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DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

For Office Use Only
\$25 filing fee 587
Receipt # C089855
Date 2-7-2010

ASSIGNMENT OF PERMIT

To change the ownership of a permit

I, M Resorts LTD, hereby assign to Sabala Whitetail LLC
of, 501 W. Lake St., McCall, ID 83638 208-630-0250
(Full Address) (phone)

All my right, title, and interest in and to Permit No. 65-13470
to appropriate the public waters of the State of Idaho.

OR (for partial assignments)

The following described portion of my right, title, and interest in and to for
Permit No. _____ to appropriate the public waters of the State of Idaho.
(Describe portion of the application for permit assigned, listing the number of acres in each 40 acre
subdivision, point of diversion location, and amount of the water in cubic feet per second.)

Made this _____ day of _____, 20 _____

Permit Holder(s)

State of Idaho)
)ss
County of _____)

On this _____ day of _____, 20 _____, personally appeared before me the signer(s) of the
above instrument, who duly acknowledged to me that he (she) (they) executed the same.

Notary Public residing at

SEAL

My commission expires: _____

Close

IDAHO DEPARTMENT OF WATER RESOURCES
Water Permit Report

1/6/2010

WATER RIGHT NO. 65-13470

Owner Type	Name and Address
Current Owner	M RESORTS LTD 501 W LAKE ST MC CALL, ID 83638 (208)634-2244

Priority Date: 08/28/1993
Status: Active

Source	Tributary
GROUND WATER	

Beneficial Use	From	To	Diversion Rate	Volume
STOCKWATER	1/01	12/31	0.02 CFS	
WILDLIFE	1/01	12/31	0.04 CFS	
AESTHETIC	1/01	12/31	0.04 CFS	
Total Diversion			0.04 CFS	

Location of Point(s) of Diversion:

GROUND WATER|NESE|Sec. 07|Township 18N|Range 03E|VALLEY County

Place(s) of use:

Place of Use Legal Description: STOCKWATER VALLEY County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
18N	03E	7		NESE										

Place of Use Legal Description: WILDLIFE same as STOCKWATER

Place of Use Legal Description: AESTHETIC same as STOCKWATER

Conditions of Approval:

1. Stockwater is for 8 horses. Wildlife and aesthetic uses are for a pond locally known as Lake Douglas.

Dates:

Proof Due Date: 10/01/1998
 Proof Made Date: 10/20/1998
 Approved Date: 10/01/1993
 Moratorium Expiration Date:
 Enlargement Use Priority Date:
 Enlargement Statute Priority Date:
 Application Received Date: 07/14/1993
 Protest Deadline Date:
 Number of Protests: 0
 Field Exam Date: 9/13/2001
 Date Sent to State Off: 10/1/2001
 Date Received at State Off: 10/2/2001
 Field Exam Remark:

Confidential - Please return
upon
completion.

McCALL, IDAHO

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is made the 22 day of August, 2008, (the "Effective Date"), by and between WHITETAIL, A CLUB FOR ALL SEASONS LLC, an Idaho limited liability company (hereinafter referred to as "Seller"), and SABALA WHITETAIL LLC, an Idaho limited liability company, and/or assigns (hereinafter referred to as "Buyer").

WHEREAS

- A. The parties have previously entered into a certain Asset Purchase Agreement, with an Effective Date of July 22, 2008, which provides for Seller to sell to Buyer and Buyer to purchase from Seller the identical Assets which are the subject of this Asset Purchase Agreement.
- B. The parties intend that only upon the execution of this Asset Purchase Agreement by both parties, the Agreement with an Effective Date of August 25, 2008 shall be terminated, null and void and be of no further force or effect, and this Asset Purchase Agreement shall be substituted in its place.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy thereof which is acknowledged by the parties, it is agreed as follows:

1. **Sale and Purchase:** At the closing of the transaction contemplated by this Agreement, and subject to the terms and conditions of this Agreement, Seller agrees to sell, transfer and assign to Buyer and Buyer hereby agrees to purchase, take delivery, take assignment and assume from Seller (i) those certain parcels of improved and unimproved real property located in the City of McCall, the County of Valley, and the County of Adams, State of Idaho, together with all improvements, right, title and interest in all common areas, amenities, fixtures, chattels, personal property, easements, rights of way, water, hydrocarbon or mineral rights held by Seller, and other appurtenances thereunto belonging or otherwise appertaining, including, without limitation, all rights of ownership in and to any public or private thoroughfare abutting the real property, and all tangible and intangible assets, claims, and other properties of Seller related to the Real Property and used in the ownership and operation of what is commonly called the "Whitetail Resort," including, the Real Property described below and those other assets specifically identified in Section 1.B (collectively, the "Assets"), and excepting only those assets specifically identified in Section 1.C as excluded by this Agreement, and (ii) certain liabilities of Seller specifically identified in Section 1.D ("Liabilities").

A. Legal Descriptions of Real Property: The legal descriptions of the various parcels of the real property to be acquired by Buyer are set forth on Schedule 1A attached hereto and incorporated herein by this reference (collectively, the "Real Property"). The Real Property consists, generally, of the following properties:

(i) The Whitetail Lodge property, as shown on Exhibit "A" attached hereto, which shall NOT include Papa Doug Manchester's adjoining residence, the racquetball facility or the tennis courts;

(ii) The property across State Highway 55 from the Whitetail Lodge Property, which is also known as the Lardo Properties, as shown on Exhibit "B" attached hereto;

(iii) All property within the Whitetail Planned Unit Development (the "PUD"), as platted and as shown on Exhibit "C" attached hereto, excluding Lots 30 and 43, in Phase 1 of the PUD and Lot 107 in Phase 2 of the PUD, together with the improvements located thereon (the "Spec Home Lots");

(iv) That certain property, commonly known as the Smith Property, which consists of approximately twenty (20) acres and adjoins the southern boundary of the PUD and is shown on Exhibit "D" attached hereto;

(v) All of the property located in Adams County which was purchased by Seller from Boise Cascade pursuant to that certain special warranty deed dated April 19, 2004, and filed of record with the Office of Recorder of Adams County, Idaho as Instrument Number 106877, and as shown on Exhibit "E" attached hereto, excluding therefrom the parcel consisting of approximately five (5) acres, which is depicted on that certain Record of Survey, dated May 7, 2008, and filed of record with the Adams County Recorder as Instrument No. 116425.

(vi) All of the lots in the Kings Pines IV Subdivision, as platted, which are owned by Seller, as shown on Exhibit "F" attached hereto; and,

(vii) All other parcels of real property in Valley County or Adams County, Idaho, owned by Seller and not specifically excluded herein.

The aforesaid Exhibits are for illustrative purposes only. Any inconsistency between the said Exhibits and the Revised Legal Descriptions shall be resolved in favor of the Revised Legal Descriptions.

B. Assets: Unless otherwise excluded by this Agreement in Section 1.C, the Assets purchased by Buyer expressly include all the assets, properties and rights of Seller related to the Real Property or used in the ownership and operation of Whitetail Resort, of every type and condition, real, personal and mixed, tangible and intangible, fixed and unfixed, choate or inchoate, accrued, absolute, contingent or otherwise, wherever located

and whether or not reflected on the books and records of Seller, including, but not limited, to the following:

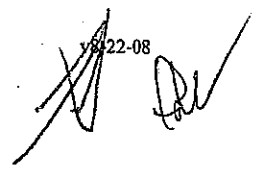
(i) **Real Property:** The Real Property described on Schedule 1A, together with the building, fixtures, and other improvements located thereon. All water rights appurtenant to the Real Property (including, without limitation, ditch and canal rights, shares of stock in irrigations companies or districts, and so forth, if any) shall be conveyed together with the Real Property, including, without limitation, as identified on Schedule 1A(i) which shall be conveyed by Seller to Buyer by warranty deed.

(ii) **Equipment, Furniture and Fixtures:** All tangible personal property owned by or leased to Seller, including without limitation, furniture, fixtures, trade fixtures, equipment, office equipment, computer equipment, computer systems, furnishings, machinery, tenant improvements, blinds, curtains, drapes, floor coverings, security equipment, and communications equipment which is located on the Real Property on the Contingency Waiver Date, as defined below, except as listed on Schedule 1C ("Excluded Assets"), together with equipment operation manuals, and manufacturer's warranties and guarantees, if any ("Equipment"). Certain, but not all, items of Equipment, together with certain, but not all, warranties and guarantees, are identified on Schedule 1B(ii).

(iii) **Personal Property Leases:** All equipment and other personal property leases for tangible personal property identified on and attached to Schedule 1B(iii) ("Personal Property Leases").

(iv) **Permits; Licenses Contracts:** Any and all transferable or assignable permits, building plans and specifications, certificates of occupancy, operating permits, sign permits, development rights and approvals, certificates, licenses, warranties and guarantees, engineering, soils, pest control and other reports relating solely to the Real Property or the ownership and operation of Whitetail Resort; all liquor licenses relating to Whitetail Resort; all maintenance, service and other operating contracts, equipment leases and other arrangements or agreements to which Seller is a party affecting solely the ownership, repair, maintenance, management, leasing or operation of the Real Property or the ownership and operation of Whitetail Resort, and all other miscellaneous rights, benefits or privileges of any kind or character related to the Real Property or the ownership and operation of Whitetail Resort, in each case, solely to the extent that the same has not terminated as of the Closing Date (defined below). Certain, but not all, of the foregoing permits, licenses and contracts are identified on Schedule 1B(iv).

(v) **Business Records:** All accounting records, financial records, operations records, customer records, customer lists, vendor lists, price lists, operations manuals, personnel records, employee manuals, and all other records,

22-08


Association and shall execute an appropriate notice to the Association of the acceptance of such status.

P. **Preparation of Agreement/Representation:** Seller acknowledges that this Agreement has been prepared by the law firm Millemann, Pittenger, McMahan & Pemberton, LLP ("MPMP"), which represents Buyer in this transaction. Both Buyer and Seller acknowledge that MPMP has acted as legal counsel for Seller on numerous matters and transactions. No later than ten (10) working days following the Effective Date, the parties shall execute mutually acceptable Consents and Waivers allowing MPMP to represent Buyer in this transaction.

Q. **Prior Asset Purchase Agreement:** Upon the execution of this Asset Purchase Agreement by all the parties hereto, the Asset Purchase Agreement with an Effective Date of July 22, 2008, executed between the parties, shall be terminated, null and void and be of no further force or effect and this Asset Purchase Agreement shall be substituted in its place.

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement with the intent that it become effective as of the Effective Date.

SELLER:

WHITETAIL, A CLUB FOR ALL SEASONS LLC,
an Idaho limited liability company

By: [Signature]
Name: Richard V. Gibbons
Its: President

BUYER:

SABALA WHITETAIL LLC

By: [Signature] 8-25-08
John Sabala, Authorized Member

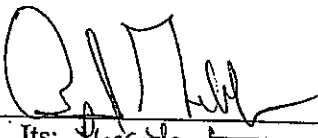
[Signature]

AGREEMENT

WHITETAIL, A CLUB FOR ALL SEASONS LLC, as Seller, and SABALA WHITETAIL LLC, as Buyer, hereby mutually agree that the Closing Date for the final closing on the Asset Purchase Agreement shall be Monday, August 25, 2008. Buyer Sabala Whitetail LLC agrees to immediately have the current Asset Purchase Agreement reviewed on August 23, 2008, by his counsel in order to be prepared for the closing on August 25, 2008.

DATED this 23rd day of August, 2008.

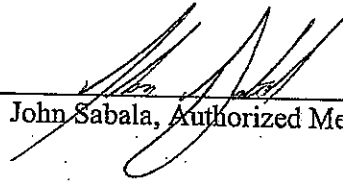
WHITETAIL, A CLUB FOR ALL SEASONS LLC

By: 

Its: President

DATED this 25th day of August, 2008.

SABALA WHITETAIL LLC

By: 

John Sabala, Authorized Member



SPF WATER
ENGINEERING

January 8, 2010

M Resorts
1 Market Place
San Diego, CA 92101-7714

Re: Assignments of Water Right Permits

To Whom It May Concern,

We represent Sabala Whitetail, LLC and we have obtained confirmation from the Idaho Department of Water Resources (IDWR) that all of the Whitetail water rights were transferred to Sabala Whitetail, LLC by M Resorts pursuant to the Asset Purchase Agreement with Whitetail, A Club For All Seasons, LLC dated August 22, 2008.

Nevertheless, IDWR has requested that we contact you and ask for separate assignments of the water rights for their records. Accordingly, we are enclosing with this letter the assignments which IDWR has requested.

Please note that assignments only relate to those water rights which pertain to the real estate sold to Sabala Whitetail, LLC pursuant to the Asset Purchase Agreement of the parties.

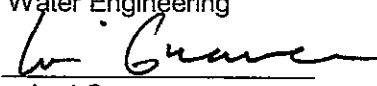
This request is made pursuant to Section 26(G) of your Asset Purchase Agreement where the parties are required to execute any further assignments which may be reasonably necessary to document the sale. Also included is assignment of permit 78-12324 associated with real property owned by Sabala Whitetail, LLC in Adams County.

We ask that the enclosed assignments be signed and returned to my attention within the next fourteen (14) days.

Thank you for your attention to this matter and if you have any questions with regard to the enclosed, please do not hesitate to contact this office.

Very Truly Yours,

SPF Water Engineering

By: 

Lori Graves
Water Rights Specialist
www.spfwater.com

Enclosures

File No. 157.0030

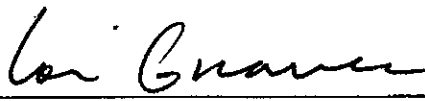
AFFIDAVIT OF SERVICE

STATE OF IDAHO)
 ss.
County of Ada)

LORI GRAVES, being first duly sworn, deposes and says:

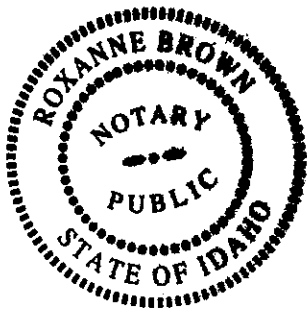
I am an authorized agent for Sabala Whitetail LLC, an Idaho limited liability company, and a resident of the State of Idaho, County of Ada; I am over the age of eighteen (18) years; and that on the 8th day of January, 2010, I forwarded a written request to M Resorts, Ltd. to execute Assignments Of Water Rights Permits pursuant to the Asset Purchase Agreement between M Resorts, Ltd. and Whitetail, A Club For All Seasons LLC, in the forms required by the Idaho Department of Water Resources; that more than fourteen (14) days has passed since the service of the letter and assignment forms on M Resorts, Ltd., and there has been no response whatsoever. The foregoing letter and assignment forms were forwarded to M Resorts, Ltd. by placing the same in the United States Mail, first class mail, postage prepaid, addressed to M Resorts, Ltd., 1 Market Place, San Diego, California, 92101-7714.

DATED this 30 day of January, 2010.



LORI GRAVES

SUBSCRIBED AND SWORN TO before me this 30TH day of January, 2010.



Roxanne Brown

NOTARY PUBLIC FOR IDAHO

Residing at Boise, Idaho

My commission expires: 5/16/2014