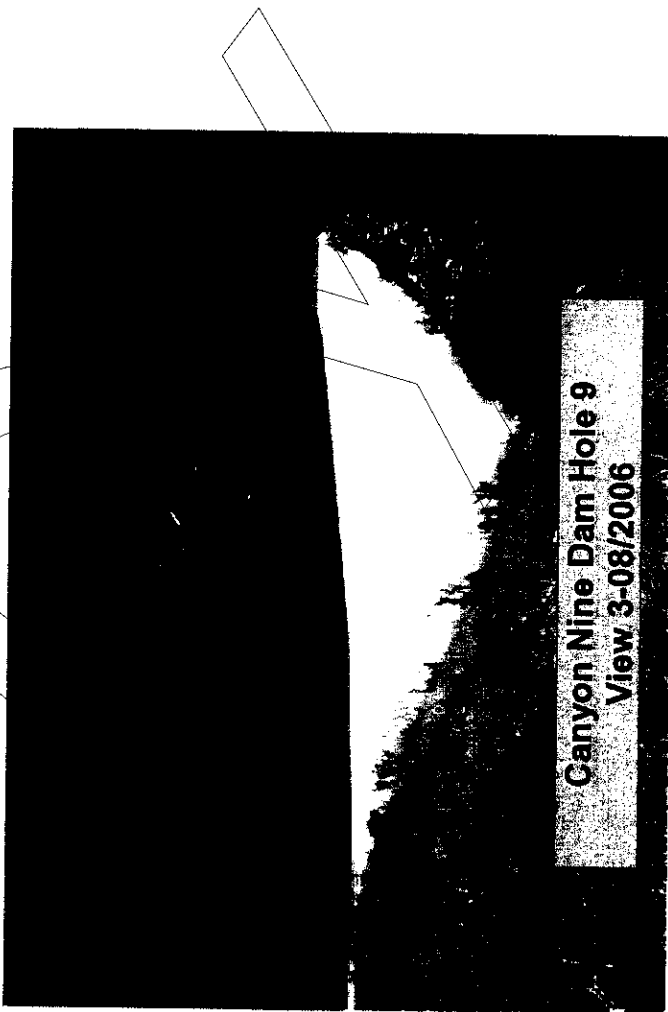
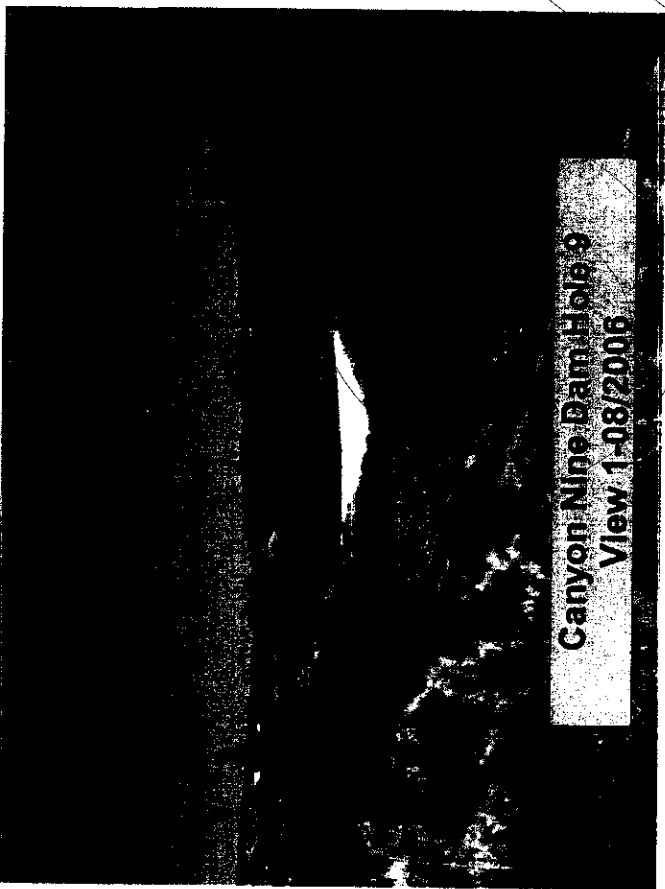
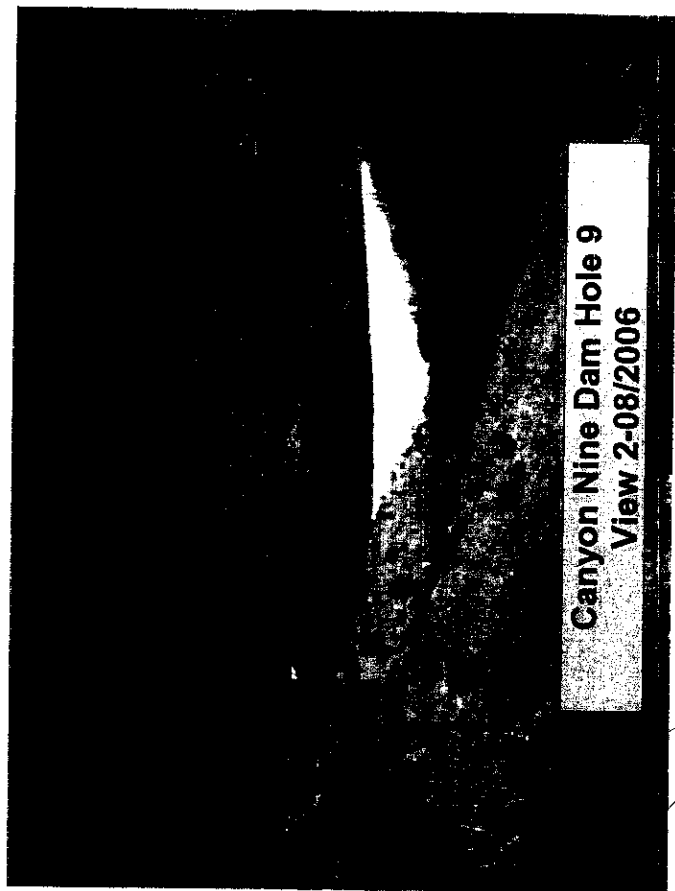
Canyon Nine Pumpphose
View 4—08/2006



Canyon Nine Pumpphose
View 1—08/2006



Canyon Nine Pumpphose
View 3—08/2006

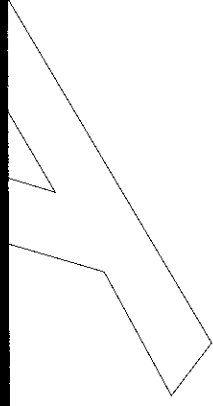
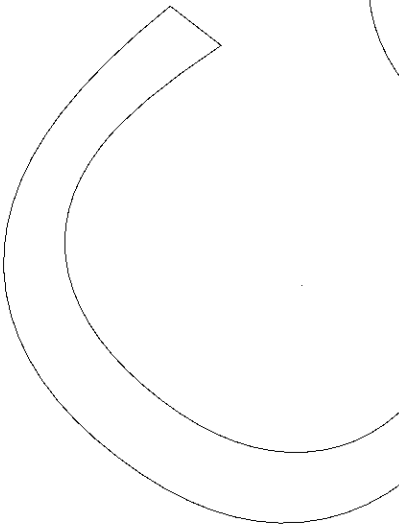




Canyon Nine Pond
View 2—08/2006



Canyon Nine Pond
View 1—08/2006

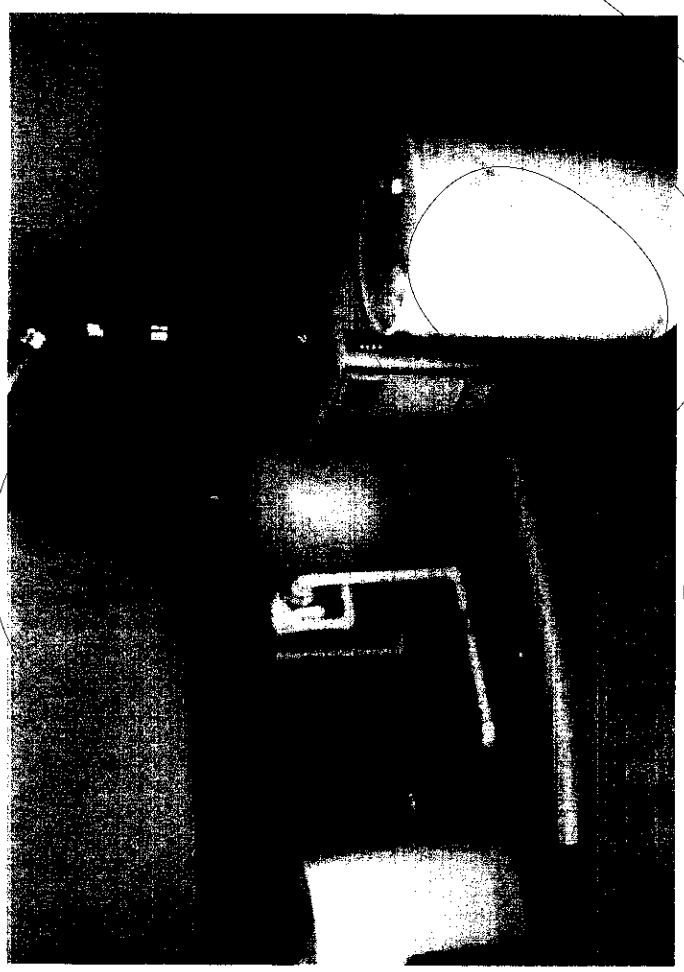




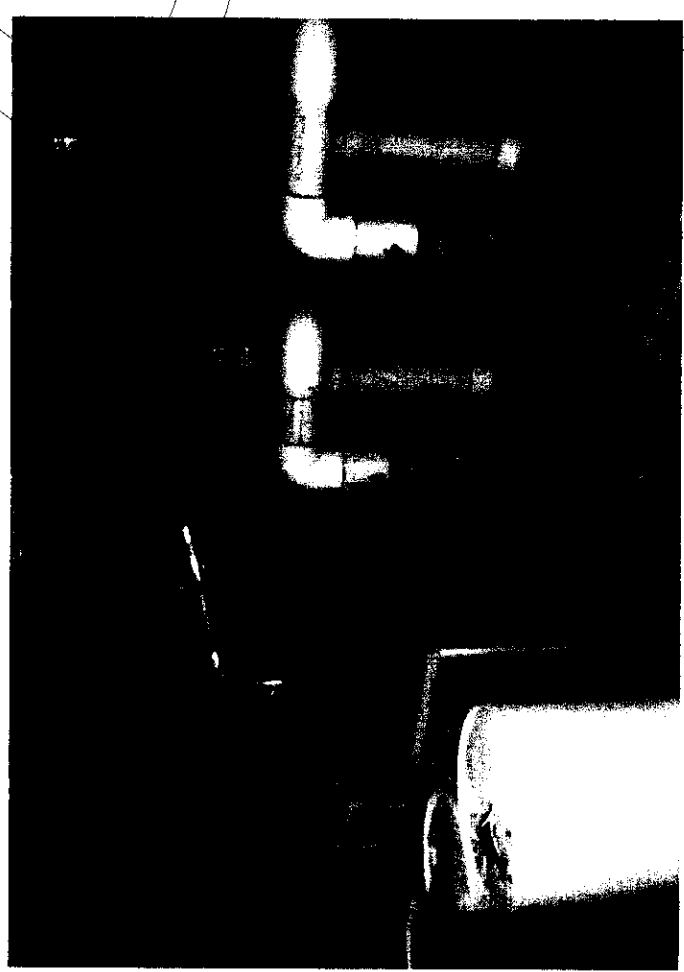
Tennis Courts



Lap Pump Room



Lap Pump Room

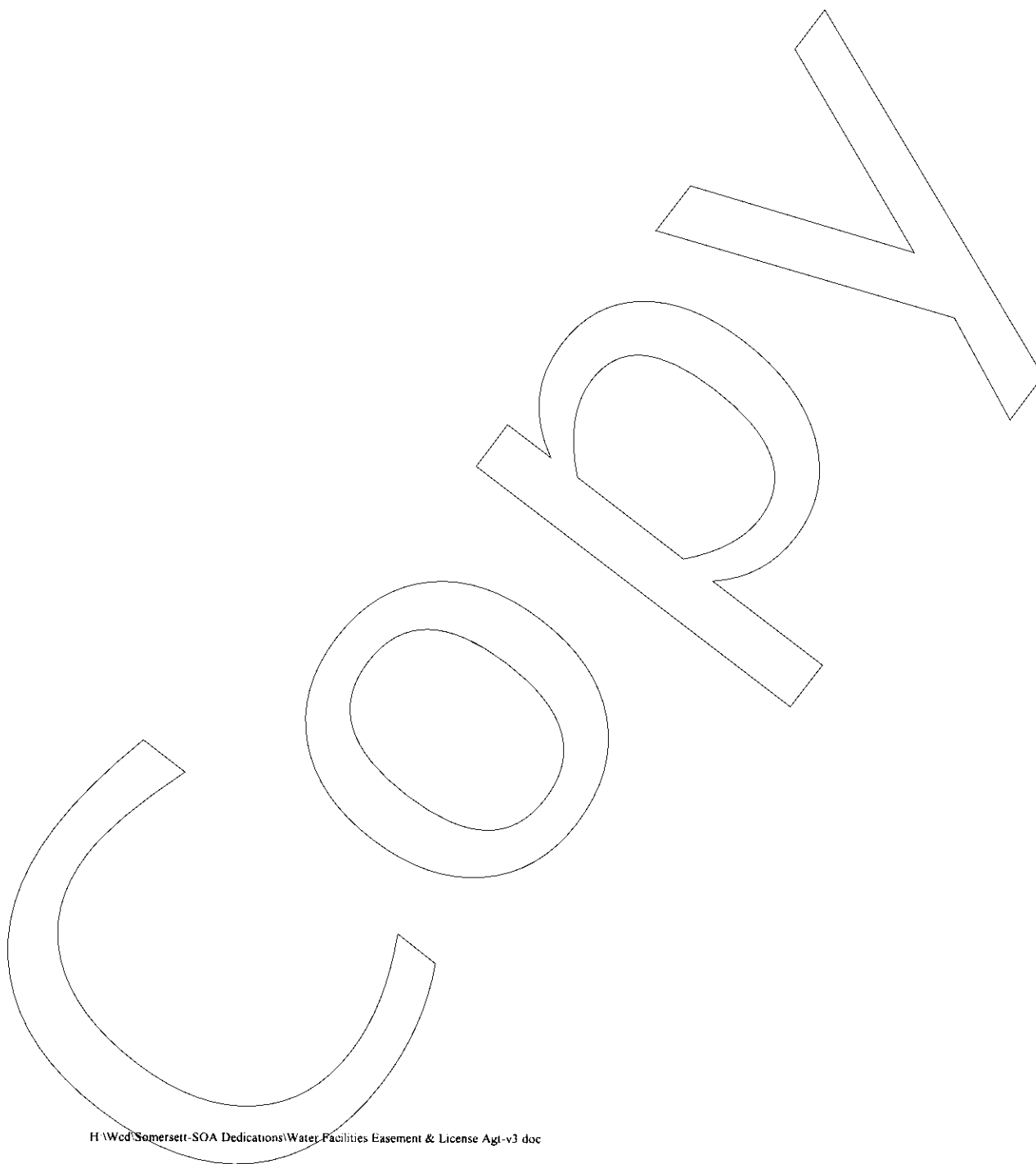


Play Pump Room



EXHIBIT "C-2"

**Graphic Depiction of Country Club
Controlled Water Facilities**





SOMERSET LAND USE

NEIGHBORHOOD	USE	DWELLING UNITS	NEIGHBORHOOD USE	DWELLING UNITS
VILLAGE 1			VILLAGE 4	
VILLAGE 2			4A	PATIO/VILLAGE 16,075
VILLAGE 3			4B	ESTATE 16,789
VILLAGE 4			4C	ESTATE 16,789
VILLAGE 5			VILLAGE 5	10,412,550
VILLAGE 6			5A	ESTATE 10
VILLAGE 7			5B	COURTYARD 24
VILLAGE 8			5C	ESTATE 17
VILLAGE 9			5D	ESTATE 17
VILLAGE 10			5E	ESTATE 17
VILLAGE 11			5F	ESTATE 17
VILLAGE 12			5G	ESTATE 17
VILLAGE 13			5H	ESTATE 17
VILLAGE 14			5I	ESTATE 17
VILLAGE 15			5J	ESTATE 17
VILLAGE 16			5K	ESTATE 17
VILLAGE 17			5L	ESTATE 17
VILLAGE 18			5M	ESTATE 17
VILLAGE 19			5N	ESTATE 17
VILLAGE 20			5O	ESTATE 17
VILLAGE 21			5P	ESTATE 17
VILLAGE 22			5Q	ESTATE 17
VILLAGE 23			5R	ESTATE 17
VILLAGE 24			5S	ESTATE 17
VILLAGE 25			5T	ESTATE 17
VILLAGE 26			5U	ESTATE 17
VILLAGE 27			5V	ESTATE 17
VILLAGE 28			5W	ESTATE 17
VILLAGE 29			5X	ESTATE 17
VILLAGE 30			5Y	ESTATE 17
VILLAGE 31			5Z	ESTATE 17
VILLAGE 32			5AA	ESTATE 17
VILLAGE 33			5AB	ESTATE 17
VILLAGE 34			5AC	ESTATE 17
VILLAGE 35			5AD	ESTATE 17
VILLAGE 36			5AE	ESTATE 17
VILLAGE 37			5AF	ESTATE 17
VILLAGE 38			5AG	ESTATE 17
VILLAGE 39			5AH	ESTATE 17
VILLAGE 40			5AI	ESTATE 17
VILLAGE 41			5AJ	ESTATE 17
VILLAGE 42			5AK	ESTATE 17
VILLAGE 43			5AL	ESTATE 17
VILLAGE 44			5AM	ESTATE 17
VILLAGE 45			5AN	ESTATE 17
VILLAGE 46			5AO	ESTATE 17
VILLAGE 47			5AP	ESTATE 17
VILLAGE 48			5AQ	ESTATE 17
VILLAGE 49			5AR	ESTATE 17
VILLAGE 50			5AS	ESTATE 17
VILLAGE 51			5AT	ESTATE 17
VILLAGE 52			5AU	ESTATE 17
VILLAGE 53			5AV	ESTATE 17
VILLAGE 54			5AW	ESTATE 17
VILLAGE 55			5AX	ESTATE 17
VILLAGE 56			5AY	ESTATE 17
VILLAGE 57			5AZ	ESTATE 17
VILLAGE 58			5BA	ESTATE 17
VILLAGE 59			5BB	ESTATE 17
VILLAGE 60			5BC	ESTATE 17
VILLAGE 61			5BD	ESTATE 17
VILLAGE 62			5BE	ESTATE 17
VILLAGE 63			5BF	ESTATE 17
VILLAGE 64			5BG	ESTATE 17
VILLAGE 65			5BH	ESTATE 17
VILLAGE 66			5BI	ESTATE 17
VILLAGE 67			5BJ	ESTATE 17
VILLAGE 68			5BK	ESTATE 17
VILLAGE 69			5BL	ESTATE 17
VILLAGE 70			5BM	ESTATE 17
VILLAGE 71			5BN	ESTATE 17
VILLAGE 72			5BO	ESTATE 17
VILLAGE 73			5BP	ESTATE 17
VILLAGE 74			5BQ	ESTATE 17
VILLAGE 75			5BR	ESTATE 17
VILLAGE 76			5BS	ESTATE 17
VILLAGE 77			5BT	ESTATE 17
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VILLAGE 79			5BV	ESTATE 17
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VILLAGE 112			5DC	ESTATE 17
VILLAGE 113			5DD	ESTATE 17
VILLAGE 114			5DE	ESTATE 17
VILLAGE 115			5DF	ESTATE 17
VILLAGE 116			5DG	ESTATE 17
VILLAGE 117			5DH	ESTATE 17
VILLAGE 118			5DI	ESTATE 17
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VILLAGE 120			5DK	ESTATE 17
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VILLAGE 125			5DP	ESTATE 17
VILLAGE 126			5DQ	ESTATE 17
VILLAGE 127			5DR	ESTATE 17
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VILLAGE 195			5GH	ESTATE 17
VILLAGE 196			5GI	ESTATE 17
VILLAGE 197			5GJ	ESTATE 17
VILLAGE 198			5GK	ESTATE 17
VILLAGE 199			5GL	ESTATE 17
VILLAGE 200			5GM	ESTATE 17

- SOMERSET DEVELOPMENT
- SBE DEVELOPMENT
- SIERRA CANTON 2 DEVELOPMENT
- PARKS
- GOLF COURSE
- * TRAILHEAD

RUD DESIGN STANDARDS
(per AMENDED RUD HANDBOOK EFFECTIVE MARCH 2003)

USE CATEGORY	STANDARD	AREA	TYPE	ESTIMATE
RESIDENTIAL	MIN. LOT SIZE	1,500 SF	ESTATE	12,000 SF
RESIDENTIAL	MIN. LOT WIDTH	40 FT	ESTATE	50 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
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RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
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RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. FRONT YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. REAR YARD SETBACK	5 FT	ESTATE	5 FT
RESIDENTIAL	MIN. SIDE YARD SETBACK	5 FT	ESTATE</	



EXHIBIT "D"

Operational Standards and Practices

COPY



CANYON NINE ANNUAL PROGRAM 2006

MARCH: Repair winter damage including; bunker wash-outs and contamination, DG paths washed out and replaced, rodent damage and baiting, debris and trash clean-up. Irrigation charge up, testing and repairs are made prior to major use.

APRIL: Aeration and core pick-up of greens, collars, approaches, fairways, hitting areas, and rough. Topdressing of sand to greens and hitting areas. Re-seeding of hitting areas is also applied prior to topdressing. Greens are fertilized with soil amendments and a complete fertilizer. All other turf areas are fertilized with a complete fertilizer.

MAY – AUGUST: Daily, weekly and monthly cultural practices are performed throughout the growing and playing season. Course set-up, greens mowing, bunker raking, water management are daily practices. Mowing of collars, approaches, fairways, hitting areas and rough are performed weekly. Vertical mowing, spiking and topdressing are performed monthly to the greens. Spoon feeding of greens are performed bi-weekly and another complete fertilizer is applied to the remaining turf.

SEPTEMBER: Aeration and core pick-up of greens, collars, approaches, fairways, hitting areas, and rough. Topdressing of sand to greens and hitting areas. Re-seeding of hitting areas is also applied prior to topdressing. Greens are fertilized with soil amendments and a complete fertilizer high in potassium. All other turf areas are fertilized with a complete fertilizer high in potassium.

OCTOBER: Daily practices of course set-up still occur, but mowing schedule is cut back due to cooler temperatures and less growing of the turf. Watering use is cut back also during the fall prior to annual shut down of irrigation system.

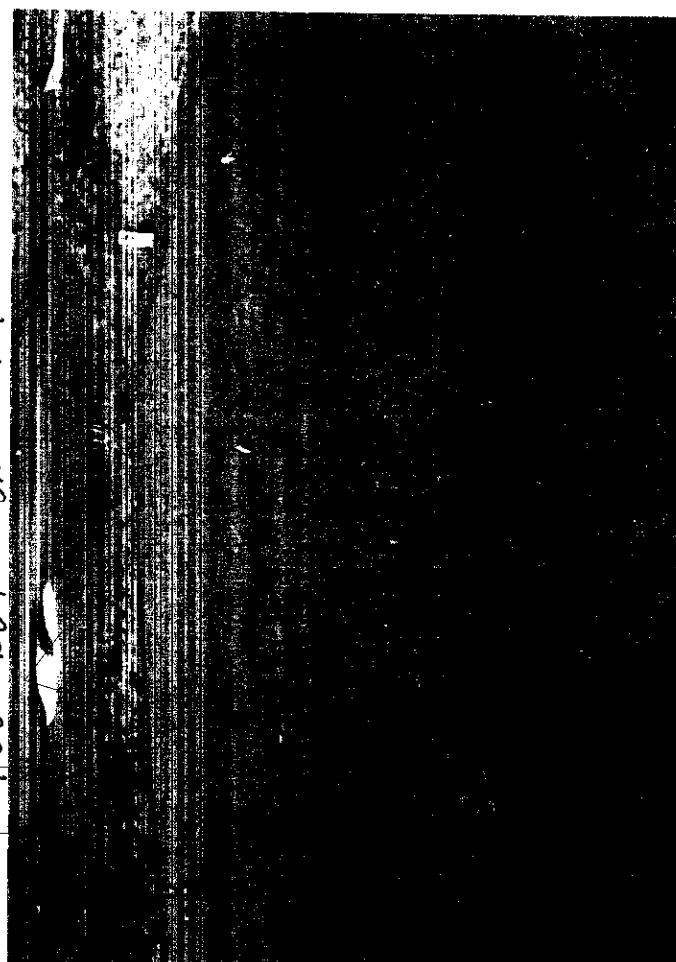
NOVEMBER: Prepare for winter closure; insulate all irrigation valve boxes and quick couplers. Drain irrigation system, shut down pump station, bring in all golf course amenities for winter refurbishing. Perform daily or weekly monitoring of golf course and pump station during winter months and winter storms.



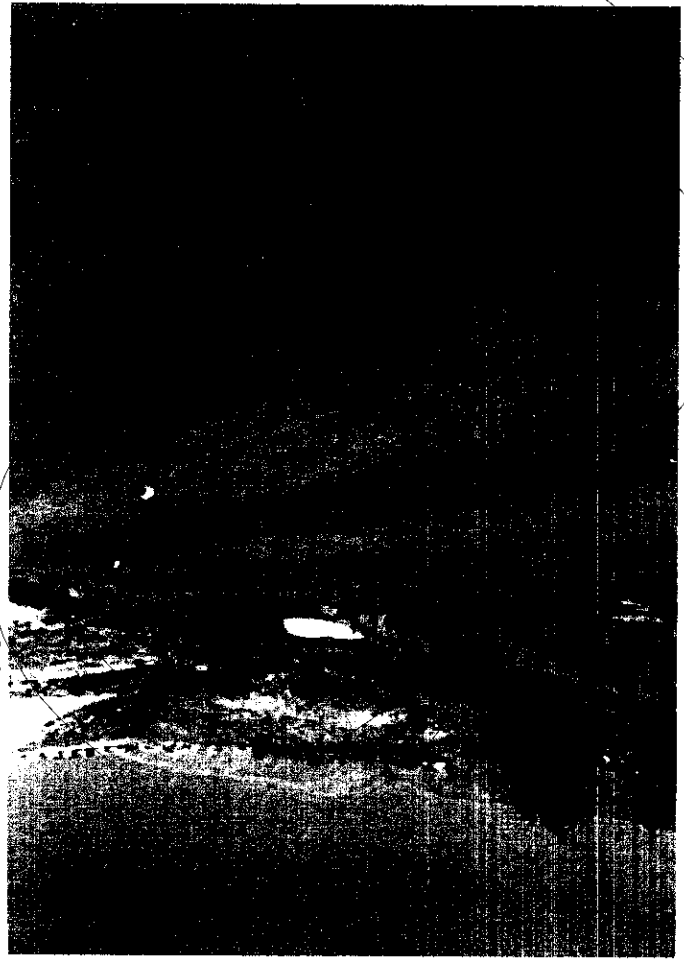
HOLE #1



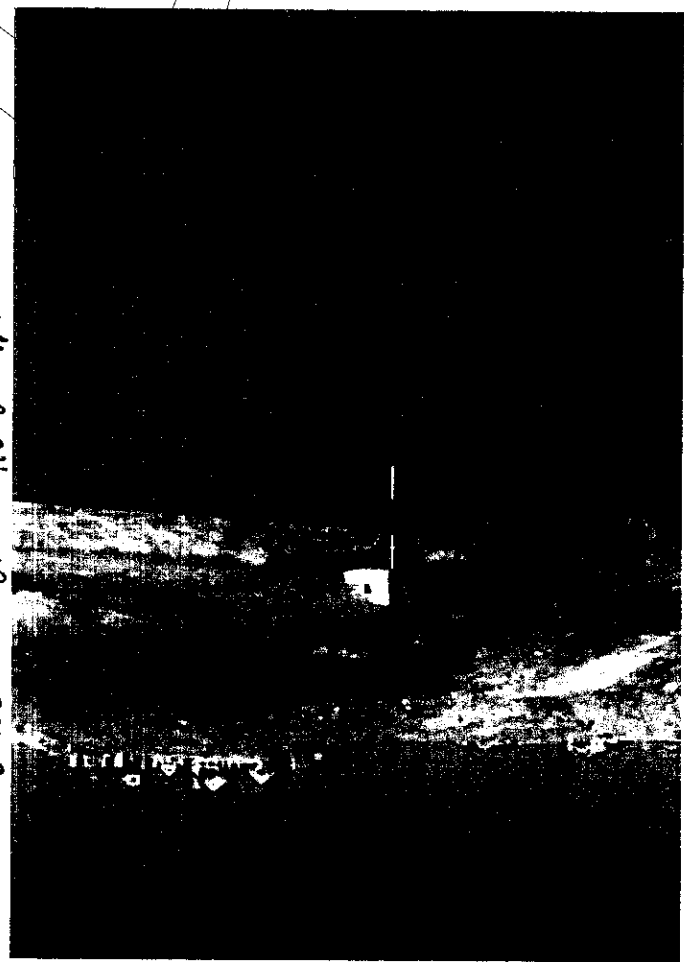
TEB BOX ON #1



HOLE #2



GREEN ON HOLE #2



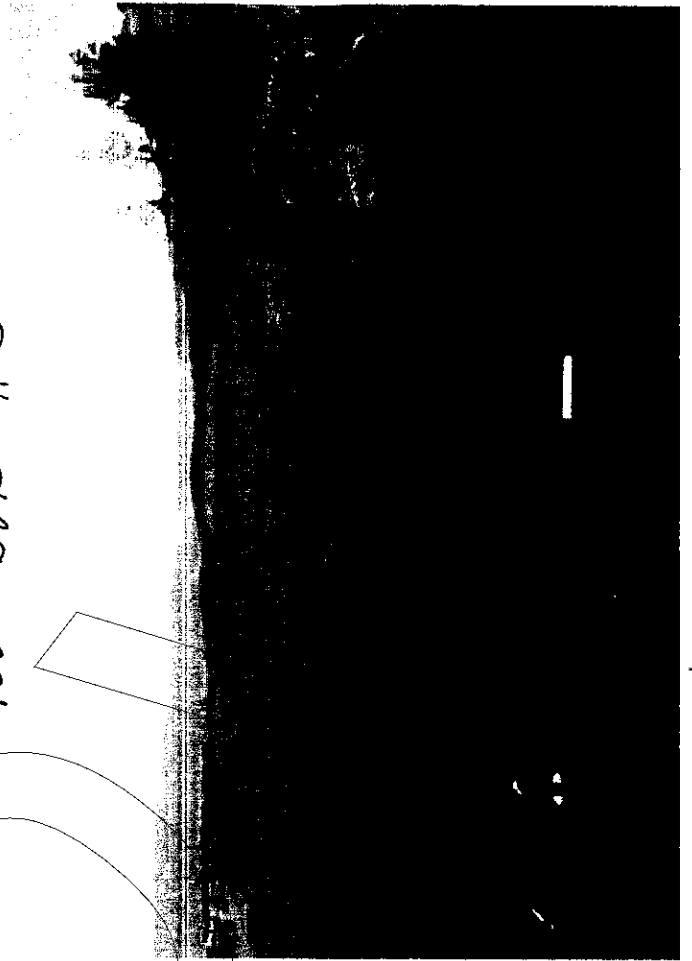
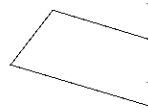
June 2006



HOLD # 3



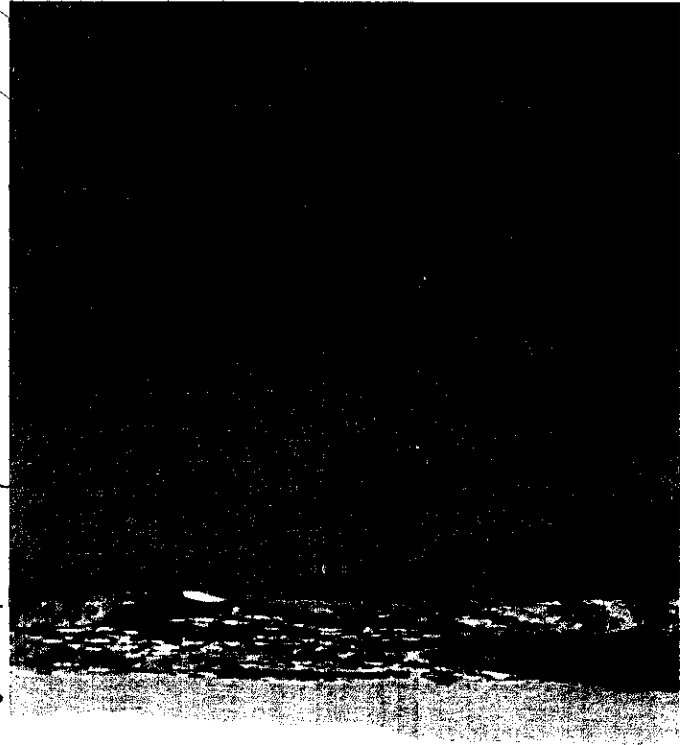
TEB BOX # 3



HOLD # 3 (GREEN)



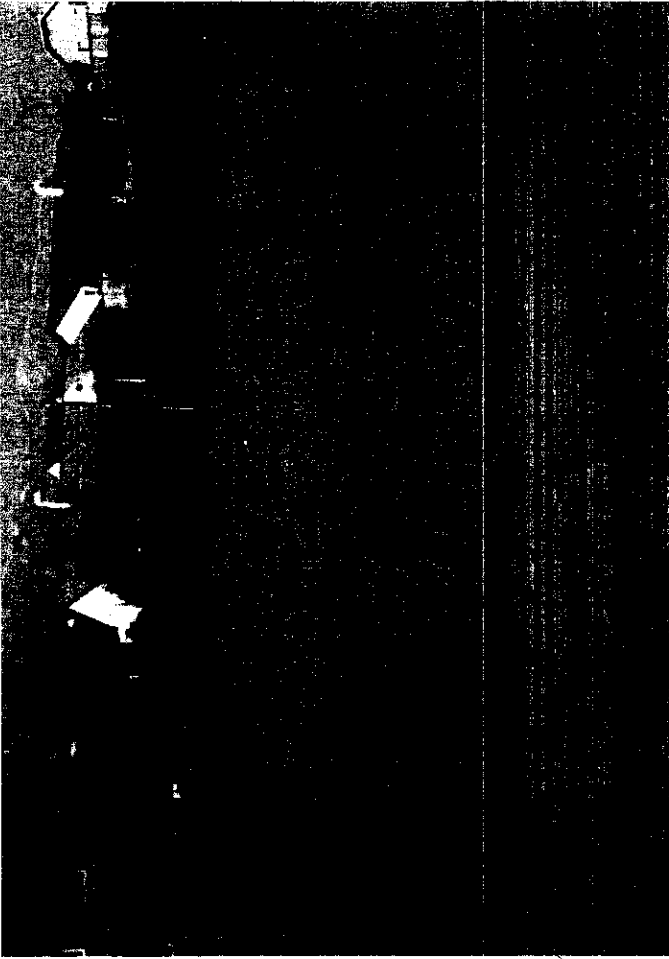
HOLD # 4



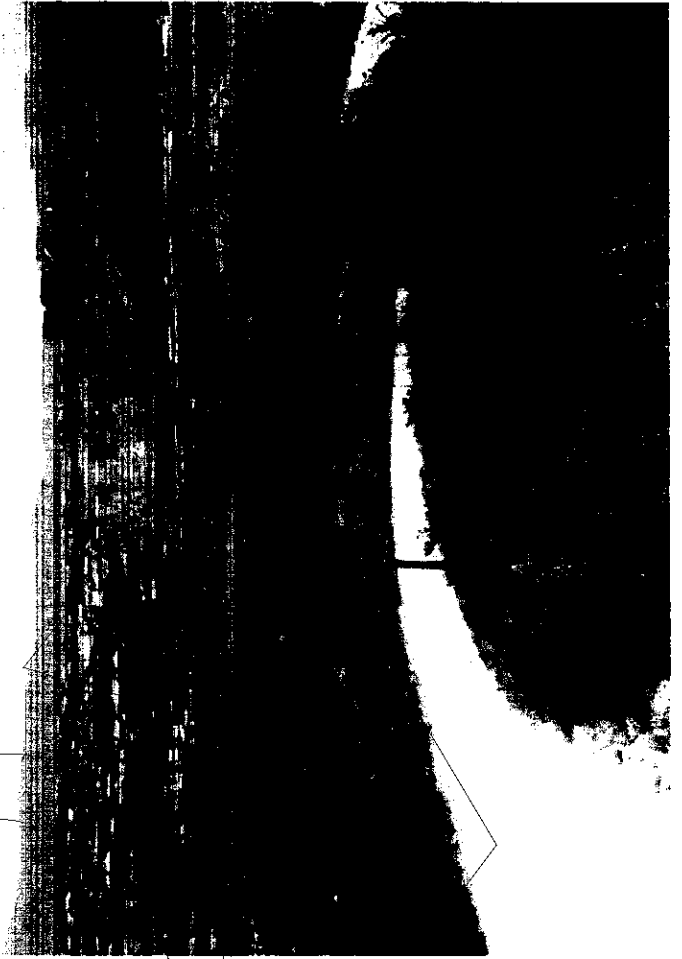
June 2000



GREEN ON HOLE #4

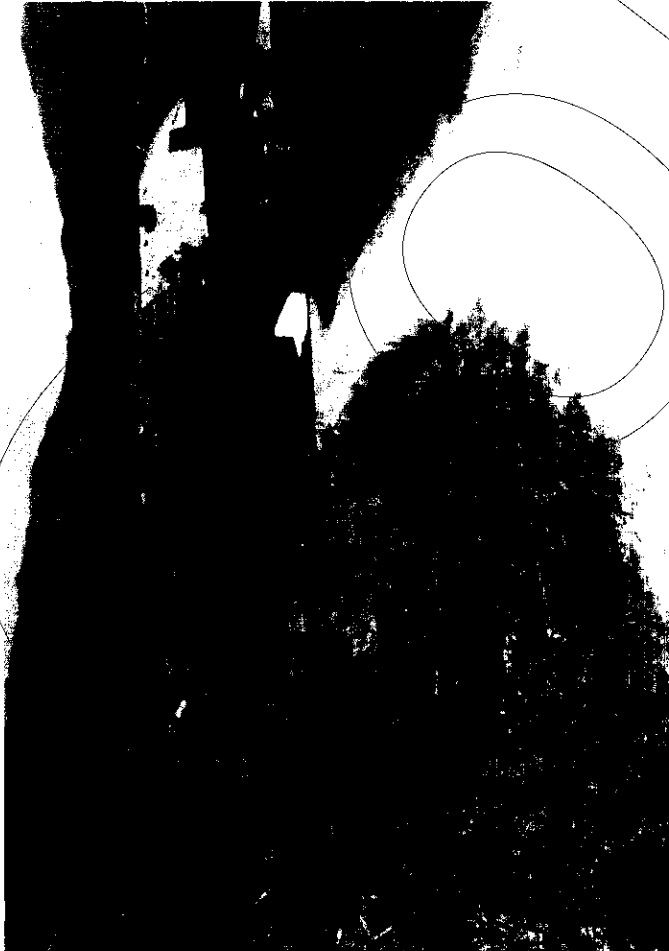


#5

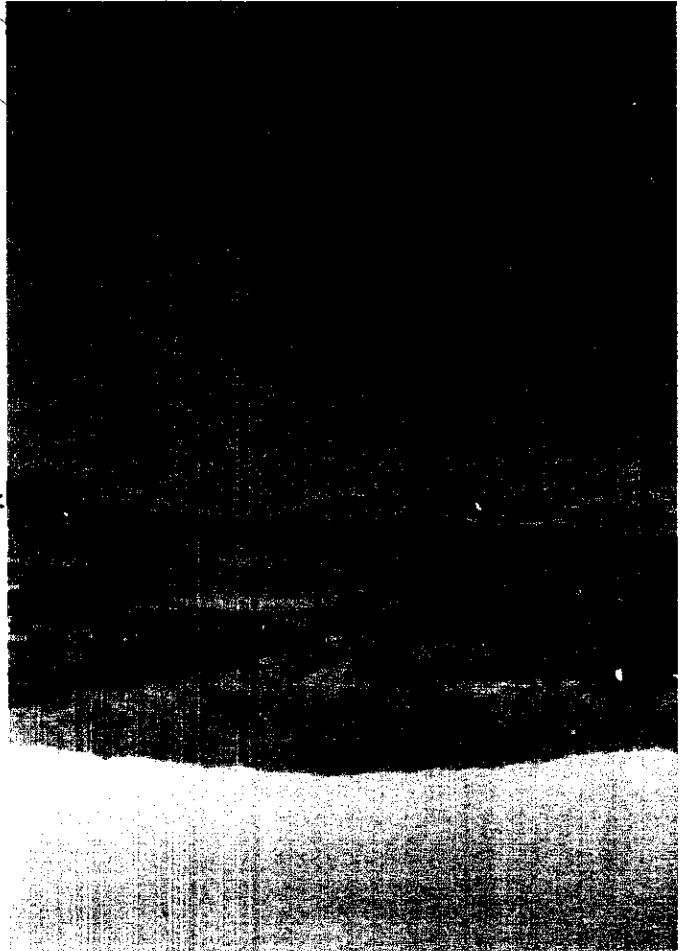


June 2000

RL ROOMS HOLD #5



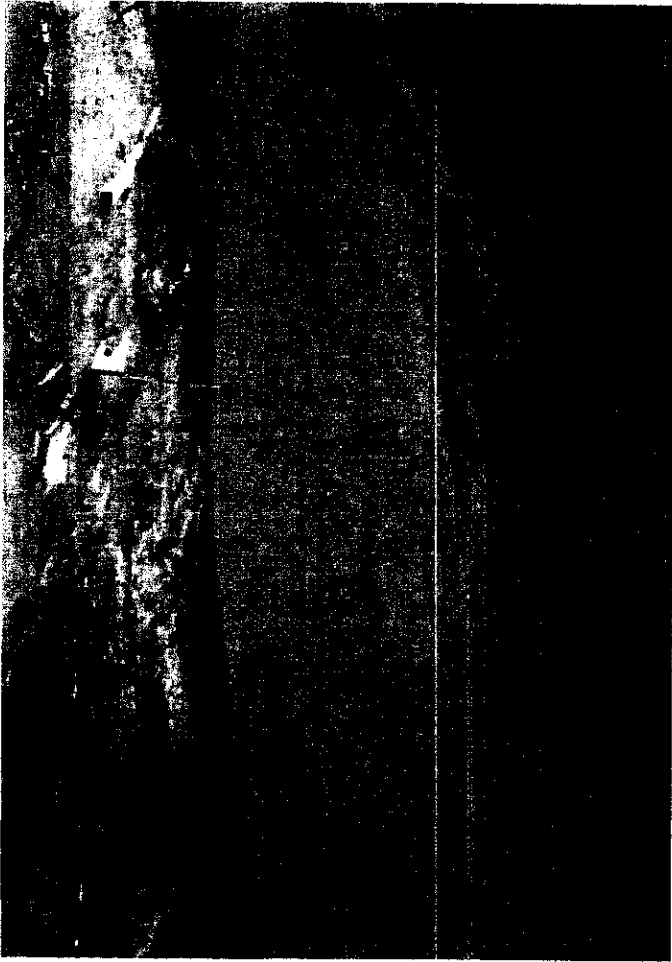
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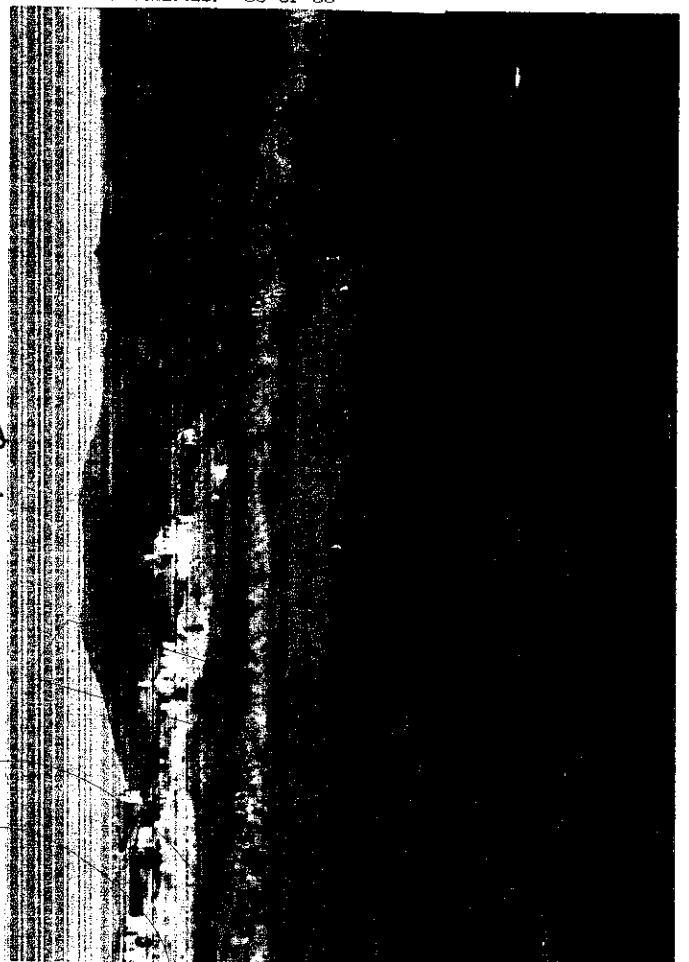


3437539
09/12/2006
38 of 38

GREEN ON HOLD #5



#6



JUNE 2006

TEB BOX #6



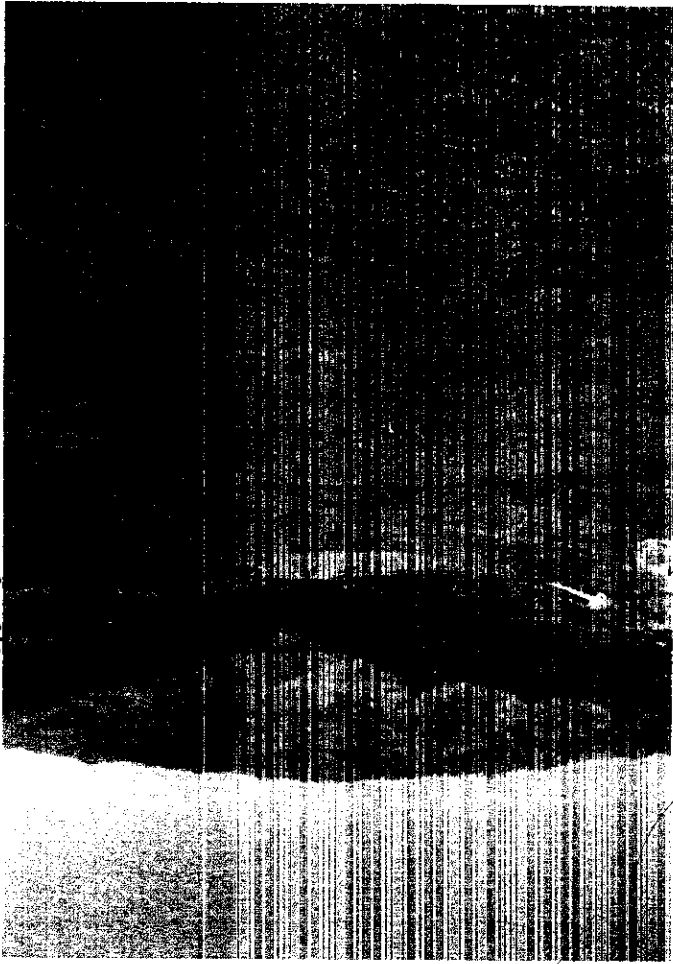
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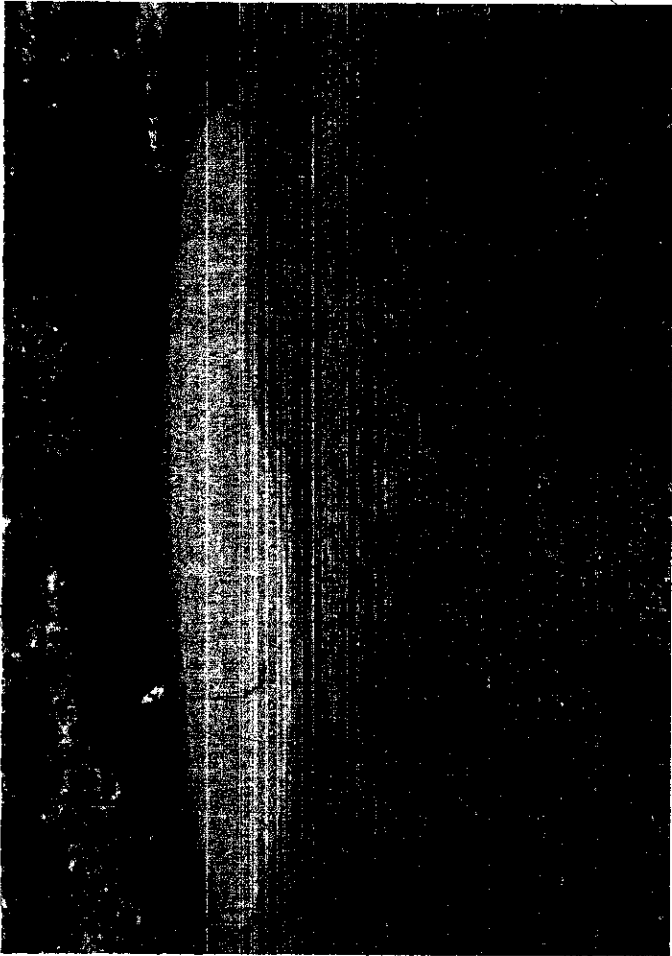
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Holo #7

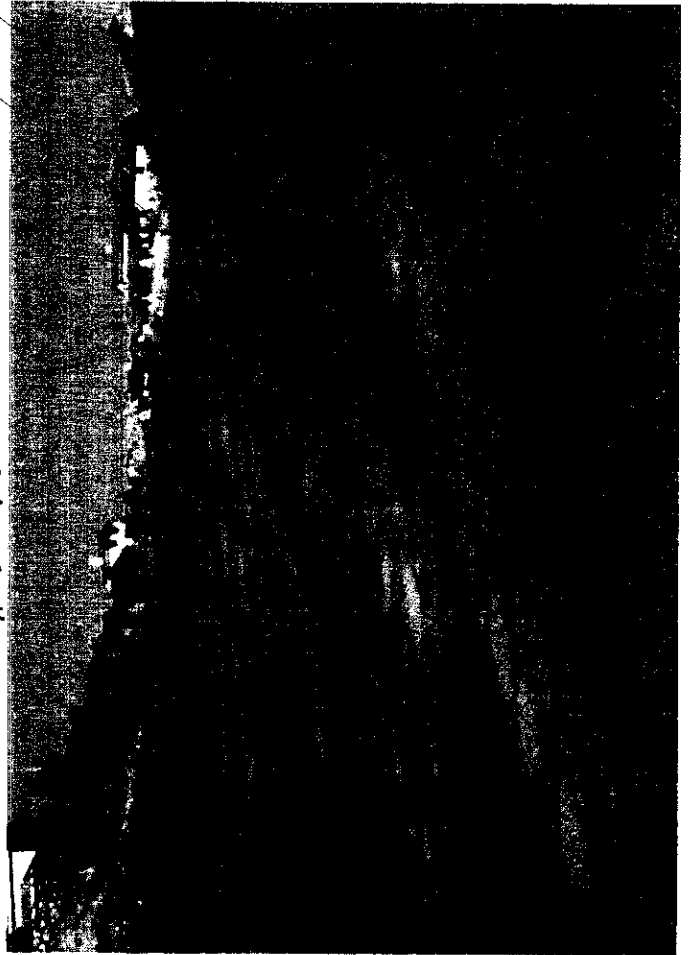


June 2006

Holo #8

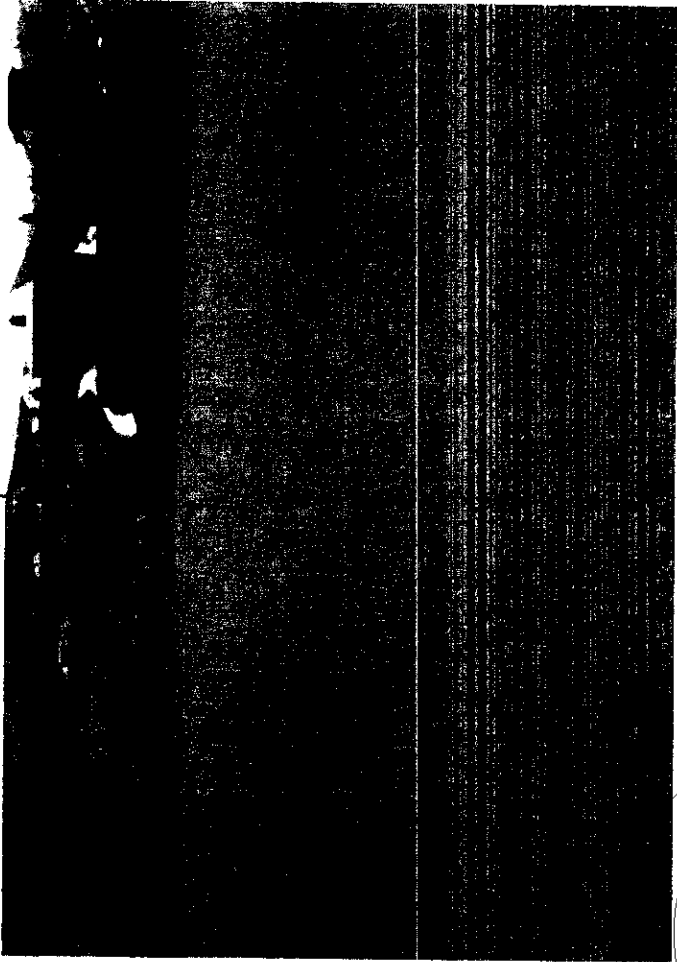


Holo #8





#9

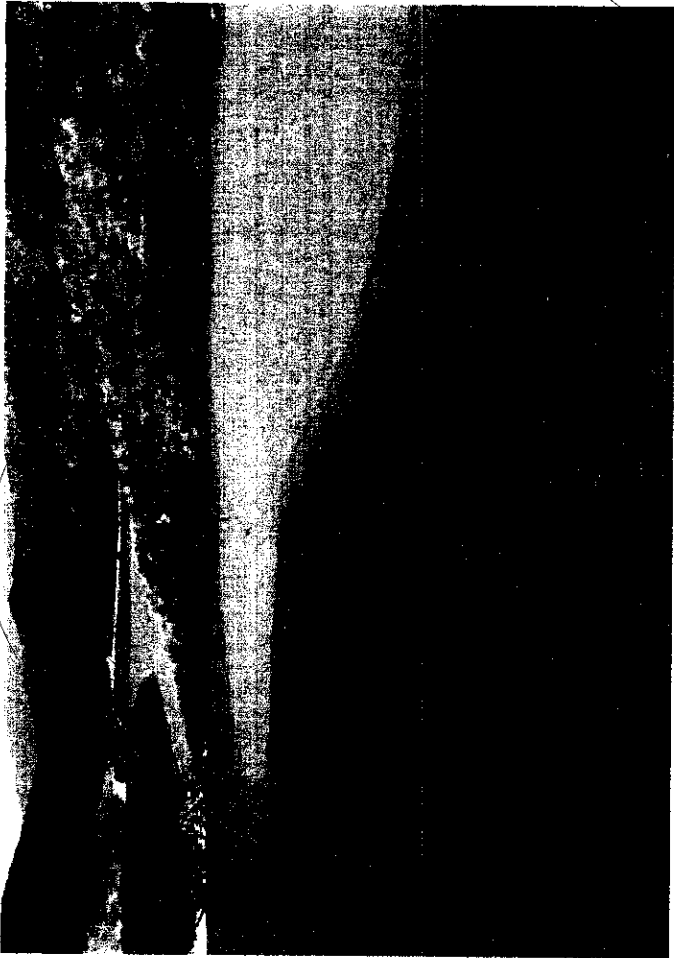


Hole #9

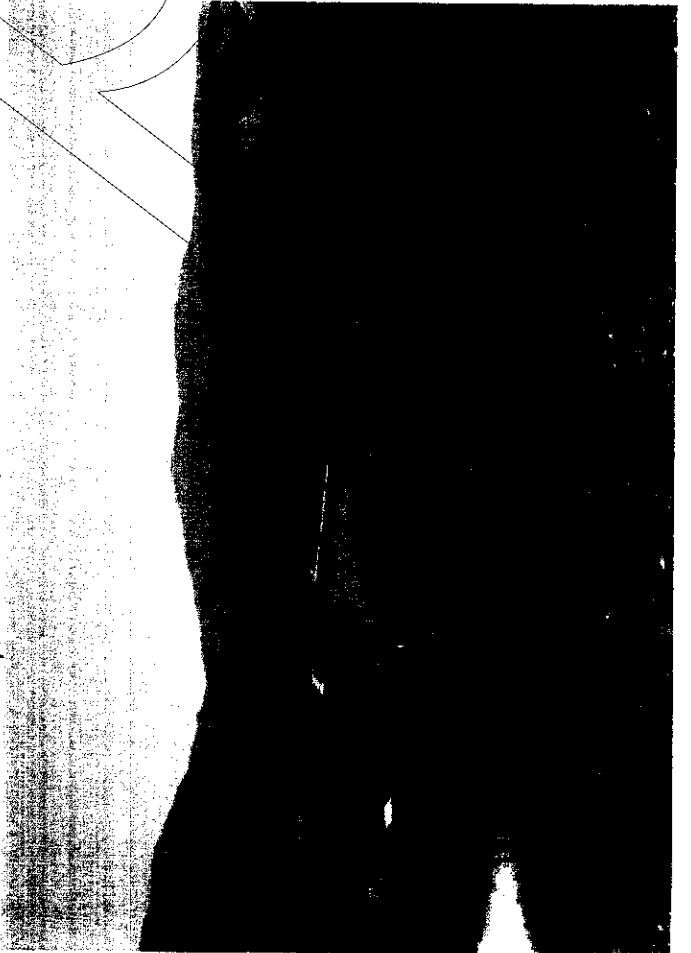


June 2000

GREEN ON HOLE #9

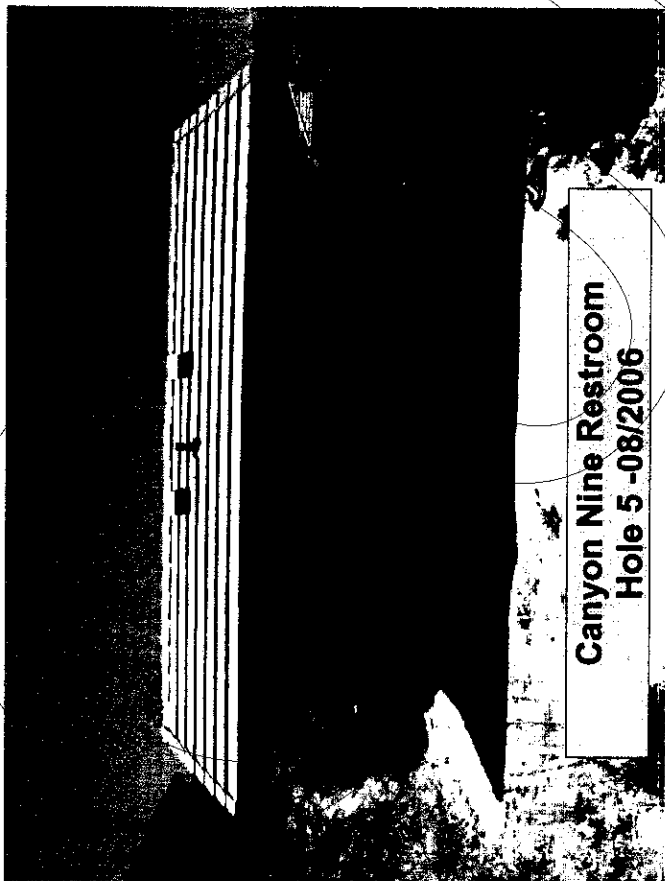


Hole #9

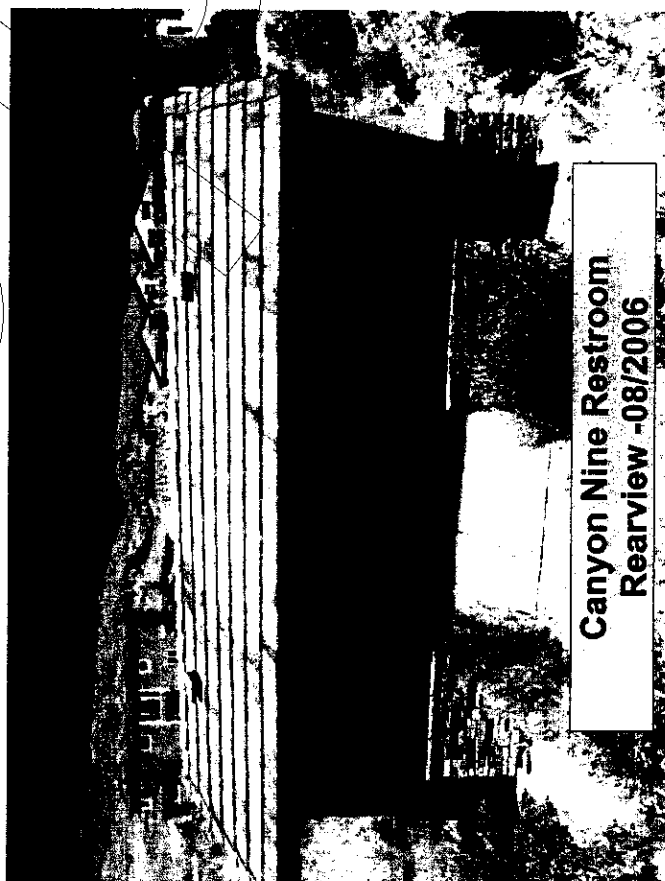




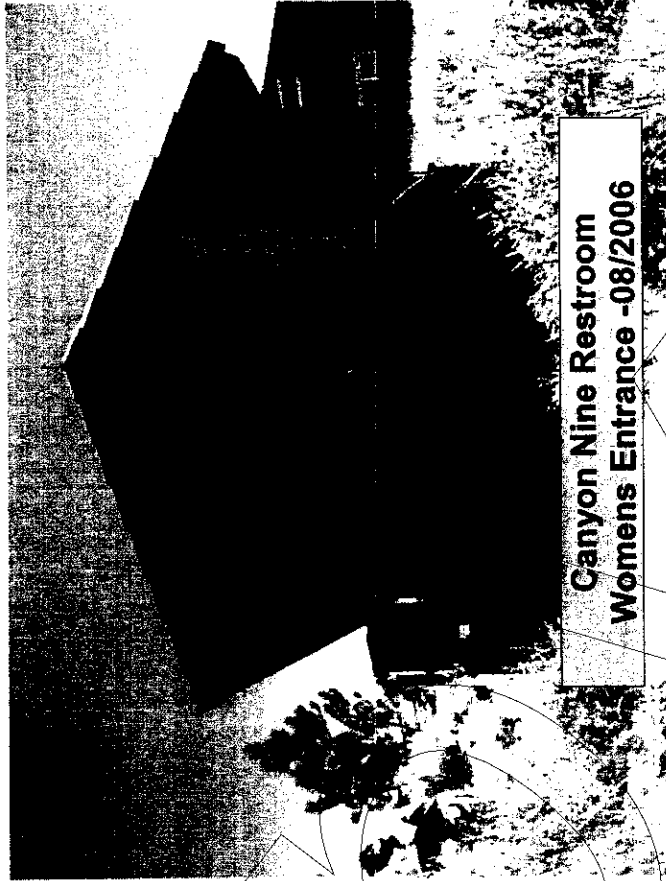
Canyon Nine Restroom
Mens Entrance -08/2006



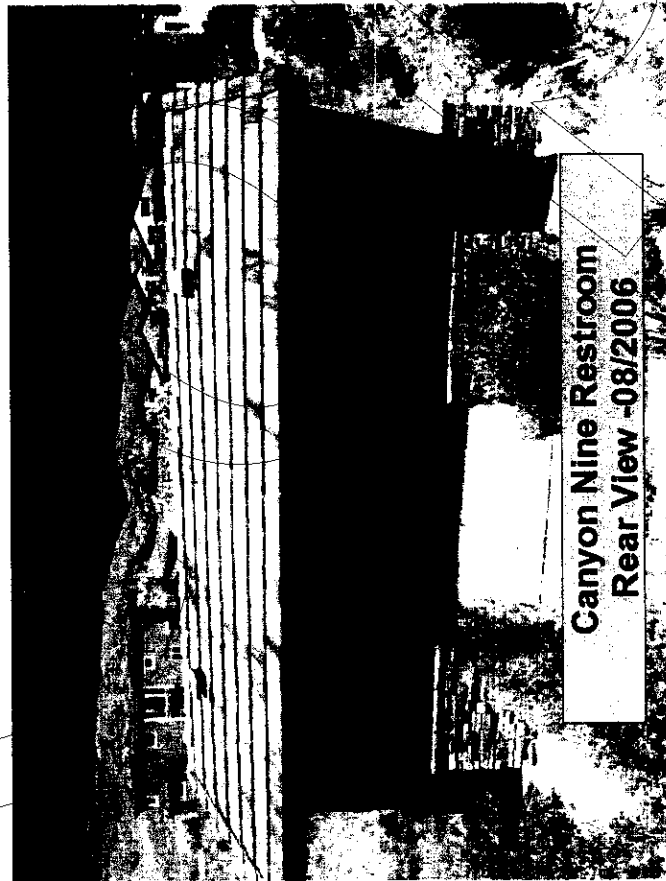
Canyon Nine Restroom
Hole 5 -08/2006



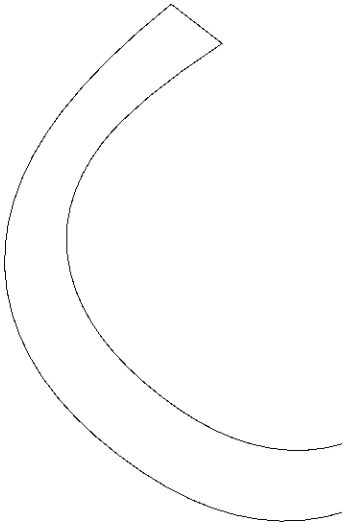
Canyon Nine Restroom
Rearview -08/2006



Canyon Nine Restroom
Womens Entrance -08/2006

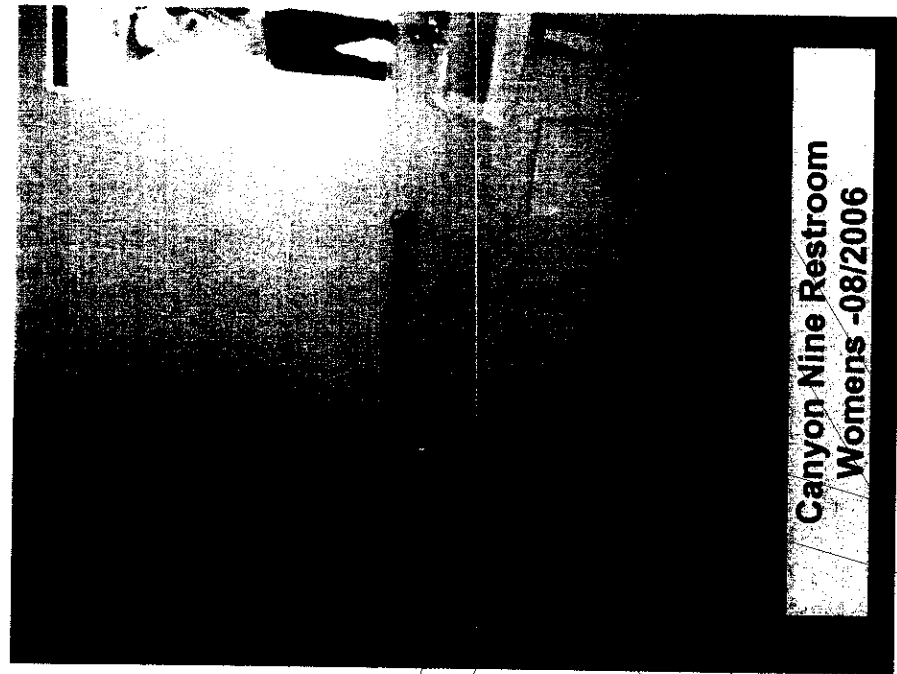


Canyon Nine Restroom
Rear View -08/2006





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Canyon Nine Restroom
Womens -08/2006



Canyon Nine Restroom
Mens -08/2006



WASHOE COUNTY RECORDER

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By my signing below, I acknowledge that I have been advised that once the document has been microfilmed it may not reproduce a legible copy.

Misty Corson
Signature

9-12-06
Date

Misty Corson
Printed Name