



A DEL E. WEBB PROJECT

April 16, 1977

AGREEMENT GOVERNING THE TRANSFER OF
CERTAIN ASSETS AND FACILITIES TO MPOA

The following agreement governs the transfer of certain assets and facilities to the Massanutten Property Owners Association, Inc. (referred to herein as POA) by Massanutten Development Company, Del E. Webb Virginia, Inc., a joint venturer, Massanutten, Inc., a joint venturer, its successors or assigns, (referred to herein as MDC):

TENNIS, SWIMMING, AND STONEWALL TERRACE

MDC proposes to deed to the POA a parcel of land,* free of liens, which includes the six existing tennis courts, tennis pro shop building, swimming pool, bathhouse, Stonewall Terrace snack shop, and parking lots subject to the following terms: (*See Exhibit B, attached)

1. MDC reserves the right to use each of these facilities for sales and promotional purposes. POA reserves the right to charge normal guest rates for such use.
2. POA agrees that the guests of hotels or rental units may use the above facilities on a space available basis, as reasonably determined by POA, at the rate charged to guests of property owners.
3. POA agrees to maintain the above amenities in good repair and to provide adequate supervision for their operation.
4. POA agrees to pay for the cost of utilities for the operation of the above amenities with the exception of the Stonewall Terrace Snack Shop, which will be separately metered and paid for by MDC during the term of the lease hereinafter provided for.

5. POA agrees to lease, in accordance with terms delineated and mutually agreed to, the Stonewall Terrace Snack Shop to MDC for a period of five (5) years with two (2) five (5) year renewal options at a rate of \$1.00 per year plus insurance, taxes, maintenance and repairs. MDC reserves the right to surrender possession and terminate the lease by giving thirty (30) days notice. The area known as Stonewall Terrace shall include the existing enclosed food preparation area and the terrace or eating area.
6. All existing furniture and equipment located in the bathhouse and Tennis Pro Shop shall be transferred to the POA. Movable equipment located in the Stonewall Terrace Snack Shop (including the tables and chairs on the terrace) will remain the property of MDC.
7. In the event MDC wishes to use these facilities prior to or after POA's officially announced season, the costs of operating the facilities used, during the period of such use, will be paid by MDC.

SECURITY

MDC proposes to deed to the POA the existing Guardhouse, furnishings, and equipment, free of liens, located at the Project entrance on the following terms and conditions:

1. POA agrees to provide such security at the gatehouse and patrolling service as from time to time, and in its sole discretion, is deemed to be necessary or expedient.
2. POA agrees to provide security service on its regular patrols, but no less than three times daily, when the Lodge is not in use. Effective January 1, 1977, MDC agrees to pay an annual fee of five (5) times the annual assessment for an improved lot. This agreement may be cancelled by either party by giving ninety (90) days notice, and, in the event of such cancellation, the fee will be pro-rated for the period the service was actually provided. MDC agrees to provide, at its own expense, any additional security service it deems necessary.
3. The vehicle presently used by the security force will be transferred to the POA with the POA assuming the remaining balance of the lease obligation on the vehicle, if any.
4. POA agrees to maintain the Guardhouse in good repair and to pay the cost of utilities.

OPEN AREAS

MDC proposes to deed to the POA, free of liens, all space designated as open areas by recorded plats in Units 1-5, Village Woods, and Piney Mountain Acres, subject to reservation of blanket utility easement by MDC for the underground installation, repair, and maintenance of water, sewers, and utility lines through these areas, including the specific right to drill additional water wells on such open areas as necessary to provide an adequate water supply for the project.

Upon such installation, said easements shall extend for fifteen (15) feet on each side of said installation and said installation shall be charted by MDC for purposes of location and identification by all parties.

Upon installation and/or repairs, the ground surface shall be returned by MDC to its original condition as near as practical. The right of ingress and egress for installation, repairs and maintenance is reserved to MDC.

MDC also reserves the right to convey, at its option, future open space subject to the same blanket utility easement for Greenview Hills, Units 6, 9, 10, Mountainide, and other subdivisions, open areas, and multi-family tracts.

Included in the above is Hopkins Park which includes the existing picnic and playground equipment and the Hopkins Cabin, subject to the following terms and conditions:

1. The transfer is subject to the existing obligations of MDC to John Hopkins II for life-use of the cabin.
2. MDC reserves the right, subsequent to the conveyance, to construct a road or roads across the parcel at location to be agreed upon by POA. Such road or roads will be constructed at MDC expense, and will be constructed to project road specifications, then conveyed to POA, and will be subject to maintenance and snow removal as hereinafter set out.

HIKING TRAILS

MDC proposes to grant a revocable right to use without charge any hiking trail located on property owned by MDC.

STREETS

MDC proposes to deed to the POA all existing streets, free of liens, in subdivisions known as Units 1-5, Village Woods, Piney Mountain Acres, Innsbruck Heights, Grenoble Woods, and Skiside Courts (east and west), Peak Drive (when

It has been surfaced according to project standards), as well as the existing major arterial roads known as Massanutten Drive and Del Webb Drive (from Massanutten Drive to the Kettle overlook) subject to the following terms and conditions:

1. POA agrees to provide reasonable maintenance to such roads.
2. MDC will retain the right to use such roads.
3. Effective January 1, 1977, MDC agrees to pay to POA an annual fee of thirty (30) times the annual assessment for improved lots or seventy-five percent (75%) of the actual cost of reasonable snow removal and maintenance of Massanutten Drive, whichever is the lesser. All road maintenance, except as otherwise provided below, is to be provided by POA.
4. MDC agrees to repair, at its expense, any road damage caused by construction activities by MDC.
5. MDC proposes to transfer certain maintenance equipment to the POA, being a portion of the equipment listed on Exhibit "A", attached hereto.
6. MDC also reserves the right to convey at its option other streets as completed to project standards.

VEHICLES AND EQUIPMENT

MDC proposes to transfer to POA the equipment described in Exhibit "A", attached hereto. Said transfer shall be without charge except that POA agrees to assume the remaining indebtedness or lease obligations on those items noted with an asterisk. MDC agrees to enter into a working agreement with POA for housing of and sharing use of equipment needed to be used by both of them. Such arrangement shall be for a period of one (1) year, following acceptance of this proposal, and thereafter on a month-to-month basis.

PAINTER'S POND

MDC agrees to retain ownership of Painter's Pond including all easements, pumps, piping, and other equipment necessary for and used in connection with delivery of water from Painter's Pond to the ski facility and golf course. POA and its members shall have the right, at their expense, and without liability to MDC, to use Painter's Pond for fishing.

STABLES

MDC proposes to transfer to the POA the materials and building making up the existing pole barn and corral or, at the option of MDC, to provide a new facility. MDC agrees, at its expense, within one (1) year after transfer, to relocate said material and building to a site, approximately ten (10) acres in size, on property known as the Weast Farm.* Said site to be deeded to POA at no cost to POA. POA agrees to pay all costs of the stable facility from the date it is moved, or a new facility has been provided, and to keep it in good repair. However, POA reserves the right to decide whether or not to provide on-site staff, animal feed, or to have rental horses available. (* See Exhibit C attached.)

TRAILER OFFICE AND STORAGE

MDC proposes to transfer to POA, Free of Hens, the title to the trailer office, now located in the general area of the skating rink. MDC agrees to allow the trailer office to remain in its present location, at no cost to POA, for a period of one (1) year from the acceptance of this proposal. Subsequent to the initial year, POA agrees, upon sixty (60) days notice from MDC to relocate the trailer office at its expense, to a mutually agreed upon site, to be provided and deed to POA, at no cost to POA, by MDC. Notwithstanding anything to the contrary, POA agrees to pay for all costs of maintaining and operating the trailer office, including but not limited to all utility costs.

MDC proposes to transfer to POA the metal stable building now located near the western slope gatehouse and, further, to relocate the metal stable building, at no cost to POA, on a mutually agreed upon permanent site, at which utilities and an access road are available. If negotiations between POA and MDC results in the establishment of an alternate storage area for POA maintenance vehicles and equipment, not involving the use of the metal stable building, POA agrees to re-transfer at its own expense, the title to said building to MDC.

GOLF COURSE

MDC agrees to complete the 18-hole golf course in accordance with its HUD obligations, and that the golf course will not be conveyed to POA without its knowledge and consent. If MDC decides to dispose of the golf course, POA will be granted right of first refusal, said right to expire at the end of ten (10) years from the date of this agreement. In the event of a bona fide offer for the purchase of the golf course, POA must exercise its right of first refusal within sixty (60) days of the receipt of a written offer.

VOTING RIGHTS

1. POA agrees that MDC, its successors and assigns, will not be obligated to pay any assessments for any of its lots, whether platted or unplatted, recorded or not recorded.
2. MDC shall have the right to appoint a member of the Board of Directors who shall serve at the pleasure of MDC.
3. In the event of the sale of the development to the present contemplated purchaser, consisting of Massanutten Village, Inc., the said contemplated purchasers for themselves and their successors, will relinquish the present voting rights at the end of five (5) years from the date of this agreement. At that time, the contemplated purchaser's voting rights will be reduced to one (1) vote for each recorded lot it owns. In event the presently contemplated sale is not consummated, the current voting structure will remain in full force and effect. MDC further agrees that if the presently contemplated sale is not consummated, it will enter into negotiations with POA with the intent of possibly modifying the voting rights now enjoyed by MDC.
4. POA will make appropriate changes in its Articles of Incorporation and By Laws to reflect the contents of this agreement, and such changes will be binding upon POA, its successors and assigns.
5. MDC agrees that it will not exercise its voting rights to alter, vary or invalidate this agreement.

MASSANUTTEN PROPERTY OWNERS
ASSOCIATION, INCORPORATED

By

Steven E. Wernick
President

MASSANUTTEN DEVELOPMENT COMPANY
A joint Venture

By:

DEL E. WEBB VIRGINIA, INC.
A joint venturer

By

F. P. Kuentz
President

And

MASSANUTTEN, INC.
A joint venturer

By

F. P. Kuentz
President

State of Virginia, County of Rockingham:

The foregoing instrument was acknowledged before me this 1st day of
April, 1977, by Peter F. Weaver, President, Massanutten Property
Owners Association, Incorporated.

My commission expires the 8th day of November, 1980.

[Signature]
Notary Public

State of Virginia, County of Rockingham:

The foregoing instrument was acknowledged before me this 27th day of
April, 1977, by F. P. Kuentz, President, Del E. Webb Virginia, Inc.,
and President, Massanutten, Inc.

My commission expires the 8th day of November, 1980.

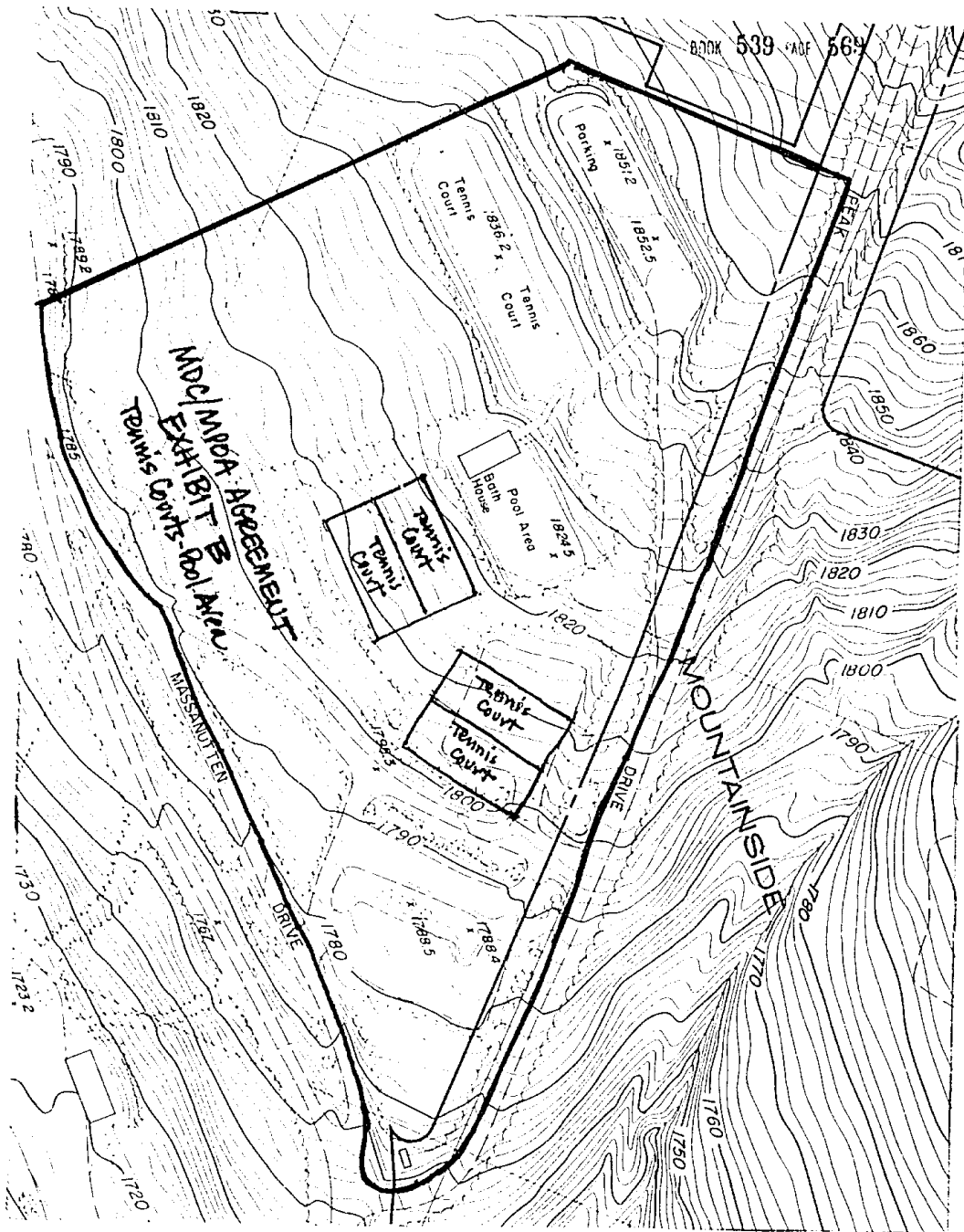
[Signature]
Notary Public

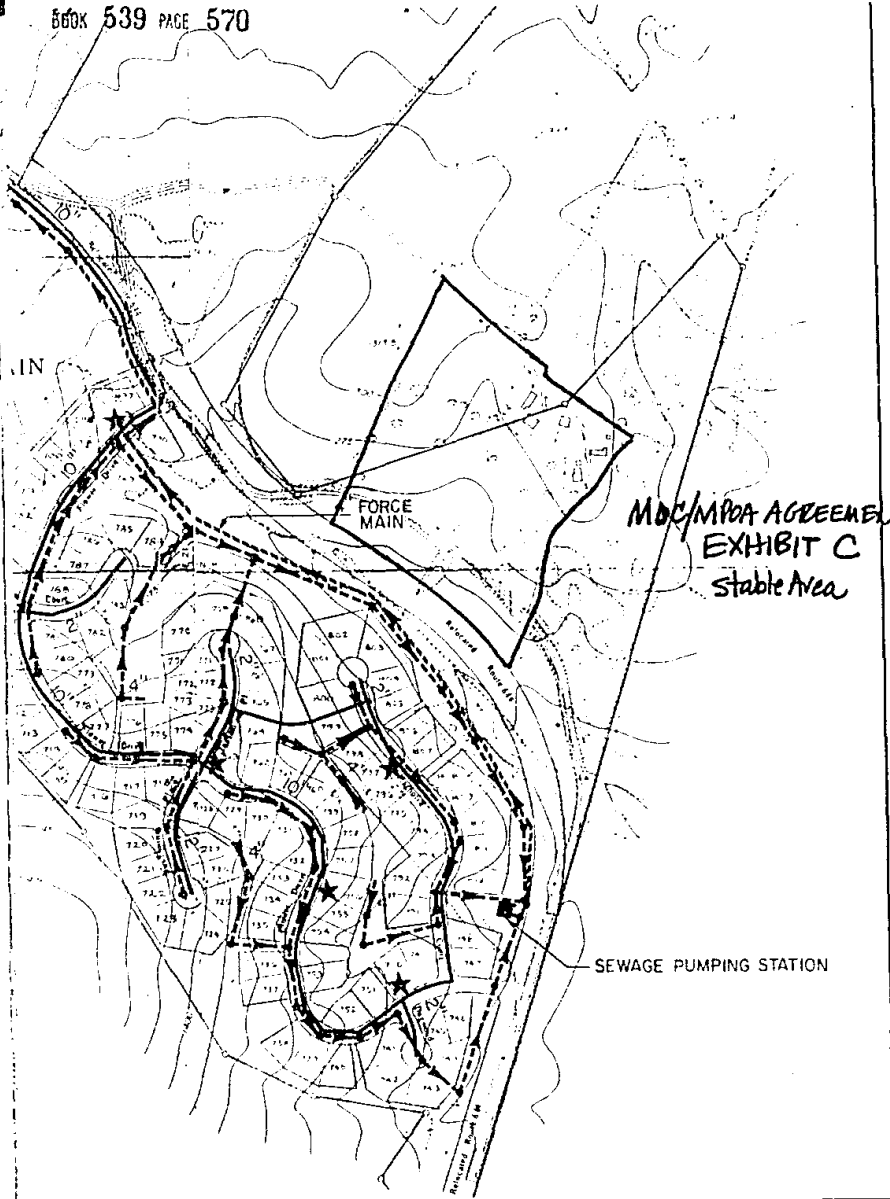
EXHIBIT A

Equipment to be Transferred to Massanutten Property Owners Association, Inc.

1975 Ford Dump Truck (#1462)
1972 ½ Ton Chevrolet Pick-Up (#1428)
1960 ½ Ton Ford Pick-Up (#1426)
1977 Chevrolet Blazer (#1467) *
1973 Ford 4000 Tractor with Attachments
1973 Ford 3000 Tractor with Attachments
1974 Ford Riding Lawn Mower
102" Snow Blade
Welder
10" Radial Arm Saw
Homelite Chain Saw
Sears Bench Grinder
Weedy Weed Eater
Various Hand Tools
FM Radio Equipment:
Office Unit, Guardhouse Unit, and 2 Mobile Units **
Office Trailer
Two Desks
Six Chairs
One Typewriter
One Calculator
One File Cabinet
Various Office Equipment Items

* Leased Vehicle
** Part of This Equipment is Leased





VIRGINIA: In the Clerk's Office of the Circuit Court of Rockingham County.
 The foregoing instrument was this day presented in the office aforesaid, and is,
 together with the certificate of acknowledgment annexed, admitted to record this
 4 day of December, 1978 at 11:30 A.M. I certify that taxes were
 paid when applicable:
 Sec. 58-54 - State _____ County _____ City _____
 Sec. 58-54.1 - State _____ County _____ City _____ Transfer _____
 Recording 18.00 TESTE: GEORGE W. KEMPER, CLERK.