



The Villa Group

**RULES AND REGULATIONS
CLUB CARIBE
VILLA DEL PALMAR**





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**Effective as of
October 15, 2012**

These Rules and Regulations hereby entirely amend, restate, and supersede all previously adopted Rules and Regulations of the Club.

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Article I. CERTAIN DEFINITIONS

Section 1.01 Accelerated Points

Has the meaning set forth in Section 3.07 of these Rules and Regulations.

Section 1.02 Annual Expenses

Has the meaning set forth in Section 6.03 of these Rules and Regulations.

Section 1.03 Applicable Laws

Means all local, state, federal, international and other ordinances, statutes, codes, orders, judgments and other laws applicable to the matter in question, and any successor laws, all as the same may be amended from time to time.

Section 1.04 Assessments

Means any charge(s) levied against a Member and his or her Membership arising from or in connection with the Club and/or its Related Parties including, but not limited to, Maintenance Assessments, Special Assessments, Gatrunity Fee, Personal Charges, Late Charges, and collection costs.

Section 1.05 Bank or Banking

Means the act of a Member saving an unused Use Period in the Vacation Bank for use in later years up to the number of years allowed in these Rules and Regulations.

Section 1.06 Borrow or Borrowing

Means the act of a Member borrowing time from years in the future to be used in the current Calendar Year.

Section 1.07 Calendar Year

Means the one-year period commencing on January 1st and ending on December 31st of each year.

Section 1.08 Cancellation of Reservation

Means the act of a Member canceling a previously confirmed reservation, subject to the terms and conditions described in these Rules and Regulations.

Section 1.09 Check-In Date, Check-In Time and Check-Out Time

Check-In Date means the day on which a Member may check into a Project. Except as otherwise provided in these Rules and Regulations, the time that a Member may check into a Project is at the beginning of a Use Period and the time that a Member must check out of the Project is at the end of a Use Period. Except as otherwise provided in these Rules and Regulations, the Check-In Time shall be 4:00 p.m., local time at the Project where the Member is checking-in on the Member's Check-In Date established pursuant to the Member's Membership Certificate and these Rules and Regulations. Except as otherwise provided in these Rules and Regulations, the Check-Out Time shall be 11:00 a.m., local time at the Project where the Member is checking-out, at the end of the Use Period following the Member's Check-In Date.

The Club Manager may require that specific Check-In Dates be applicable during certain Seasons in order to accommodate the maximum amount of reservations and to minimize unused reservations.

Section 1.10 Club

Means an unincorporated Membership program by the name of Club Caribe Villa del Palmar administered by, but separate from, the Club Manager. The Club is not a formal legal entity.

Section 1.11 Club Manager

Means the manager of the Club. The Club Manager is separate and distinct from the Club. The Members have no equitable, voting or other legal interest in the Club Manager, any Developer, any On-Site Manager and/or their respective Related Parties.

Section 1.12 Club Benefits Program

Means the additional vacation, travel, activities, events, and other benefits created and made available to Members from time to time.

Section 1.13 Club-to-Club Partnership

Means the partnership with other clubs or resorts, giving Members the opportunity to use the other clubs or resorts pursuant to the Exchange Program.

Section 1.14 Club Point(s)

Means the number of points assigned to a Membership which permit the Member to use Club accommodations, services and benefits in accordance with the Governing Documents. A Club Point is the symbolic unit of measuring the respective rights of Members to enjoy the benefits of their Memberships within the reservation system set forth in the Rules and Regulations. A Club Point is a unit of use designated by the Club Manager for use in connection with the Club's reservation system and has been created for purposes of administrative convenience only and for no other purposes. The Club Manager will establish a daily allocation of Club Points. The daily allocation of Club Points varies from one Season to another, from one Suite Type to another, from one day of the week to another and from one Project to another as reflected in the Club Point Chart published by the Club. Club Points are not securities or real property interests and have not been registered as such under any Applicable Laws.

Section 1.15 Club Point Account

Means the record of the number of Club Points available for use by a Member during each Calendar Year.

Section 1.16 Club Point Chart

Means the schedule detailing the number of Club Points required for Members to reserve a specified Use Period for a certain Suite Type at a particular Project for a specific Season. The Club Point Chart may be revised from time to time as determined by the Club Manager.

Section 1.17 Club Priority Period

Has the meaning set forth in Section 3.01(d) of these Rules and Regulations.

Section 1.18 Club Project(s)

Means any resort community, property and/or project directly affiliated with a Membership determined by the Club Manager from time to time including the following: (1) Villa del Palmar Cancun, at Carretera a Punta Sam km 5200, Isla Mujeres, Quintana Roo, México; and (2) Garza Blanca Preserve Resort & Spa, at Carretera a Barra de Navidad km 7.5, Puerto Vallarta, Jalisco, México.

Section 1.19 Common Areas

Means all portions of the Projects other than the interiors of the Suites including, but not limited to, the lobbies, recreational facilities, swimming pools, pool decks, hot tubs and poolside furniture. The use and maintenance of the Common Area facilities and services shall be administered by the Project On-Site Manager and are subject to disruptions in use for maintenance, repair or improvement, or as otherwise determined by the Club Manager. The Club Manager, Developer and/or Project On-Site Manager shall have the right, in their sole discretion, to designate certain sections of the Common Areas for priority reservation and use by certain Members for specific purposes.

Section 1.20 Common Furnishings

Means all furniture, furnishings, appliances, fixtures, equipment, telephone systems, electrical equipment, décor, and all other personal property which comprises a part of each Suite. The Suites shall be furnished and decorated to a standard as determined by the Club Manager. In all cases, the Common Furnishings shall be maintained in a state as originally furnished (ordinary wear and tear excepted) and to a level acceptable to the Club Manager for the respective Project. All Suites shall have sufficient Common Furnishings to accommodate the maximum occupancy limit of the Suite.

Section 1.21 Daily Use Period

Means a Use Period which is divided into one-day periods which allow use during any night of the Use Period by Members. The Club Manager reserves the right to limit, restrict or prohibit the reservation of Daily Use Periods in the best interests of the Members as a whole. Daily Use Period reservations may be made by Members within the Club Priority Period and at any other time based upon availability.

Section 1.22 Detained User and Detaining User

Have the meanings set forth in Section 2.03 of these Rules and Regulations.

Section 1.23 Developer

Means the developer of any Project.

Section 1.24 External Exchange Company

Means an independent exchange company such as Interval International that facilitates the exchange of lodging rights and services for the Club and/or its Members pursuant to the Exchange Program.

Section 1.25 **Exchange Program**

Means a service provided by an External Exchange Company or by Internal Exchange processes whereby Members may exchange (1) their Use Periods in Club Projects, and/or (2) the Suite size specified on their Membership Certificate, for time periods in resorts at other locations, and Exchange Users may exchange time in other resorts for Use Periods in Club Projects.

Section 1.26 **Exchange User**

Means an owner of a use period in another exchange program or resort who may exchange time in another resort for Use Period(s) in the Club Projects pursuant to an Exchange Program.

Section 1.27 **Governing Documents**

Means the Rules and Regulations of the Club as may be amended from time to time. The Governing Documents for each Member shall also include the Membership Purchase Agreement and any Membership Certificate associated with that Member and his or her Membership. The objective of the Governing Documents is to establish the rights and obligations of both the Club and the Members with respect to the Members' use of the Projects.

Section 1.28 **Initial Reservation**

Means the first reservation made by a Member for lodging rights and services at a Project during a given Calendar Year.

Section 1.29 **Internal Exchange**

Means a reservation by a Member for lodging rights and services at any Project other than the Club Project or Primary Use Resort named in that Member's Membership Certificate as the Club Project or Primary Use Resort which the Member is entitled to use.

Section 1.30 **Internal Exchange Project(s)**

Means any resort community, property and/or project affiliated with a Membership in the Club by means of an Internal Exchange as determined by the Club Manager from time to time including the following: (1) Villa del Palmar-Puerto Vallarta, at Km. 3, Boulevard Francisco Medina Ascencio, Puerto Vallarta, Jalisco, México; (2) Villa del Mar - Puerto Vallarta, at Km. 3, Boulevard Francisco Medina Ascencio, Puerto Vallarta, Jalisco, México; (3) Villa del Palmar - Cabo San Lucas, at Km. 0.5, Camino Viejo a San José del Cabo, Cabo San Lucas, Baja California Sur, México; (4) Villa del Palmar Flamingos, at Paseo Costero y Playa, lot E Flamingos Master Condominium, Nuevo Vallarta, Nayarit, México; (5) Villa del Arco, at Km. 0.5, Camino Viejo a San José del Cabo, Cabo San Lucas, Baja California Sur, México; (6) Villa del Palmar Cancún, at Carretera a Punta Sam km 5200 SM – 2, Lote – 3 Mza – 9 Municipio Isla Mujeres, Quintana Roo C.P. 77400, México; and (7) Garza Blanca Preserve Resort & Spa at Carretera a Barra de Navidad km 7.5, Puerto Vallarta, Jalisco, México; (8) Villa del Palmar Loreto, at Domicilio Conocido en Predio Turístico, Ensenada Blanca en Ligui, Municipio de Loreto, Baja California Sur, México.

Section 1.31 **Internal Reservation**

Means a reservation by a Member for lodging rights and services at the

Project or Primary Use Resort named in that Member's Membership Certificate as the Club Project or Primary Use Resort which the Member is entitled to use.

Section 1.32 **Late Charge**

Means any interest, service fees, reinstatement fees and/or other late charges assessed in connection with a Member's delinquent payment of any Assessments. The Late Charges shall be established and modified by the Club Manager from time to time in the Club Manager's sole discretion subject to Applicable Laws.

Section 1.33 **Maintenance Assessment**

Means the annual fee each Member is required to pay to the Club Manager to cover the Annual Expenses of the Club.

Section 1.34 **Maintenance Assessment Due Date**

Has the meaning set forth in Section 6.04 of the Rules and Regulations.

Section 1.35 **Maintenance Period**

Means one designated Week per Calendar Year per Suite reserved by the On-Site Manager for the maintenance, service and repair of that Suite. The On-Site Manager shall designate one Week per Calendar Year as the Maintenance Period for each Suite.

Section 1.36 **Member**

Means the owner of a Membership in the Club.

Section 1.36.1 **Voting Eligibility.** All Members who have paid in full the purchase price of their Memberships and are current with the performance of all their contractual payment and other obligations according to the Membership Agreement, these Rules and Regulations and the other Governing Documents shall be entitled to attend and vote at Member Meetings. Members shall only vote on matters expressly requiring a vote of the Members under the Governing Documents and/or applicable Law.

Section 1.36.2 **Biennial Memberships.**

Subject to the eligibility requirements in Section 1.37.1 above, Biennial Memberships associated with a particular Week shall cumulatively be entitled to only one aggregate vote for the Week in question. For example, if a Biennial Membership designates that a particular Week is owned during even years by one Member and owned during odd years by another Member, then each of those Members shall be entitled to one-half of a vote for a total of one vote associated with the Week in question and each such one-half vote may be voted at any time that a matter to be voted upon occurs regardless of whether that matter arises during an even year or an odd year.

Section 1.36.3 **Other Voting.**

The Managing Entity shall control and have the right to vote (1) all sold Memberships not paid in full, including those held or controlled in person or by written proxy by the Managing Entity; and (2) all sold Memberships paid in full for which the Managing Entity has been granted a proxy.

Section 1.36.4 **Member Meetings.**

Member Meetings shall ordinarily convene once a year at the place and on the date proposed by the Managing Entity and/or Developer. Calls to Member Meetings shall be issued by the Managing Entity and/or any other person or entity authorized to do so by applicable Law. Calls to Member Meetings shall be published at least 30 days before the date of the Meetings. Calls shall be sent by mail, facsimile, email or other written communication to the most recent registered contact information of each Member under the terms of Article 40 of the Law for the state of Quintana Roo. Notice shall be deemed to have been given at the time when delivered personally to the recipient, deposited in the mail, delivered to a common carrier for transmission to the recipient or sent by facsimile, email other means of written communication. An affidavit of the mailing or other means of giving notice may be executed by the Secretary, Assistant Secretary or any transfer agent of the Club giving the notice and shall be prima facie evidence of the giving of the notice. Such affidavits shall be filed and maintained in the minute books of the Club. Notice need not be given of an adjourned Member Meeting if the time and place thereof are announced at the Meeting at which the adjournment is taken, except that if the adjournment is for more than 45 days or if after the adjournment a new record date is provided for the adjourned Meeting, a notice of the adjourned Meeting shall be given to each Member of record entitled to vote at that Meeting.

Section 1.36.5 **Attendance.**

Attendance of a person at a Member Meeting shall constitute a waiver of notice of such Meeting, except (a) when the person objects, at the beginning of the Member Meeting, to the transaction of any business because the Member Meeting is not lawfully called or convened, and (b) that attendance at a Member Meeting is not a waiver of any right to object to the consideration of any matter required by the Law to be included in the notice but not so included, if such objection is expressly made at the Member Meeting.

Section 1.36.6 **Administration.**

Member Meetings shall be chaired by a representative of the Managing Entity or, in his or her absence, by the person appointed by a majority of the Members present at the Member Meeting. The chairman of the Member Meeting shall be assisted by a secretary to be appointed by a representative Managing Entity or, in his or her absence, a majority of the Members present at the Member Meeting. When the Member Meeting commences, the chairman of the Meeting shall appoint one or more inspectors to count the number of Members present or represented at the Meeting.

Section 1.36.7 **Quorum.**

Member Meetings shall be legally convened on a first call with the attendance of at least 50 percent plus one of the Members and on a second call by the number of the Members present or represented in person or by written proxy. The Members present at a duly called or held Member Meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough Members to leave

less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

Section 1.36.8 Voting Matters.

Members shall only have the right to vote on the following matters subject to these Rules and Regulations:

a) To approve any increase in the Ordinary Fees (but not the other Club Dues) and the date of payment of that increase solely if that increase does not comply with these Rules and Regulations, the Membership Agreement or any other Governing Documents.

b) To decide upon any major changes of the Common Areas that result in the material adverse reduction or elimination of the Common Areas in violation of the Governing Documents or applicable Law.

c) To elect directors to the Board of Directors in accordance with these Rules and Regulations.

d) To decide the adjournment of Member Meetings.

e) To decide those matters expressly established in Article 41 of the Law for the state of Quintana Roo that creates the dispositions to which the Membership Agreements are subject, as that Law may be amended from time to time. That Law currently states that Ordinary General Meetings shall be called at least once a year and extraordinary meetings shall be called in any of the following cases:

- I. When the nature or characteristics of the project are not observed as it was established in the timeshare regime, the Rules and Regulations or the Membership Agreement.
- II. When, as determined by the local tourism agency, the operation, maintenance, administration or facilities services are not observed in accordance to the tourist quality offered in the Membership Agreement.
- III. When, as determined by the local tourism agency or the city hall, accordingly, the seller of the Memberships incurs several major and continuous defaults to that seller's obligations.
- IV. If maintenance fees are increased against the covenants of the Membership Agreement or the Rules and Regulations.
- V. If the seller of the Memberships terminates the affiliation of the development and fails to substitute it for a similar one within the following six months, as long as it was offered in the Membership Agreement.

- VI. In case of bankruptcy or insolvency of the seller or the Managing Entity hired for the rendering of the services.
- VII. When the development is out of business as determined by any competent authority.
- VIII. When the seller of the Memberships repeatedly infringes the dispositions of this Law or fails to perform any of the obligations established in the Membership Agreement or the Rules and Regulations.
- IX. In all those cases when it becomes necessary to defend the development against any third party or when by any acts of God or force majeure the development or furnishings are damaged and a resolution has to be made to such regards.

Section 1.36.09 **Voting Percentages.**

Resolutions and decisions of the Members shall be valid only if and when passed and approved by a majority vote of at least 51 percent of the Members present or represented in person or by written proxy at a duly held Member Meeting.

Section 1.36.10 **Voting Procedures.**

The Managing Entity shall organize and sanction votes. Members may be represented by written proxy or vote by mail ballot under the terms of the Law. Voting may be performed by oral voice vote or by written ballot unless any Member entitled to vote demands election by written ballot at the Member Meeting prior to the voting, in which case the vote shall be by written ballot.

Section 1.36.11 **Proxies.**

Every Member entitled to vote may authorize another person or persons to act with respect to such Member by a written proxy in a form required by Law and signed by that Member or that person's agent or attorney-in-fact and filed with the Managing Entity. Any validly executed proxy shall continue in full force and effect until the expiration of the term specified therein or upon its earlier revocation by the person executing it prior to the vote pursuant thereto (1) by a writing delivered to the Club stating that it is revoked, (2) by written notice of the death of the person executing the proxy, delivered to the Club, (3) by a subsequent proxy executed by the person executing the prior proxy and presented to the Member Meeting, or (4) as to any Member Meeting, by attendance at such Member Meeting and voting in person by the person executing the proxy. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. The date contained on the form of proxy shall be deemed to be the date of its execution.

Section 1.36.12 **Adjournment.**

Any Member Meeting may be adjourned from time to time whether or not a quorum is present by the vote of a majority of the Members represented thereat either in person or by written proxy. At the adjourned and reconvened Member Meeting, the Club may transact any business which might have been transacted at the original Meeting.

Section 1.37 **Membership**

Means the status of a holder of a Membership Certificate as a Member of the Club. Every Member shall have a Membership in the Club. Each Member shall have the rights, duties, privileges, and obligations of a Member as set forth in this Section and the Governing Documents. A Member's Membership status shall be evidenced by a Membership Certificate. The different types of Memberships are: (a) Biennial Memberships, (b) Fixed Week Memberships, (c) any other Memberships that may be established by the Club Manager from time to time. Memberships shall be operated and managed by the Club Manager pursuant to the terms of the Governing Documents. A Membership gives the Member the right to reserve and use lodging rights and services for a period of time during a Season in a Suite Type in a Project subject to the reservation procedures and other provisions in these Rules and Regulations. In order to be assured this right, a Member must request a reservation in accordance with these Rules and Regulations and prior to the applicable Reservation Deadline. A Membership also entitles a Member to the non-exclusive right to use the Common Areas of a Project (subject to restrictions in the Governing Documents) during the period of time in which the Member is entitled to lodging services at that Project. The Memberships and Club Points are not securities or real property interests and have not been registered as such under any Applicable Laws.

(a) Biennial Membership. A Biennial Membership (sometimes called an Odd-Even Membership) means the right of a Member to reserve and use lodging rights and services for a particular Use Period during alternating years, as indicated on the Membership Certificate. For example, a Biennial Membership could allow one Member to use a particular Use Period during even Calendar Years and another Member to use that same Use Period during odd Calendar Years. A Biennial Membership shall be associated with one of the other types of Memberships in the Club and confers on the Member all the rights and obligations associated with the related Membership, except as otherwise set forth herein.

(b) Elite Program Membership. An Elite Program Membership is a Membership with exclusive privileges offered through a loyalty program for Members who have purchased a certain number of multiple Club Points, Weeks, Memberships and/or use rights directly from the Developer of a Club Project in amounts determined by the Developer and/or Club Manager from time to time. Elite Program Members may have exclusive benefits and rights established by the Developer and/or Club Manager in their sole discretion from time to time including priority reservation booking windows and priority reserved use of certain sections of the Common Areas. The Elite Program Membership and its terms may

be offered and modified from time to time by either the Developer and/or Club Manager at its sole discretion.

(c) Fixed Week Membership. A Fixed Week Membership is a Membership pursuant to which the Member has a right to reserve lodging rights and services during a specified Use Period.

(d) General Membership.

(1) General. A Membership means the right of a Member to participate in the Club Points Program. Upon a Member's exercise of the right and option to use the Projects, the usage rights conveyed to such Member shall be converted into Club Points as described on the Membership Certificate. The Member shall have the right to redeem the Club Points in the Club for accommodations at any of the Projects or for other Club services or benefits as may be offered by the Club and available from time to time, throughout the life of the Member's Membership.

(2) Creation of Club Points. The total number of Club Points in the Club Caribe Villa del Palmar program shall be the sum of all of the Club Points available by taking into consideration all the Suites. That inventory shall have an associated Club Point value for every night of the year and that value shall be based upon the Suite Type including the cost of the resort product, relative supply and demand for the accommodation size, historical market average occupancy rates, resort seasonality, holidays and special events, day of the week and other applicable factors as determined from time to time by the Club Manager. The total number of Club Points within the Club Caribe Villa del Palmar program may vary slightly from year to year based on Use Periods falling on certain days within that year. Club Points may be increased upon the addition of future phases or other Projects or resort locations associated with the Club.

(3) Reallocation of Club Points. In the best interest of Memberships as a whole, the Club Manager may elect to reallocate Club Points across seasons, resort locations and/or Suite Types. Any such reallocation shall be based upon research of specific market data. Members will be notified of any planned reallocation of Club Points, other than a reallocation resulting from the addition or deletion of Club Resorts or locations, approximately 12 months prior to any such reallocation becoming effective. At no time will the original Club Points allocated to a Member at the time of purchase of that Member's Membership be reallocated or decreased. The Club Manager and/or the Developer of a Project may at any time decide to remodel a Project to upgrade that Project to the standard and quality of any other Project, or otherwise, which could then change the value of the Club Points associated with that Project.

(4) Club Point Charts. The Club Manager shall issue Club Point Charts which describe the associated Club Point value required for a Member to use his or her Use Period. The Club Manager reserves the right to periodically modify, change, and/or amend the Club Point Charts.

(5) Club Point Allocations to Members. When a Member chooses to use his or her Use Period, the allocation of the Club Points for that

Use Period will be determined based on the Membership Certificate given at the time of purchase. The date may vary for the annual allocation of Club Points.

(6) Use of Club Points. A Member shall have the right to use the Club Points allocated to that Member during each Calendar Year. If a Member purchases his or her Membership within a particular Calendar Year, the Calendar Year for that particular year will be the period of the year remaining in that Calendar Year. Club Points that remain unused as of the end of a Calendar Year shall automatically expire and all usage rights associated with the expired Club Points shall be deemed to be forfeited by the Member for that Calendar Year if that Member does not Bank those unused Club Points. Club Points, or portions thereof, may be combined with Preferred Points and used to upgrade a Suite Type 60 days or less prior to the Check-In Date.

(7) Additional Club Points. If a Member does not have sufficient Club Points to reserve a desired Suite or season upgrade during a given Calendar Year, that Member may Borrow Club Points from the next successive Calendar Year(s) or rent Club Points all at a cost determined by the Club Manager from time to time. Renting of Club Points shall be limited to no more than 50 percent of the total number of Club Points required to confirm the desired reservation. A Biennial Member may only Borrow Club Points from that Biennial Member's next Use Period or only rent Club Points up to 50 percent of the amount of Club Points that such Biennial Member then currently actually owns for the use of season upgrades only and not for Suite size upgrades. A Member may also purchase additional Club Points on terms and at the prices designated by the Club Manager from time to time.

(8) Preferred Points. A Member may use additional Preferred Points up to the amount of Club Points purchased but not in excess of a maximum aggregate of two weeks of Club Points each Calendar Year. Those Preferred Points may be used between May (Week 18) and October (Week 43) of a Calendar Year and are based on space availability. Preferred Points may not be converted to Club Points. Preferred Points may be split into smaller amounts. A Member shall pay a full Maintenance Assessment for a full Week of Preferred Points or a prorated Maintenance Assessment for use of less than a full Week of Preferred Points. Preferred Points, or portions thereof, may be exchanged with an External Exchange Company (if allowed) but cannot be Banked, Borrowed, or Rented. Preferred Points, or portions thereof, may be requested up to 12 months prior to the actual date of use of the Preferred Points in question. Preferred Points, or portions thereof, may be combined with Club Points and used to upgrade a Suite Type 60 days or less prior to the Check-In Date. . Biennial Members shall be entitled to use Preferred Points consistent with the other provisions in the Governing Documents respecting Preferred Points.

Section 1.38 **Membership Certificate**

Means a certificate which may be issued by the Club Manager to a Member which shall specify all of the following information, if applicable: (a) the Membership contract date and number; (b) the Membership Club Point value and type; (c) the Member name(s); (d) the commencement year, expiration

year and use year (if every other year); and (e) any other pertinent information determined by the Club Manager. In case of any conflict between a Membership Certificate and the other Governing Documents, the other Governing Documents shall control.

Section 1.39 Membership Purchase Agreement

Means the purchase and sale agreement by which a Member purchases a Membership along with any purchase-money financing documents as well as all exhibits, attachments and disclosures and associated with the foregoing as may be amended from time to time. In case of any conflict between a Membership Purchase Agreement and the other Governing Documents, the other Governing Documents shall control.

Section 1.40 On-Site Manager

Means the company or individual which shall be responsible for the on-site operation, management and maintenance of a particular Project, including the Suites and the Common Areas.

Section 1.41 Payment Default

Has the meaning set forth in Section 6.06(a) of these Rules and Regulations.

Section 1.42 Permitted User

Means any person occupying a Suite in a Project by or through any Member including, but not limited to, such Member's family members, friends, guests, invitees, licensees, or renters (where authorized). Any act or omission of a Permitted User shall be deemed the act or omission of the Member by or through whom such Permitted User occupies the Suite or enters the Project.

Section 1.43 Personal Charge

Has the meaning set forth in Section 6.07 of these Rules and Regulations.

Section 1.44 Preferred Points

Means the Club Points given to, or purchased by, a Member for use during May (Week 18) through October (Week 43) each Calendar Year.

Section 1.45 Primary Use Resort

Means the Project named in a Member's Membership Certificate as the Project which the Member is primarily entitled to use. The Primary Use Resort may or may not be the resort location where the Member's original Membership Purchase Agreement was executed.

Section 1.46 Project(s)

Means any Club Project and/or Internal Exchange Project, but not any resort or project associated with an External Exchange.

Section 1.47 Related Party or Related Parties

Means, the past, present, and future owners, directors, trustees, officers, employees, lessees, personnel, affiliates, agents, contractors, successors and assigns of a person or entity. In no event shall any person or entity and its Related Parties be deemed to be a Related Party of any other person or entity

or its Related Parties. The Related Parties of the Club and/or the Club Manager shall include the Club Manager, any Developer, any seller of the Memberships, any On-Site Manager, Project and/or their respective Related Parties. The Related Parties of a Member shall include that Member's Permitted Users and Exchange Users and their respective Related Parties.

Section 1.48 Rent or Renting

Means the act of a Member renting additional time or Club Points from the Club for a specified one-time use as offered by the Club Manager from time to time.

Section 1.49 Reservation Deadline

Has the meaning set forth in Section 3.01 of these Rules and Regulations.

Section 1.50 Rules and Regulations

Means these Rules and Regulations as may be amended from time to time. Any references in the Membership Purchase Agreements to Rules; Regulations; Rules and Regulations; Covenants, Conditions and Restrictions; CC&Rs and similar matters shall mean these Rules and Regulations.

Section 1.51 Season or Seasons

Means any of the following three seasons:

Winter Season: Weeks 1-17 and Weeks 44-50, inclusive.

Summer Season: Weeks 18-43, inclusive.

Holiday Season: Shall mean the time allocated to a Member for the use of a Unit at a Resort that shall mean the Week containing the third Monday of February, Holy Week, Easter Week, Thanksgiving Week, Christmas Week and New Years Week of each Calendar Year; subject to payment of the Club Dues associated with the Club Points used for the Use Period in question, and must not involve Banked, Borrowed, Rented or Accelerated Club Points.

The Club Manager reserves the right, exercisable in its sole discretion, to establish and modify the dates of the Seasons to adjust for peculiar demand or seasonal circumstances; provided, however, that any such change shall not reduce or shorten a Member's Season as provided in the Membership Purchase Agreement.

Section 1.52 Service Period

Means, with respect to each Suite, the five-hour time period between Check-Out Time and Check-In Time reserved by the On-Site Manager for the maintenance, cleaning and repair of the Suite and Common Furnishings.

Section 1.53 Special Assessments

Means a charge levied against each Member to cover any additional costs or expenses incurred in connection with the Memberships, if the Club Manager determines that, if for any reason, the annual Maintenance Assessment is or

will become inadequate to meet all expenses associated with the Memberships in any given year.

Section 1.54 Suite

Means one of the individual residential suites in a Project, including the Common Furnishings contained therein and attached balconies reserved for the use of Members who have purchased Memberships in the Club.

Section 1.55 Suite Type

Means the type of Suite designated in a Member's Membership Purchase Agreement and/or Membership Certificate in which such Member is entitled to lodging rights and services.

Section 1.56 Transfer, Transferor and Transferee

Have the meanings set forth in Section 2.06 of these Rules and Regulations.

Section 1.57 Use Period

See the definition of Week below.

Section 1.58 User

Means any Member, Permitted User, Exchange User or other person who uses a Suite at a Project. Each User must be at least 18 years of age or be accompanied by a person who is at least 18 years of age. If the oldest User in a Suite is less than 25 years of age, then the Club Manager and/or any On-Site Manager shall have the right to require that (i) an additional written authorization be submitted to the Club Manager, (ii) a credit card number and authorization guaranteeing any unpaid charges or damages incurred by the User, (iii) a refundable security deposit of \$500.00 US or such other amount determined by the Club Manager and/or On-Site Manager be paid upon checking in at the Project and prior to occupancy of the Suite, subject to deductions for unpaid charges or damages, and/or (iv) any other security that the Club Manager and/or On-Site Manager deems necessary to protect the Suite, Project and/or Club.

Section 1.59 Vacation Bank

Means the system or program maintained by the Club Manager to allow Members to save and Bank unused Use Periods for use in later years.

Section 1.60 Week or Use Period

Means the time and use period designated in a Member's Membership Certificate during which the Member has the exclusive right to use the lodging rights and services in a Suite and associated Common Areas in accordance with the Governing Documents. For purposes of the Governing Documents, a Week or Use Period may constitute a time period different from (more or less) than a traditional seven-day week from Sunday through Saturday.

- (a) **Fixed Week Memberships.** With respect to Fixed Week Memberships, each Use Period shall consist of a period of seven consecutive days and shall commence each Saturday at the Check-In Time and shall terminate on the following Saturday at the Check-Out Time.

(b) **General Memberships.** Each Use Period shall consist of any number of days and shall commence on any Check-In Date at the Check-In Time and shall terminate on the Check-Out Date at the Check-Out Time determined in accordance with the Membership in question and the Check-In Date may be any day of the Use Period.

(c) **Holiday Season.** Each Member owning a Holiday Season at any Project may select a Check-In Date in accordance with these Rules and Regulations; provided however, that the Use Period shall only include one Holiday Season within the requested Use Period, i.e. either Christmas Day or New Year's Eve.

(d) **Week Numbering.** The Weeks of each Calendar Year shall be numbered consecutively. Upon purchase of a Membership, a Member shall be provided with a calendar which shows the Weeks for each Calendar Year throughout the term of that Member's Membership.

(1) **Fixed Week Memberships.** For Fixed Week Memberships, Week 1 shall be the Use Period commencing on the first Saturday in January and Week 52 shall be the Use Period commencing on the last Saturday in December.

(2) **Other Memberships.** For other Memberships, Week 1 shall be the Use Period commencing on any day during the first 7 days of January (as designated on the Membership Certificate), and Week 52 shall be the Use Period commencing on any day during the last 7 days of December (as designated on the Membership Certificate).

Article II. Restrictions on Lodging Rights and Services

Section 2.01 Lodging Rights and Services

Subject to all the terms and conditions contained in the Governing Documents, each owner of a Fixed Week Membership shall have exclusive lodging rights and services for each Fixed Week Membership owned in a specific Suite and the non-exclusive right (subject to restrictions in the Governing Documents) to use and enjoy the Common Areas during the one specific Use Period each Calendar Year that such Member has purchased pursuant to such Member's Membership Certificate. A Member shall only use the exclusive lodging rights and services associated with that Member's Membership during the exact reserved Use Period(s) designated with that Membership and not at any other time. A User staying in one Project shall not use the services or Common Areas of any adjacent or other Project.

Section 2.02 Restrictions

Each User shall keep the Suite in which he or she has lodging rights and services and the Common Furnishings therein in good condition and in the same condition as when the Member or Permitted User checked into the Suite, vacate the Suite at the Check-Out Time on the Check-Out Date

associated with his or her Use Period, remove all persons and personal property there from (except the Common Furnishings), leave the Suite and the Common Furnishings therein in good and sanitary condition and in the same condition as originally found and otherwise comply with such checkout and other regulations as may be contained in these Rules and Regulations and any other rules of the Project in question. Any charges or expenses incurred or to be incurred for damage or loss to any Project whatsoever caused by a Member and/or his or her Permitted User will be charged to the Member as a Personal Charge pursuant to Section 6.07 below and any nonpayment of such a Personal Charge shall be cause for suspension of such Member's Membership privileges until such Personal Charge has been paid. Each User shall report any damage or deterioration of his or her assigned Suite or its Common Furnishings to the On-Site Manager as soon as possible after checking in. Except as required to prevent damage or injury to persons or property in an emergency, no User shall make or authorize any alterations to a Suite or its Common Furnishings; paint or otherwise refinish, redecorate, or attach any items to the walls, ceilings, floors, windows or doors bounding any Suite; or remove, alter, repair or replace any portion of the Common Furnishings without the prior written consent of the On-Site Manager. No animals shall be allowed or kept in or upon any Suite.

Section 2.03 Failure to Vacate

If any User (the "Detaining User") fails to vacate a Suite at the Check-Out Time on the Check-Out Date or otherwise makes unauthorized use of a Suite during a period other than his or her Use Period, or prevents another User (the "Detained User") from using his or her lodging rights and services for a Suite during the Detained Member's Use Period, such Detaining User shall (a) be subject to immediate removal, eviction or ejection from the Suite wrongfully used; (b) reimburse the Club Manager, On-Site Manager and the Detained User for all costs and expenses incurred by Club Manager, On-Site Manager, and/or the Detained User as a result of such conduct, including, but not limited to, costs of alternate accommodations, travel costs, court costs and reasonable attorneys' fees incurred in connection with removing, evicting or ejecting the Detaining User from such Suite and costs (including reasonable attorneys' fees) incurred in collecting such amounts; and (c) pay to the Detained User entitled to lodging rights and services for the Suite during such wrongful occupancy, as liquidated damages (in addition to the costs and expenses set forth in Section 2.03 (c) above), a sum equal to 200 percent of the fair rental value per day of the Suite for each day or portion thereof, including the day of surrender, during which the Detaining User prevents the use of lodging rights and services for the Suite. The Club Manager shall be responsible for determining the "fair rental value" of a Suite. "Fair rental value" for a Suite shall be based upon the costs of renting comparable accommodations located in the vicinity of the Project. The On-Site Manager shall use reasonable efforts to remove such Detaining User from the Suite, to assist any Detained User in finding alternate accommodations during such holdover period, or to secure, at the expense of the Detaining User, alternate accommodations for any Detained User. Such alternate accommodations shall be as near in value to the Detained User's Suite as possible and the cost thereof shall be assessed to the Detaining User as a Personal Charge. If the

On-Site Manager, in its sole discretion, deems it necessary to contract for a period greater than the actual period for which the permitted use is prevented, in order to secure alternate accommodations as set forth above, the cost of the entire period shall be assessed to the Detaining User as a Personal Charge. By accepting issuance of a Membership Certificate, each Member agrees that, in the event of a wrongful occupancy or use by such Member or his or her Permitted User, damages would be impracticable or extremely difficult to ascertain and that the measure of liquidated damages provided for herein constitutes a fair compensation to those who are deprived of the use of their lodging rights and services. If a Member or his or her Permitted User by intentional or negligent act renders a Suite uninhabitable, then (i) such Member or Permitted User shall be deemed a Detaining User, (ii) the foregoing provisions of this Section 2.03 shall apply, and (iii) such Detaining User shall be liable to any Detained User during any such successive Use Period just as if such Detaining User had refused to vacate the Suite at the end of his or her Use Period. For purposes of this Section, the act, omission, or negligence of a Permitted User shall be deemed to be the act, omission or negligence of the Member authorizing the Permitted User to use such Member's Membership rights and Suite.

Section 2.04 **Maximum Occupancy Limitations**

The maximum number of persons allowed to occupy each Suite Type shall be as follows:

1. Studio: four persons
(max two adults and two children under age 12)
2. One-Bedroom: four persons
3. Two-Bedroom: six persons
4. Two-Bedroom Ocean-Front: six persons
5. Two-Bedroom Penthouse: six persons
6. Three-Bedroom Ocean-Front: eight persons
7. Three-Bedroom Penthouse: eight persons

Such occupancy limitations apply only to use by a Member or Permitted User and not by any Exchange User. Occupancy limitations imposed on an Exchange User shall be in accordance with the requirements of the applicable External Exchange Company but in no event shall exceed those limitations set forth above. In the event a User arrives at the Project and attempts to register persons in excess of the maximum number allowable for the Suite Type in question, the On-Site Manager, in its sole discretion, may allow one additional person to be accommodated in said Suite Type.

However, the User will be levied a Personal Charge in an amount determined by the On-Site Manager for that additional person for providing additional towel, linen, bedding, housekeeping and other service. In the event a User arrives at the Project and attempts to register more than one person in excess of the maximum number allowable for the Suite Type in question and the On-

Site Manager declines to accommodate any extra persons, the User may rent an additional Suite, if available, at the applicable rack rate (e.g., normal room rate), less any discount that may be established by the Club Manager from time to time or seek accommodations elsewhere at the User's option and expense. For the purpose of calculating occupancy of any Suite or Suite Type under this Section, each child over two years of age occupying a Suite shall constitute one person.

Section 2.05 **Rights of Entry**

Without limitation thereto, the On-Site Manager and/or its Related Parties shall have the right to enter the Suites and the Common Areas for the purposes of performing administrative, maintenance and other duties or obligations including, without limitation, the right to enter Suites during the Service Periods each Use Period and the annual Maintenance Period. The On-Site Manager shall be provided with a passkey to all Suites. In case of emergency, the On-Site Manager and its Related Parties and such other designated Project employees may immediately enter any Suite and, in such case, shall notify the User occupying such Suite, as soon as reasonably possible, of the reason for such entry. No User shall block, alter any lock or install a new lock on any door leading to any Suite.

Section 2.06 **Transfer of Memberships**

(a) **General.** A Member may directly or indirectly sell, assign, encumber, convey or otherwise transfer ("Transfer") all of his or her Membership provided that such Member Transfers all, but not less than all, of his or her interest in his or her Membership (i.e., not less than the entire Use Period represented by each Membership owned). Any Transfer by any Member of less than all of his or her interest in a Membership shall be null, void and of no effect. A Member shall not Transfer his or her Membership during the first year of that Membership. A Member shall not Transfer his or her Membership except as specifically authorized by the Governing Documents and any agreement to which the Member is a party. Certain benefits and rights associated with certain Memberships may not be Transferable as determined by the Club Manager from time to time, especially if such Transfer does not comply with the Governing Documents, including but not limited to the following: (a) Club Points may be removed from the Transferred Membership so that it reverts to a traditional Membership based on weeks; (b) Preferred Time may be removed from the Transferred Membership; and (c) extra fees may be required to accomplish the Transfer.

If a Member desires to Transfer his or her Membership before paying in full the price of sale under the Membership Purchase Agreement associated with that Membership, that Member shall first obtain the prior written approval of such Transfer from the vendor designated in that Membership Purchase Agreement, who may grant or deny approval of such Transfer at its sole discretion and without which said Transfer shall be null and void. If a Member (the "Transferor") Transfers a Membership, any buyer, recipient, assignee, beneficiary or transferee (the "Transferee") shall specifically agree in writing to abide by the Membership Certificate and the Governing Documents.

No Transfer shall be valid until the following conditions have been completed to the satisfaction of the Club Manager: (i) any Assessments and purchase price financing have been paid in full and the Membership is otherwise in good standing under the Governing Documents; (ii) a notarized written statement from all original signatories authorizing the transaction and amendment to any Membership Certificate in question has been delivered to the Club Manager; (iii) the Transferee has furnished a notarized written statement to the Club Manager of the Transferee's name, address and telephone number and delivered to the Club Manager the Transferee's agreement to abide by the Governing Documents; and (iv) the Transferee's agreement to pay the balance, if any, due under the Transferor's Membership Certificate has been delivered to the Club Manager. Furthermore, Transferor shall pay to the Club Manager the following in amounts determined by the Club Manager (x) a Transfer fee for Transfers to immediate family members; or (y) a percentage of the original purchase price for the Transferred Membership for any other Transfers. On satisfaction of the requirements for Transfer set forth in this Section, a new Membership Certificate may be issued to the Transferee and any Membership Certificate of the Transferor shall be cancelled. Upon completing the change of ownership in the Club records, the Transferee will assume any existing reservations previously made by the Transferor. The Club Manager will notify the Transferee of those existing reservations that are being assumed.

(b) **Notice.** Within 10 days after the Transfer of any Membership, the Transferee shall notify the Club Manager in writing of such Transfer. Such notice shall set forth the name, address, telephone number and email address (if any) of the Transferor and Transferee and the date on which such Transfer is to be, or was, consummated. Unless and until such notice is given and the conditions in this Section are satisfied (1) the Transferor Member remains subject to the obligations in the Governing Documents and is responsible for any and all Assessments, responsibilities and/or liabilities imposed or incurred pursuant to that Membership, and (2) the Club Manager is not required to recognize the Transferee for any purpose. Prior to receipt of any such notification by the Club Manager, any and all communications required or permitted to be given by the Club Manager shall be deemed duly given and made to the Transferee if duly and timely made and given to the Transferor.

(c) **Status of Points.** Notwithstanding any provisions herein otherwise, upon the Transfer of a Membership, the Transferor shall forfeit any and all rights to utilize any remaining Club Points associated with that Membership. If the Transferee is an immediate family member of the Transferor (i.e. spouse, sibling or child), then the use rights associated with the Transferred Membership shall remain unchanged and the Transferee shall assume the Transferor's Club Points remaining as of the date of the Club Manager's recognition of the Transfer.

(d) **Right of First Refusal.** Notwithstanding any provisions herein otherwise, if a Member desires to Transfer any of that Member's right, title or interest in a Membership or the Purchase Agreement, that Member shall first deliver to Constructora Villa del Palmar Cancun, S.A. de C.V., a Mexican company, or its successor-in-interest ("Seller") written notice of that

proposed Transfer along with the price and all other terms and conditions associated with that proposed Transfer (the "Notice"). Within the first 30 days following the date that Seller receives such Notice (the "Notice Date"), Seller shall have an exclusive right of first refusal to purchase that Membership or Purchase Agreement on the same price, terms and conditions as the proposed Transfer (the "Right of First Refusal"). If Seller does not exercise its Right of First Refusal, that Right of First Refusal shall automatically come back into full effect if (i) the Member ever changes the price, terms or conditions of the proposed Transfer from those delivered to Seller in the Notice, or (ii) Member does not actually complete the proposed Transfer within 90 days following the Notice Date.

(e) **Security Interests.** Except as provided in Section 2.06(a) above, no Member shall permit this Membership to be subject to any lien, claim or charge, the enforcement of which may result in a sale or threatened sale of the Membership or any part therein, of any other Member or in any interference in the use or enjoyment thereof by any other Member. Any authorized encumbrance shall be subordinate to all of the provisions of the Governing Documents. The Governing Documents shall be binding upon any Member whose title is derived through the enforcement of a security interest held in a Membership by any action, public or private. Notwithstanding, any other provision of these Rules and Regulations no breach of the provisions herein contained, nor the enforcement of any security interest created pursuant to the provisions hereof shall defeat or make invalid a purchase money security interest in any Member's Membership if the same is given in good faith and for value.

Section 2.07 **Memberships**

(a) **Protection of Membership.** Except as provided in Section 2.06(d) above, a Member shall not permit his or her Membership to be subject to any lien, claim or charge, the enforcement of which may result in a sale or threatened sale of the Membership, or any part thereof, of any other Member or in any interference in the use or enjoyment thereof by any other Member. No Member shall seek or obtain judicial partition, or the equivalent of such remedies, of any Project, Suite or Membership. Any rights the Members may have as purported owners or purported tenants-in-common of any Project or Suite are hereby expressly waived and substituted in the place thereof are the terms and conditions of the Governing Documents. Should the lodging rights and services for, and enjoyment of, any portion of a Project, Suite, the Common Areas or Common Furnishings by any Member be threatened by reason of any lien, claim or charge against any Member and/or that Member's Membership, or should proceedings be instituted to effect any such sale or interference, any Member acting on his or her own behalf or through the Club, or the Club acting on behalf of any one or more Members (if the acting Member or Club is promptly indemnified to his or her or its satisfaction) may, but shall not be required to, pay or compromise the lien, claim or charge without inquiry into the proper amount or validity thereof and, in such event, the Member whose interest was subjected to such lien, claim or charge shall forthwith pay the amount so paid or expended to the Member or the Club, whomsoever shall have paid or compromised the lien, claim or charge, together with such reasonable attorneys' fees and related costs as the Member

or Club may have incurred. No Member shall permit his or her interest in any funds from time to time in possession of the Club to be subjected to any attachment, lien, claim or charge or other legal process and shall reimburse the Club and/or its Related Parties for all reasonable attorneys' fees or other costs incurred in respect thereof.

(b) **Member Representations.** Each Member represents and warrants for himself or herself that the following statements are true, correct and not misleading through the term of the Membership:

(1) The Member has received, read, understood, approved and, where applicable, signed the Governing Documents.

(2) The Club and/or its Related Parties are not required to pay the Member for referring any future or potential customers to the Club and/or its Related Parties.

(3) The Club and/or its Related Parties have not made any representations, warranties or promises to the Member that the Member shall derive any income, profit or earning from the rents, profits or use of any other lodging right and service associated with the Governing Documents, the Club and/or the Membership. The Member understands that Membership and Club Points are not securities or real property interests and have not been registered as such under any Applicable Laws.

(4) The Member has been given an adequate opportunity to investigate and become familiar with all aspects and components of the Membership and the Member is relying upon the Member's own investigation and familiarization and not upon any statement, representation or warranty of the Club and/or its Related Parties except as specifically set forth in the Governing Documents.

(c) **Limited Representations.** Each Member accepts his or her Membership in "as is" condition without any representations or warranties from the Club and/or its Related Parties except for the limited warranties that may be provided to Member in writing in the Membership Purchase Agreement (collectively, the "Limited Warranty"). Each Member acknowledges that other than the Limited Warranty, the Member is acquiring the Membership in "as is" condition without representation or warranty and the Member and Member's Related Parties shall not rely upon any other alleged statements, warranties, promises, guarantees or representations attributable to the Club and/or its Related Parties, or anyone acting or claiming to act on behalf of the same and no such other matters shall be binding upon the Club and/or its Related Parties.

(d) **Rental and Resale Disclosure.** A Member may rent or resell that Member's Use Period to others in accordance with the terms of the Governing Documents; however, that rental or resale process is that Member's sole responsibility and that Member hereby releases and indemnifies the Club and its Related Parties from any liability or expense associated with any such rental or resale. In the event that a Member rents a Member's Use Period to others, that Member shall be responsible for the conduct of the renters and their guests at the Projects. A Member may rent or resale that Member's Use

Period directly through that Member's own efforts or through any rental/resale entity, person or program except an employee associated with or employed by the Club and/or its Related Parties or any salesperson associated with the Member's purchase or upgrade of a Membership. In addition, a Member's salesperson is not allowed, in any way, to represent any specific rental or sales rates or refer any rental/resale companies to any Member. Each Member understands that there are various rental/resale companies in the marketplace, but many are not credible companies with proven track records. The Club does not recommend or endorse any rental/resale companies. Each Member acknowledges that such Member did not purchase the Membership with the expectations of receiving rental/resale returns which may offset the purchase price, Assessments or other expenses associated with the Membership.

(e) Proprietary Information.

(1) Definition. For purposes of these Rules and Regulations, "Proprietary Information" shall mean all names, abbreviations, logos, trademarks, service marks, trade secrets, copyrights, domain names, websites, brands, electronic materials, technologies, concepts, ideas, products, plans, drawings, works of authorship, models, licenses, patents, inventions (whether patentable or not), customer and owner lists and information, records, databases, manuals, images, photographs, videos, audio productions, music, text, applets and other intellectual property directly or indirectly associated with the Projects, the Club, the Club Manager, and/or the Developer along with any variations, amendments and updates thereto.

(2) Restrictions. Each Member and its Related Parties shall not directly or indirectly at any time or in any manner (i) purchase placement rights for any Proprietary Information or use any Proprietary Information in any manner of advertising or marketing materials or media, including but not limited to internet and web advertising; (ii) target, solicit, or otherwise exploit any of the Proprietary Information to seek or offer business, services or products to any person or entity in connection with any Proprietary Information; (iii) use, or allow any websites within its control to use, any predatory advertising methods designed to generate traffic from websites associated with the Proprietary Information in any manner including creating or overlaying links or banners on websites, spawning browser windows, or utilizing any other method to generate traffic from a website with Proprietary Information without the owner's knowledge, permission and participation; (iv) use, copy, decompile, disassemble or reverse engineer any of the Proprietary Information; (v) create any intellectual property, product, service or technology that is based upon, developed with, derived from, uses, employs, or incorporates, any of the Proprietary Information; (vi) make any commercial use of the Proprietary Information; (vii) disclose, solicit, contact or enter into any agreements respecting the Proprietary Information; and/or (viii) have any right, title or interest in the Proprietary Information.

(3) Liquidated Damages. Each Member stipulates and agrees that any violation of these covenants respecting the Proprietary Information shall cause damages in amounts that are difficult if not impossible to ascertain with particularity.

It is therefore stipulated that in the event of any breach of these covenants respecting Proprietary Information, the person breaching shall be required to pay the Club Manager \$100,000, which amount is recognized as the best estimate or the valuation of such a breach, and the same is stipulated and acknowledged to be reasonable and not in the nature of a penalty or forfeiture.

Section 2.08 **Grant of Lodging Rights
and Services by Permitted User**

In the event that a Member grants his or her lodging rights and services to a Permitted User, (a) the Club Manager may charge a fee in an amount determined by the Club Manager for the issuance of a Permitted User confirmation; (b) the Member shall provide a copy of the Governing Documents to the Permitted User; (c) the Member shall specifically notify the Permitted User of the maximum occupancy limitations associated with the Suite; and (d) the Member shall be ultimately responsible for any and all Personal Charges, costs, expenses or damages unpaid or arising from the Permitted User's use of the Club and Projects, including the Permitted User's failure to comply with the Governing Documents. In the event that a Member authorizes any other person or entity to access that Member's Membership or account information, the Club Manager may (i) require that the Member and the authorized party execute documents acceptable to the Club Manager memorializing the nature, terms and conditions of such authority and access; and (ii) charge a fee in an amount determined by the Club Manager for accommodating and permitting that access.

Section 2.09 **Common Area Use Restrictions**

A User's non-exclusive right to use a Project's Common Areas, is subject to reasonable restrictions including, but not limited to, the following:

(a) **Nuisance.** Radios, stereos and televisions must be played at a volume so as not to disturb the comfort of others. Users shall not cause any type of disturbance which is an annoyance to another person staying at the Project. Noise shall be kept to a minimum between 11:00 p.m. and before 8:00 a.m. Any User who is disturbed by the volume of any radio, stereo, television or similar device being used by another person should register a complaint at the Project's front desk, rather than directly with the person causing the nuisance.

(b) **Behavior.** Users shall comply with all the Rules and Regulations including the Club's rules governing the use of the pools, barbecue areas, tennis courts, recreation facilities and all other Common Areas of each Project. Users shall abide by generally accepted standards of reasonable conduct, whether or not specified in these Rules and Regulations. Users shall conduct themselves in a reasonable manner and shall not engage in any offensive, annoying, obnoxious, or threatening manner while at any Project. Appropriate dress is required in and around the pools, beaches, restaurants, recreational facilities, and all other Common Areas.

(c) **Visitors.** Each Project is a private facility. Unauthorized guests and visitors are not allowed on the Projects. Users may invite visitors on to a Project so long as the conditions in this paragraph to protect the security and comfort of all Users are met.

Before any visitor is permitted on a Project, he or she must first obtain a visitor's pass from the On-Site Manager. Unless an overnight pass is obtained, each visitor's pass will be valid for a single day's visit between 8:00 a.m. and 11:00 p.m. or such other hours as may be determined by the Club Manager or the Project in question. Users may obtain overnight passes for their guests at the Project front desk upon the visitor's display of photo identification and the User's confirmation of financial responsibility for the visitor and posting of appropriate security deposits, credit card information or other security as determined by the On-Site Manager. The On-Site Manager has the right, in its sole discretion, to refuse visitor passes or overnight passes to any invited visitor who does not or does not appear likely to meet satisfactory standards of conduct, behavior or appearance, or who has violated or appears likely to violate any of the Club's Governing Documents. The number of permitted visitors allowed on any Project or in any Suite at one time may be limited by the rules instituted at each Project. Each Project shall have the right to determine and impose a charge for overnight or excessive visitors as determined in the sole discretion of the On-Site Manager.

(d) **Glassware.** Coolers, drinking glasses, bottles or other glassware are not permitted in or around swimming pools, hot tubs, beaches or other Common Areas.

(e) **Children.** Children under 12 years of age must be supervised and accompanied by an adult at all times while in any pool areas, hot tubs, wet areas and fitness facilities associated with the Common Area. Children under 12 years of age are discouraged from being in hot tubs even with adult supervision. Users may not play or make loud noises in corridors, parking areas, driveways, streets, or lobbies. Users are responsible for the behavior of their children and must ensure that their children do not disturb other people or cause damage or injury to any other person, any Project, the Club and/or its Related Parties.

(f) **Storage.** Towels, bathing apparel, clothing or any other personal property or articles may not be hung on balcony railings or balcony furniture. No clothing, brooms, cartons or other containers or cleaning equipment may be placed on balconies, in passageways or windows which may be viewed from the exterior of the building in which such balconies, passageways, or windows are located. Shoes, sandals, laundry, bagged or un-bagged trash, carriages, bicycles, mats, surfboards and all other similar items must be stored within the User's Suite and not in hallways, building entrances, balconies or any other Common Areas. Open flames, fires, hibachis or other items for cooking are not permitted on balconies or in Suites. Furniture placed on balconies, inside Suites or in Common Areas by the On-Site Manager shall not be removed by any User.

(g) **Trash.** Garbage and refuse must be put in the appropriate garbage receptacles located in designated areas throughout each Project.

Any discarded food must be tightly wrapped in order to minimize pest infestation.

(h) **Pool Furniture.** Use of pool, beach lounge chairs and outdoor furniture is on a first-come, first-served, first-available basis. Pool, beach

lounge chairs and outdoor furniture may not be reserved for extended periods of time by just placing personal articles thereon. Any pool, beach lounge chair, or outdoor furniture remaining unoccupied for more than one hour, even if personal articles are placed thereon, shall be considered unreserved and abandoned and may be assigned for the use of another person by the On-Site Manager or its designated agent or employee. The Club and/or its Related Parties are not responsible for the loss or theft of any personal items left anywhere in the Common Area.

(l) **Facilities.** Use of each Project's sport, leisure, recreational, food, and beverage facilities and other Common Areas is on a first-come, first-served, first-available basis, unless reservations are permitted by the On-Site Manager.

(j) **Food and Beverages.** Eating and drinking shall be confined to the Member's Suite, restaurants and other areas designated by the Club Manager or On-Site Manager.

(k) **Soliciting.** No soliciting is permitted in the Common Areas without the prior written consent of the On-Site Manager, including posting flyers in hallways, holding signs anywhere in the Common Area, and/or distributing or posting petitions anywhere within any Project. Members are encouraged to address grievances in writing directly to the Club Manager.

(l) **Risk.** Use of all Common Areas and facilities, including, but not limited to, swimming pools, health spas, wet areas, fitness centers, beach areas, oceans and other recreational facilities and equipment, is at the User's own risk. The Club and/or its Related Parties shall not be responsible for injuries to any person or damage or loss to any User's property from any cause whatsoever. Users are responsible for their own safety and the safety of their guests at all times. Because wet surfaces can be dangerous, Users should use caution in pool and wet areas and in all other outside areas and building entrances at all times, particularly during and following rain or where water is present. Users should exercise a very high degree of caution while on the beach and are reminded that in most cases, beaches are government property of the country in which the Project is located and in those cases the beaches are controlled by the government of that country rather than by the Club. Users are reminded that recreational activities such as, but not limited to, parasailing, waterskiing, jet skiing, personal water craft, boating, fishing, scuba diving and snorkeling involve risks and Users should use extreme care when engaging in these activities. The Club and/or its Related Parties do not sponsor or endorse, nor are they responsible for, any person's participation in off-site activities including, but not limited to, parasailing, waterskiing, jet skiing, personal watercraft, boating, fishing, scuba diving, and snorkeling, and such activities are done at each User's own risk.

(m) **Currency Exchange.** The Club Manager may, in its discretion, allow Users to exchange foreign currency for local currency. The exchange rate shall be based on current fair market exchange rates at the Project in question. A Project has the right to refrain from offering any currency exchange services. A Project may charge an administrative fee for currency exchange services as determined by the On-Site Manager.

(n) **Safe Deposit Box.** Safe deposit boxes are available at the front desk or in the Suite at no charge. Users should not leave valuables in their Suites. The Club and/or its Related Parties shall not be responsible for any loss or damage to any personal property that is not placed in a safe deposit box at the front desk of the Project in question. A User shall be charged a fee for replacing a safe deposit box key lost by the User.

(o) **Check-Out.** When checking out, Users must completely vacate their Suites and bring the following to the front desk: all luggage and other personal belongings, all beach towel receipts, all safe deposit box keys, and all room keys.

(p) **Keys.** A User will be charged a fee for the replacement of any key or key chain lost by any User.

(q) **Pools.** All swimming pools are open for use from approximately 9:00 a.m. to 9:00 p.m. each day or any other hours established by the Club Manager or Project in question. Hot tubs may be open longer as posted at each Project. No diving, climbing, running or jumping is permitted from any siding, islands or bridges in any swimming pools. Users must check water depth marks (located on the side of each swimming pool) before entering the pools. No lifeguards are present at any of the pools, hot tubs or beaches. Use of any of the swimming pools (including without limitation diving boards and slides, where present) and hot tubs can involve risks and Users should use care when using the swimming pools, diving boards, slides and hot tubs.

Pets. No pets or other animals may be brought into a Resort at any time.

(s) **Parking.** Users may not leave cars unattended at lobby entrances, ~~(n)~~ driveways, or in loading or maintenance areas. Parking is available on a first-come, first-served, first-available basis. Repair of motor vehicles, boats, surfboards or other equipment and/or storage of such equipment, is not permitted in the parking stalls or other parking areas of a Project.

(t) **Towels.** Beach and pool towels are available from booths adjacent to the swimming pools between the hours of 9:00 a.m. and 5:30 p.m. daily or any other hours established by the Club Manager or Project in question. Each User is allowed one towel per person per day and is fully responsible to return that towel in good condition. Towels may not be removed from a Project at any time. Towels in Suites may not be used around the swimming pools, hot tubs, beaches or other Common Areas, unless indicated otherwise by the Club Manager, the Developer and/or the Project Onsite Manager. Users will be assessed a fee for each towel lost by such User. A User requiring a pool towel on the day of his or her departure may obtain a towel pass from the front desk to obtain a towel after leaving a cash deposit or signed credit card voucher as security.

(u) **Health Spas, Physical Fitness Facilities, Wet Areas.** The Club Manager and its authorized affiliates may charge a fee in the amount they determine for the use of the health spas and physical fitness facilities at the Projects. Except for Villa del Palmar Vallarta and Villa del Palmar Cabo, the Club Manager and its authorized affiliates may charge a fee in the amount they determine for the use of the wet areas at the Projects.

(v) **Use.** Users shall only use the accommodations, facilities and services associated with the Club and its Projects and Suites for their own personal use in accordance with the Governing Documents and all Applicable Laws and not for any commercial or other use.

(w) **Reserved Use.** The Club Manager, Developer and/or Project On-Site Manager shall have the right, in their sole discretion, to designate certain sections of the Common Areas for priority reservation and use by certain Members for specific purposes.

(x) **Governing Documents.** The Club Manager and its Related Parties are authorized to enforce the Governing Documents against any User. The Club Manager and/or its Related Parties shall not be responsible for the violation of the Governing Documents by any User.

Article III. Reservations

Section 3.01 Reservation System

(a) **General.** Members may reserve a portion of a Use Period at one Project and the remainder of the same Use Period at one or more other Projects subject to the availability of Suites at those Projects during the Use Period in question. Members may split a Use Period into two separate stays with a minimum two-night stay required. If a Member does not use a Use Period during any Calendar Year, there shall be no accrual or carry-over of such unused Use Period unless that Member can and does place the Use Period in the Vacation Bank pursuant to these Rules and Regulations. Biennial Members may only split a Use Period for season upgrades and not for any other purpose.

(b) **Reservation Requests.** Requests for reservations may be made in-person, online, by telephone, email, facsimile, or mail. A reservation request will only be accepted by the Club Manager if the Member has paid all applicable Assessments and is in good standing under the Governing Documents and the Member's Membership. Requests for reservations shall be confirmed on the first-come, first-served, first-available basis. The earlier a request is submitted, the better the chance that a reservation confirmation can be secured. The Club Manager may require that all reservation requests be made in writing regardless of any other mode of communication permitted by this Section. The Club Manager's ability to confirm a reservation is dependent upon the availability of the Suite Type requested. Therefore, the Club cannot guarantee that a particular reservation request can be fulfilled.

Prepaid Assessments. Prior to accepting a reservation request made by a Member in advance of a Calendar Year, the Club Manager may require that Member to prepay the Assessments for the Calendar Year in question. The amount of that prepaid Assessment shall be the actual amount of that Assessment established by the Club Manager or if the actual amount has not yet been established, then an amount determined by the Club Manager which may include a percentage increase as projected and

determined by the Club Manager from time to time. The prepaid Assessment will be credited to such Member and applied in the Calendar Year in question. If any prepaid Assessment is less than the actual Assessment, then the Member shall pay the deficiency to the Club Manager within 30 days of delivery of the Club Manager's request for the same. If any prepaid Assessment is greater than the actual Assessment, then the Club Manager shall credit the excess towards such Member's next Assessment.

(d) **Club Priority Period.** The reservation time-periods set forth in this Section and elsewhere in these Rules and Regulations are herein collectively called the "Club Priority Period."

(1) **Reservations by Members.** During the Club Priority Period, Members will compete with each other on a first-requested, first served, space-available basis for a reservation of any available Club accommodations. Members will have the right to reserve full Weeks and/or Daily Use Periods within the Club during the Club Priority Period. Members may request a reservation 24 months prior to the Check-In Date at any Project (but without guarantee of reservation in a specific Project), but receive priority during the first 14 months of such 24-month period. Members may rent Club Points no more than 10 months prior to the Check-In Date. Members are entitled to Holiday Season use for a minimum stay of at least seven consecutive nights with check in on either a Saturday or Sunday which must not involve Banked, Borrowed, Rented or Accelerated Points. Holiday Season reservation will be accepted on a first-come, first-served, space-available basis. Members may have priority to request reservations of a minimum 2 nights' stay from 24 to 10 months prior to the Check-In Date. The Club Manager and some Projects may allow single-night stays during this period in their sole discretion up to the Check-In Date. Members may also make reservations outside of the Club Priority Period based upon availability.

(2) **Reservations by Other Members at Projects or Primary Use Resorts Designated on Membership Certificates.** All other Members may request reservations for Use Periods at the Project or Primary Use Resort designated in their Membership Purchase Agreement and/or Membership Certificate commencing 24 months prior to the Check-In Date. All other Members may request reservations at all other Projects (without guarantee of reservation in a specific Project) commencing 10 months prior to the Check-In Date.

(e) **Reservation Windows and Priorities.** To provide optimum utilization of accommodations available within the Club, the Club has established various reservation windows that provide a priority to reservation requests submitted for multiple-Week owners or requests for longer periods of time, such as seven nights, over reservation requests for accommodations of shorter duration, such as three nights. When making reservation requests, Members should be aware of the reservation priorities and windows that govern how far in advance reservations of varying lengths can be requested.

(f) **Reservation Deadlines.** Except as otherwise expressly stated herein, all reservations, Banking, Borrowing, and/or Renting associated with a Week must be made by the applicable reservation deadlines

associated with that Week as set forth in these Rules and Regulations (the “Reservation Deadlines”).

- (1) Reservation Deadlines for Summer Season Weeks are by November 1st.
- (2) Reservation Deadlines with respect to Winter Season Weeks and Holiday Season Weeks are by November 1st.
- (3) Biennial Memberships associated with particular Use Periods shall have the same Reservation Deadlines as regular Memberships associated with those same Use Periods. All Banked Use Periods must also comply with the applicable Reservation Deadline each Calendar Year. Requests for reservations received after a Reservation Deadline are less likely to be confirmed and may be subject to the other provisions contained herein. In the event reservation requests are received by the Club Manager at approximately the same time and cannot all be confirmed for a particular Use Period, the Club Manager shall confirm reservations to Members in equitable manner taking into consideration the past use or history of such Members.

(g) Reservation Modifications, Cancellations, No Shows, and Fees.

The Club Manager will charge a fee as determined by the Club Manager for the making of any Internal Exchange or Internal Reservation subsequent to the Initial Reservation for lodging rights and services during any Calendar Year. Any Cancellation or modification of a reservation during the first 24 hours after that reservation is made shall not incur any administration fee. Thereafter, any Cancellation or modification of a reservation shall be subject to an administration fee based on a sliding scale as determined by the Club Manager except that Members shall be entitled to one free Cancellation or modification per Use Period during each Calendar Year without incurring any administration fee at any time. In the event any Use Period has not been reserved by a Member before or at the time of the Reservation Deadline, or a confirmed reservation has been canceled less than seven days prior to the Check-In Date, or a Member has not taken possession of a reserved Suite within 24 hours after his or her scheduled Check-In Time, such Member shall be considered to have used the entire Use Period for which the reservation was made and charged accordingly and the Club Manager shall have the right to: (1) charge a cancellation fee, a “no show” fee and/or a reinstatement fee as determined by the Club Manager; (2) cancel the Use Period and any Club Points relating to the Use Period in question; and/or (3) occupy said Suite and/or to rent said Suite to other Members or the general public, subject to the following conditions: (i) if reservation requests are received at approximately the same time from Members and the general public, Members will receive higher priority; and (ii) the sale of occupancy days in the Suites to the public must not materially interfere with confirmed reservations made by Members. Proceeds from the rental of any Suite under this Section shall be paid to the Club Manager and no Member shall be entitled to any part of such proceeds.

(h) Reservation Confirmations. A reservation request must be confirmed by the Club Manager before it is valid. Confirmations will be

made by the Club Manager in writing; provided, however, that reservation requests received or confirmed after a Reservation Deadline may be confirmed by telephone. A reservation request shall not be confirmed by the Club Manager if at the time such request is submitted the Member is in breach of the Governing Documents, or is delinquent in the payment of any amounts due including, but not limited to, the Assessments.

(i) **Early Check Out.** A Member, Permitted User or Exchange User who begins using a Use Period but checks out before the scheduled Check-Out Time, shall not be entitled to save, reserve, transfer or otherwise allocate the unused time in the Suite or associated Club Points and the Club and/or its Related Parties shall have the right to rent that unused time to any other person without any compensation to the Member, Permitted User or Exchange User who checked out early.

(j) **Club-to-Club.** In the event the Club shall enter into a Club-to-Club Partnership with another club or resort, benefits may be extended to Members allowing them use of specified resorts. The Club and/or its Related Parties shall have the right to charge fees for the use of those benefits as they so determine.

(k) **Reservations.** In addition to the other provisions respecting reservations in these Rules and Regulations the following provisions shall pertain to reservations. In the event of any conflict between the provisions in this Section and the provisions in any other Section of these Rules and Regulations, the provisions in this Section shall govern.

(1) **Making a Reservation.** A Member must first access Club benefits and determine whether he or she has sufficient Club Points available in his or her Club Account to complete a reservation. To make that determination, a Member may either call the Club Manager for reservation assistance or utilize the annual Club Point Chart provided by the Club Manager to each Member. There may be a limited number of oceanfront and penthouse Suites available for reservation through the Club Manager due to the fact that the Club Manager has designated this inventory for purchasers of Fixed Weeks. A Member may relinquish Club Points and reserve a Suite at a Project in the name of a Permitted User. A Member may be subject to a guest fee determined by the Club Manager upon transferring any reservation.

(2) **Daily Use Period Options.** A Member will be permitted to make reservations for Daily Use Periods at the Projects as permitted by the Club Manager and respective Projects from time to time. Daily Use Periods may not be available at all the Projects. All reservations for Daily Use Periods shall be subject to the reservation request priorities. The Club Manager reserves the right in its sole discretion to designate those Use Periods in which Daily Use Periods will be permitted to be reserved from time to time. Club Points required to reserve a Daily Use Period are subject to reasonable change by the Club Manager from time to time without Member consent in the best interests of the Members as a whole as determined by the Club Manager. A Member who uses Club Points to reserve a Use Period or Daily Use Period may use any remaining Club Points to reserve another available Use Period or Daily Use Period.

(3) **Rentals.** A Member may reserve a Use Period based on availability, and rent that Use Period for that Member's own personal account. A Member may only rent a complete seven-day Use Period. Rental of any Daily Use Period is prohibited. All renters must comply with the Governing Documents and Applicable Laws. Once the rental reservation is made for the Member's Use Period, that Member shall notify the Club Manager of the renter and pay any applicable guest or other fees. Each Member shall assume liability for, release, waive, defend, hold harmless and indemnify Club and/or its Related Parties from and against any and all liabilities, claims, actions, debts, liens, encumbrances, demands, obligations, damages, losses and/or expenses, including attorneys' fees and expenses and collection costs, incurred by Club and/or its Related Parties at any time directly or indirectly, entirely or in part, in connection with the rental of a Member's Suite or Use Period, except to the extent caused solely by the gross negligence or intentional misconduct of the Club.

(1) **Wait List.** In order to accommodate high levels of use and demand for certain period of the Calendar Year for certain Projects, the Club Manager shall have the right to establish a special reservation wait list for those days which are unavailable to the Members due to heavy booking. The wait list will be administered as determined by the Club Manager substantially as follows:

(1) A Member must specifically request to be added to the wait list and pay a non-refundable wait-list fee as determined by the Club Manager. At the time that a Member requests to be placed on the wait list, that Member must also select three alternative Use Periods. All wait-listed reservation requests shall be processed on a first-come, first-served and first-available basis. Upon cancelation or modification of a previously confirmed Use Period, the Club Manager will offer the resulting available space to the next Member on the wait list. Reservation requests subject to the wait list shall be automatically canceled upon the first to occur of the following: (i) confirmation of one of the Member's alternative Use Periods, or (ii) confirmation of an alternative Use Period offered by the Club to such Member.

(2) In the event that the Club Manager is unable to confirm a wait-listed reservation request, the Club Manager may give priority to such Member in confirming that Member's reservation request for the following year by placing that Member at the top of the wait list for the following year ahead of other Members who may request to be placed on the wait list for the following year.

(3) Once a Member has received a confirmed reservation from the wait list, that Member shall be removed from the wait list. If a Member declines a reservation from the wait list, that Member shall be removed from the wait list.

Section 3.02 **Unfulfilled Reservations**

The Club Manager shall respect and observe reservations made by the Member when duly confirmed by the designated reservations agent for the Club. In the event the On-Site Manager shall fail to provide the Suite(s) and

Use Period(s) as reserved pursuant to these Rules and Regulations, the On-Site Manager shall provide accommodations to the Member in another Suite of equal or superior category available within the Project as determined by the On-Site Manager. If no additional Suites are available within the Project for any reason other than an “Act of God” or a force majeure, the On-Site Manager shall obtain and pay for additional lodging in another hotel or resort of equal or superior category as determined by the On-Site Manager. In the event that such alternate lodging is not available for any reason other than an “Act of God” or a force majeure, the On-Site Manager shall promptly pay for all of the Member's reasonable and actual transportation and travel expenses from his or her place of residence to the Project and his or her point of departure, using similar modes and quality of transportation as the Member originally used as determined by the On-Site Manager. In addition, the Club shall grant the Member the use of an additional Suite(s) and Use Period(s) during a future period of equal or superior category, time, and location as determined by the Club Manager.

Section 3.03 **Internal Exchanges**

Members may make Internal Exchanges of Use Periods with other Members of the Club or with members of other vacation clubs or resorts that are approved by the Club Manager, including the Internal Exchange Projects. Any such Internal Exchange shall be in accordance with procedures established by the Club Manager and participating Internal Exchange Projects from time to time. Members shall be notified in writing of such procedures by the person or entity designated by the Club Manager to coordinate such Internal Exchange programs.

Section 3.04 **Vacation Bank**

(a) **General.** A Member who does not use certain Use Periods or Club Points to which he or she is entitled may save those Use Periods or Club Points for use in a later year by placing them in the Vacation Bank for a maximum of five consecutive years, except that a Biennial Member may only Bank Club Points into that Biennial Member's next Use Period. The right of a Member to use a Use Period or Club Points which the Member has placed in the Vacation Bank is subject to availability on a first-come, first-served, first-available basis. The Club Manager may charge a fee to any Member who does not place a Use Period into the Vacation Bank by the deadline as such fees and deadlines may be established by the Club Manager from time to time. The ability of a Member to place a Use Period or Club Points into the Vacation Bank or to use a Banked Use Period or Club Points shall be subject to notice requirements and other requirements which may be established by the Club Manager from time to time. If a Member wishes to place a Use Period in the Vacation Bank, all current or accrued Use Periods must be Banked by the Member by the applicable Reservation Deadline. The Club Manager reserves the right to prohibit a Member from Banking any Use Period or Club Points if that Member is delinquent in the payment of any Assessments and/or otherwise not in good standing under the Governing Documents. The Club Manager reserves the right, in its sole discretion, to suspend or modify Banking activity at any time, if the Club Manager, in its reasonable business judgment, determines that such suspension or

modification will result in an improvement in the quality and operation of the Banking program, as a whole.

(b) **Banking.** Furthermore, a Member may Bank his or her current Calendar Year's Club Points for use during any or all of the next successive five Calendar Years, subject to the following restrictions:

(1) A Member may Bank up to 100 percent of his or her current Calendar Year's Club Points for use during the next successive five Calendar Years, to reserve multiple nights' accommodations, or to access Club services and benefits. Banked Club Points may be used to reserve Club accommodations up to 24 months in advance of the date of the reservation in question.

(2) A Member must notify the Club's reservation services of that Member's intent to Bank Club Points by the applicable Reservation Deadline.

Section 3.05 **Borrowing**

(a) **General.** A Member may Borrow Use Periods or Club Points up to five years in advance from the current Calendar Year, except that a Biennial Member may only Borrow Use Periods or Club Points from that Biennial Member's next Use Period. A Member may not Borrow Use Periods or Club Points from the end of that Member's contracted Use Periods or Club Points. The total amount of existing and Borrowed Use Periods or Club Points during any one Calendar Year may not exceed five years total. After a Member has used all five years of existing and Borrowed Use Periods or Club Points in that Member's active Club Points account, then that Member will be allowed to Borrow additional Use Periods or Club Points so long as the aggregate amount of existing and Borrowed Use Periods or Club Points does not exceed a total of five years for the then current Calendar Year. Borrowed Use Periods or Club Points may be used to reserve Club accommodations up to 24 months in advance of the Check-In Date of the reservation in question. The right of a Member to use Borrowed Use Periods or Club Points is subject to availability on a first-come, first-served, first-available basis. The ability of a Member to Borrow Use Periods or Club Points and/or to use Borrowed Use Periods or Club Points shall be subject to notice requirements and other requirements which may be established by the Club Manager from time to time. If a Member wishes to Borrow Use Periods or Club Points, such Use Periods or Club Points must be Borrowed by the applicable Reservation Deadline.

(b) **Fees.** At the time of Borrowing any Use Periods or Club Points, a Member must pay in full all the estimated Assessments for those Borrowed Use Periods or Club Points in an amount determined by the Club Manager (which may include a percentage increase as projected and determined by the Club Manager from time to time) and the Member must be in good standing under the Governing Documents. Prepaid Assessments will be credited to such Member and applied in the Calendar Year in question. If any prepaid Assessment is less than the actual Assessment, then the Member shall pay the deficiency to the Club Manager within 30 days of delivery of the Club Manager's request for the same. If any prepaid Assessment is greater than the actual Assessment, then the Club Manager shall credit the excess towards such Member's next Assessment.

(c) **Other.** During any Calendar Year, a Member may only use up to 20 percent of the number of Club Points over that Member's annual allotment of Club Points for resort services at the Projects. The remaining balance of Club Points in that Member's account for that Calendar Year may be used for Club accommodations or carried over to the following year. If a Member cancels a reservation made with Borrowed Use Periods or Borrowed Club Points, those Use Periods or Club Points may be deposited into the Vacation Bank upon paying any applicable cancelation fees as determined by the Club Manager in its discretion and any Borrowed Use Periods or Borrowed Club Points will be returned to the status they held immediately prior to booking the reservation in question. The Club Manager reserves the right to prohibit a Member from Borrowing or using Use Periods or Club Points if that Member is delinquent in the payment of any Assessments or in violation or not in good standing under any of the Governing Documents. The Club Manager reserves the right to prohibit a Member from Borrowing Use Periods or Club Points during any Calendar Year during which that Member has a purchase-money loan balance of more than 50 percent of the original principal sum of that loan.

The Club Manager reserves the right, in its sole discretion, to suspend Borrowing activity at any time if the Club Manager, in its reasonable business judgment, determines that such suspension will result in an improvement in the quality and operation of the Borrowing program, as a whole.

Section 3.06 **Rental of Additional Time**

(a) **General.** Members also have the option of Renting additional time in order to extend or acquire a Use Period. The amount of additional time that a Member may rent shall be subject to availability on a first-come, first-served, first-available basis at the discretion of the Club Manager. Members may rent additional time while at a Project during a Use Period or at the time of making a reservation therefore. This Rental option is only available to Members in good standing under the Governing Documents who will use or have used all of their Use Periods or Club Points during a Calendar Year and who desire additional time at a Project without Borrowing future Use Periods or Club Points.

(b) **Costs.** The cost of Renting additional time shall be equal to the fair rental value of that time as determined by the Club Manager less any discount that may be offered to Members during certain time periods as determined by the Club Manager, which discounts may change from time to time without notice. All rental income derived from the Rental of additional time shall inure to the benefit of the On-Site Project Manager or its affiliates, except as may otherwise be provided in any separate rental agreement for the time and space in question.

Section 3.07 **Accelerated Points.**

(a) **General.** A Member may accelerate the use of Use Periods or Club Points from the end of the contracted Use Period ("Accelerated Points"). The Member can only accelerate one year annually. The total amount of existing and Accelerated Club Points during any one Calendar Year may not exceed two years total. After a Member has used all two years of existing and Accelerated Club Points in that Member's active Club Points account, then

that Member will be allowed additional Accelerated Points so long as the aggregate amount of existing and Accelerated Points does not exceed a total of two years for the then current Calendar Year.

(b) **Reservations.** Accelerated Points may be used to reserve Club accommodations up to 24 months in advance of the Check-In Date of the reservation in question. The right of a Member to use Accelerated Points is subject to availability on a first-come, first-served, first-available basis. The ability of a Member to obtain Accelerated Points and/or to use Accelerated Points shall be subject to notice requirements and other requirements which may be established by the Club Manager from time to time. If a Member wishes to use Accelerated Points, such Accelerated Points must be obtained and used by the applicable Reservation Deadline.

(c) **Other.** Accelerated Points may not be used during certain holiday and blackout periods as established by Club Manager on an annual basis including, any Holiday Season. Biennial Members are not entitled to have Accelerated Points. Any and all Preferred Points may not be accelerated and are prohibited from the acceleration benefit of the Membership. The Club reserves the right to prohibit a Member from obtaining or using any Accelerated Points so long as that Member is delinquent in the payment of any Assessments or is in violation of any of the Governing Documents. The Club reserves the right, in its sole discretion, to modify and/or terminate the Accelerated Points and associated use and activity at any time if the Club, in its reasonable business judgment, determines that such modification or termination would be in the best interests of the Club. The Accelerated Points benefit is a separate and independent benefit from the existing Borrowing and Renting of Club Points as outlined in the Rules and Regulations.

(d) **Fees.** At the time of obtaining any Accelerated Points, a Member must pay in full all the Assessments for those Accelerated Points at the then current rate for those Accelerated Points without any future adjustment to the Assessments. Prepaid Assessments for Accelerated Points will be credited to such Member and applied to the applicable year commencing at the end of the Membership contact and moving towards the present date. If a Member cancels a reservation made with Accelerated Points, those Accelerated Points may be returned to that Member's account upon the Member paying any applicable Banking and cancellation fees as determined by the Club.

Section 3.08 **Exchange Program**

(a) **Exchange Program.** In order to expand the range of vacation and resort options available to the Members, the Club Manager may arrange for an Exchange Program. The Exchange Program consists of various exchange agreements among the Club Projects, Internal Exchange Projects, and External Exchange Companies. Those exchange agreements allow Exchange Users to exchange lodging rights and services among the Projects and other resorts. No External Exchange Company, Project, resort or other party is obligated to renew any exchange agreement upon the expiration of the term of that agreement. The External Exchange Companies, the Club, the Developers and other parties to the Exchange Agreements, and their

respective subsidiaries and affiliates are in many cases separate and distinct entities. Each External Exchange Company and Internal Exchange Project is managed and operated entirely independent from the Club. The Club and its Related Parties make no representation or warranty respecting the quality, performance, availability or any other aspects associated with any exchange associated with any Internal Exchange Project or External Exchange Company and the Club and its Related Parties shall not have any liability for the same.

(b) **Exchange Requests.** All exchange requests shall be processed through the Club Manager. Following verification that the Member is in good standing, the Club Manager will forward the Member's exchange request to the Internal Exchange Project or External Exchange Company for processing. A Member's participation in the Exchange Program is governed by the terms and conditions of the Exchange Program and the Governing Documents. All exchanges are limited to a Member's time and/or Club Points for the interval in question and will be designated by the Member's Membership, Season and Suite Type.

Section 3.09 **Other Programs**

(a) **Club Benefits Program.** The Club may offer special services and benefits to Members from time to time through its Club Benefits Program. The Club Manager reserves the right to establish such rules and regulations as the Club Manager deems necessary to adequately govern Member access to and participation in the Club Benefits Program.

Article IV. Maintenance

Section 4.01 **Housekeeping Service**

Housekeeping service will be provided without additional charge on a daily basis so that the Suites are always maintained in good order and repair. Prior to the Member's arrival at a Project and occupancy of his or her assigned Suite on the Member's Check-In Date, the Suite shall be cleaned and returned to an orderly condition. In general, daily housekeeping service shall include a daily cleansing and making-up of the Suite, except for kitchen utensils, which shall be cleaned following the Member's departure. Bed linens shall be changed at least twice weekly and bathroom towels at least once daily. Housekeeping service shall not include cooking, preparation of meals, washing dishes, or washing or ironing of clothing. Housekeeping service shall be available daily from 9:00 a.m. to 11:00 p.m. or such other hours as may be determined by the Club Manager or Project in question. The Club Manager may also implement other housekeeping service plans from time to time as determined by the Club Manager.

Section 4.02 **Maintenance Period**

The Club Manager shall designate one Week per Calendar Year per Suite for the major maintenance, service and repair of that Suite by the On-Site Manager. The Club Manager shall determine the Maintenance Period for each Suite.

Section 4.03 **Maintenance Services**

The Common Areas and Suites of each Project shall be continuously maintained and serviced by the On-Site Manager under an on-going maintenance program which shall include pre-established corrective, preventative and emergency maintenance procedures. Any Member may request specific corrective or emergency maintenance services while occupying his or her Suite without additional charge, except to the extent caused by the negligence or intentional misconduct of the responsible Member, Permitted User, or Exchange User. The specific degree or nature of preventative maintenance shall be carried out at the discretion of the Club Manager and On-Site Manager. The provisions of the respective maintenance services shall conform to the following guidelines:

(a) **Corrective Maintenance.** Corrective maintenance shall consist of repairing or replacing any part, equipment or system, whether in a Suite or Common Area, which has ceased to function adequately as a result of wear and tear or normal damage. Repair will be made as quickly as possible given the human and material resources available at the time of repair. The option to repair rather than replace an item shall be solely at the discretion of the Club Manager and the On-Site Manager.

With respect to Suites and their contents, a corrective maintenance inspection shall be initially provided to a Member's Suite prior to his or her checking into that Suite. Thereafter, corrective maintenance services shall be provided on any occasion where the On-Site Manager is made aware of a situation requiring corrective maintenance, whether by staff inspection or notification by the Member. This service shall be available daily from 7:00 a.m. to 11:00 p.m. year round or such other hours as may be determined by the Club Manager or Project in question. With respect to Common Areas and other physical plants, corrective maintenance shall be provided daily upon staff inspection and/or upon notification by a Member of a situation requiring corrective maintenance. This service shall be provided daily from 7:00 a.m. to 11:00 p.m. year around or such other hours as may be determined by the Club Manager or Project in question.

(b) **Preventative Maintenance.** Preventative maintenance shall consist of maintaining, painting, lubricating, repairing, tuning-up, verifying performance of or replacing any part, equipment or system in each Project, such that the general life of the Suites, the Common Areas and physical plant are prolonged in a cost effective manner, thereby avoiding premature wear and tear or abnormal damage to same. Preventative maintenance shall take second priority to corrective maintenance and, in general, shall be performed pursuant to a predetermined schedule designed by the On-Site Manager taking into consideration several factors such as operational constraints, types of equipment, parts and systems, number of condition of Suites, wear and tear, and required frequency of maintenance.

With respect to Suites and their contents, preventative maintenance shall be provided at least once a year during (a) a period of time in which a Suite is either unoccupied or out of order for corrective maintenance, or (b) the Maintenance Period. To the extent reasonably possible, major

refurbishment, replacement and repair work shall be performed during the Maintenance Period.

With respect to Common Areas and physical plants, preventative maintenance shall be provided on a pre-established and continuous basis pursuant to specific manufacturer requirements in the case of equipment, as well as generally accepted norms for other physical plant parts and systems.

(c) **Emergency Repair Maintenance.** Emergency repair maintenance shall include emergency repair to broken water and gas pipes, electrical outages, or malfunctions with central air conditioners, boilers, elevators, water/sewage pumps, potable water treatment equipment and any other malfunctioning equipment which can cause additional damage or uncomfortable conditions to the majority of occupied Suites in the Project. This service shall be available daily, 24 hours a day, year round.

Section 4.04 **Suites Which are “Out of Order”**

The On-Site Manager shall have the right to designate a Suite as “Out of Order” when the Suite has one or more deficiencies which will affect the Member's reasonable use of the Suite or when, in the sole discretion of the Club Manager or On-Site Manager, the Suite's appearance or general condition has become sub-standard such that it is deemed to be below the standard of the Project. In the event a Suite assigned to a Member is deemed to be Out of Order, the On-Site Manager shall accommodate the Member in alternative accommodation which shall be of equal or superior size and type as determined by the Club Manager. The On-Site Manager shall take all reasonable steps to place the Suite which is Out of Order back in service as soon as practical.

Article V. Management

Section 5.01 **Powers and Duties of the Club Manager**

Except to the extent otherwise required by Applicable Laws, the Club Manager, acting alone (through its officers or other duly authorized agents or representatives), shall be the sole party authorized to make any decisions, take any actions, and enter into any agreements respecting the Club. The Club Manager shall administer the Club Membership program and to levy, collect and enforce the fees and Assessments provided for herein. Without limitation on the above powers and duties, the Club Manager is expressly authorized in its discretion and on behalf of the Members to do any or all of the following:

(a) **Management Expenses.** The Club Manager shall pay the management and operation expenses of the Club out of the Maintenance Fees collected.

(b) **Legal and Accounting.** The Club Manager shall obtain legal and accounting services which the Club deems necessary or proper in the operation of each Club Project and the enforcement of the Governing Documents.

(c) **Levy and Collection of Fees.** The Club Manager shall levy, collect and enforce the Assessments against the Members in the manner provided in the Governing Documents in order to pay the expenses for operation, management and maintenance of the Club and the Club Projects, the expenses of the operation of the Club Membership program and to enforce each Member's obligations.

(d) **Other Necessary Acts.** The Club Manager shall do all other things or acts deemed by the Club to be necessary or desirable for the operation of the Club's activities and the operation of the Club Membership program pursuant to the Governing Documents.

(e) **Delegation.** To the extent permitted under the Applicable Laws, the Club Manager may delegate its authority and responsibilities to one or more agents and employees.

(f) **Authority to Engage Agents.** The Club Manager shall have the authority (but not the obligation) to engage and maintain reputable On-Site Managers, off-site managers, service providers and other agents for the management and operation of the Club and the Club Membership program as determined by the Club Manager.

(g) **Voting.** The Club Manager shall control and have the right to vote (1) all unsold Memberships, including those held or controlled in person or by written proxy by the Club Manager; (2) all sold Memberships not paid in full, including those held or controlled in person or by written proxy by the Club Manager; and (3) all sold Memberships paid in full for which the Club Manager has been granted a proxy. Members shall only have the right to vote on matters expressly requiring a vote of the Members under the Governing Documents and/or Applicable Laws. A Member may only vote if that Member's Membership is paid in full and that Member has fully paid and performed all of that Member's other obligations associated with the Membership in question.

Section 5.02 **Board of Directors.**

Section 5.02.1 **Power and Authority of the Board.** The Board of Directors shall have the power to take the actions necessary to (a) call a meeting of the Members; (b) appoint officers and committees with the approval of the Managing Entity; and (c) do any other matters mutually agreed upon in writing by the Board of Directors and the Managing Entity. The Board of Directors shall not take any actions that do not comply with this scope of authority.

Section 5.02.02 **Number of Directors.** The authorized number of directors shall be seven. Any reduction of the authorized number of directors shall not remove any director prior to the expiration of that director's term of office.

Section 5.02.03 **Election of Directors.** Directors shall be elected at an annual Member Meeting, but if any such meeting is not held, or the directors are not elected thereat, the directors may be elected at any special meeting of the Members held for that purpose. The candidates receiving the

highest number of affirmative votes shall be elected. Cumulative voting for directors is not permitted (i.e., casting more than one vote for the same candidate). In the event that any positions on the Board are not filled by the vote of the Members, such positions shall be filled by the decision of the Managing Entity.

Section 5.02.04 **Term of Office.** Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which the director is elected and until a successor has been elected and qualified. To achieve some staggering of terms, the first three directors shall be elected for an initial term of one year each and all other directors shall be elected for a term of two years each. Directors shall not serve more than three consecutive terms without the consent of the Managing Entity.

Section 5.02.05 **Vacancies.** A vacancy on the Board of Directors exists whenever any authorized position of director is not then filled by a duly elected director, whether caused by death, resignation, removal, declaration of unsound mind or a felony conviction by an order of the court, change in the authorized number of directors, or if the Members fail at any Member Meeting to elect the full authorized number of directors to be voted for at that Meeting, or otherwise. Vacancies on the Board of Directors may be filled by a decision of the majority of the directors then in office, by a decision of the majority of the Members, whichever occurs first. The Managing Entity shall have the right to appoint someone to temporarily fill any vacancy on the Board until such vacancy is otherwise filled in accordance with this provision.

Section 5.02.06 **Removal.** The Board of Directors may declare vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony. Any or all of the directors may be removed without cause if such removal is approved by a majority of the Members entitled to vote.

Section 5.02.07 **Resignation.** Any director may resign effective upon giving written notice to the President, the Secretary or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Section 5.02.08 **Fees and Compensation.** Directors shall not receive any compensation for their services as directors, but may be reimbursed for their reasonable and actual approved expenses, if any, incurred in performing their responsibilities as directors. No such payments shall preclude any director from serving the Club in any other capacity as an officer, agent, employee or otherwise, and receiving compensation in any manner therefore.

Section 5.02.09 **Board Meetings.** Meetings of the Board of Directors shall be held at such time and place designated from time to time by the Board and/or the Managing Entity. Special meetings of the Board of Directors may be called at any time for any purpose or purposes by the President, the Secretary, any two directors and/or the Managing Entity. Notice of the time and place of meetings of the Board of Directors shall be

delivered personally or by telephone, facsimile, email, mail or other written notice or electronic communication, charges prepaid, addressed to each director at that director's contact information as shown on the records of the Club. Such notice shall be given at least 10 days prior to the holding of the meeting. The notice or report shall be deemed to have been given at the time when delivered personally to the recipient or deposited in the mail or sent by other means of written communication. Notice of any special meeting of the Board of Directors need not specify the purpose thereof.

Section 5.02.10 **Waivers, Consents and Approvals.** Notice of any meeting of the Board of Directors need not be given to any director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that director. All such waivers, consents and approvals shall be filed with the Club records or made a part of the minutes of the meeting.

Section 5.02.11 **Quorum; Action at Meetings; Telephone Meetings.** A majority of the authorized number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present is the act of the Board of Directors, unless action by a greater proportion of the directors is required by the Law or the Governing Documents. A Board meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting. Directors may participate in a Board meeting through use of conference telephone or similar communications equipment so long as all directors participating in such meeting can hear and speak to one another.

Section 5.02.12 **Adjournment.** A majority of the directors present, whether or not a quorum is present, may adjourn any Board meeting to another time and place. If the Board meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 5.02.13 **Action Without a Meeting.** Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all directors individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 5.03. **Committees.** The Board of Directors may, by resolution adopted by a majority of the authorized number of directors and with the approval of the Managing Entity, designate one or more committees for the benefit of the Club. The Managing Entity may also designate one or more committees for the benefit of the Club. One such committee shall be the Nominating Committee tasked with soliciting, analyzing and recommending individuals to serve as directors on the Board. Committees shall only have power to make recommendations to the Board and Managing Entity. Committees shall not have any power to make decisions that are

binding on the Club. Committee members shall serve at the pleasure of the Board and/or the Managing Entity.

Section 5.04. Officers. The Club shall have as officers, a President, a Secretary and a Treasurer as appointed by the Board with the approval of the Managing Entity. The Club may also have such other officers as may be designated by the Board with the approval of the Managing Entity or as designated by the Managing Member. One person may hold two or more offices. Officers need not be directors. Each officer shall hold his or her office at the pleasure of the Board of Directors with the approval of the Managing Entity. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board of Directors with the approval of the Managing Entity or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by resolution of the Board with the approval of the Managing Entity. Subject to the rights, if any, of the Club under any contract of employment, any officer may resign at any time effective upon giving written notice to the President or the Secretary of the Club and the Managing Entity, unless the notice specifies a later time for the effectiveness of such resignation.

Section 5.05 Officers and Committees

The Club Manager may from time to time appoint certain officers, establish certain committees and appoint certain committee members. Such officers and committee members shall report to and serve at the pleasure of the Club Manager and shall not take any action or make any decision that is binding on the Club without the approval of the Club Manager.

Section 5.06 Member Advisory Committee

Among other committees, the Club Manager shall have the right to appoint a Member Advisory Committee (“MAC”). These guidelines may not be used by any Members or other person or entity in any legal proceeding or otherwise to establish the negligence, misconduct, and/or liability of the Club, the Club Manager, and MAC member (“Advisor”), or any other person or entity.

(a) Purpose. The MAC shall do the following: (1) Act in the best interests of the Club and its Related Parties; (2) Follow the direction of, and perform the tasks approved by, the Club Manager; (3) Serve in an advisory role to the Club Manager; (4) Gather suggestions, ideas and thoughts from the Members; (5) Recommend to the Club Manager those items deemed to merit the attention of the Club which recommendations should reflect the general opinions of the Members and not the special interests of any one or small group of Members; and (6) Foster positive relationships and communications among the Members and the Club.

(b) Authorization. The MAC shall be comprised of Advisors appointed and or removed from time to time by the Club Manager. The MAC shall conduct itself in accordance with the Governing Documents and all Applicable Laws. The MAC shall follow the direction of, and perform the tasks approved by, the Club Manager. The actions, recommendations, resolutions and communications of the MAC shall not be binding on the

Club, Club Manager and/or the Projects unless duly adopted and approved by the Club Manager. The Club Manager shall have the right and power at any time and for any reason to terminate and disband the MAC or any individual Advisor serving on the MAC.

(c) Expenses and Obligations. The MAC and the Advisors shall not incur any costs or legal obligations that might impact the Club, Club Manager and/or the Projects. The MAC and/or the Advisors shall not represent or hold themselves out to Members, contractors, service providers or the public as having power to bind the Club, Club Manager and/or the Projects.

(d) Meetings. The MAC shall call and conduct regular and special meetings in such manner and times as it deems appropriate, subject to modification by the Club Manager. There shall not be any minimum quorum requirement for holding any valid meeting of the MAC. Advisors shall be allowed to attend meetings in person or by telephone or video conferencing so long as those attending by telephone or video conferencing can hear, and be heard by, all other Advisors in attendance at that meeting.

(e) Subcommittees. The MAC shall have the right to form and/or disband subcommittees for the good and furtherance of MAC activities all subject to the prior consent of the Club Manager. These subcommittees shall in no way interfere with activities of Club and/or its Related Parties.

(f) Advisor Conduct. While visiting a Club Project and attending Member and MAC meetings, Advisors (other than Ex-officio Advisors) are encouraged to wear badges showing the names of the Advisors. While visiting a Club Project, Advisors may be approached by other Members and guests with thoughts, ideas, suggestions and concerns respecting the Club Project and/or the Club. Advisors should only actively solicit feedback from Members and guests in positive and non-intrusive ways first approved by the Club Manager. Advisors should promptly report small concerns, personnel issues and emergency matters to the appropriate On-Site Manager. Advisors should report other major issues at the next MAC meeting for discussion and recommendation.

(g) The Duty of Loyalty. The duty of loyalty requires Advisors to exercise their powers in the best interest of the Club and its Related Parties not in their own interest or the interest of another entity or person. In making decisions on matters before the MAC, each Advisor is encouraged to fully and vigorously express independent thoughts about what she or he reasonably believes in good faith to be in the best interests of the Club and its Related Parties. Nevertheless, after such full and vigorous discussion and a duly conducted vote on the matter in question, each Advisor shall fully and in good faith support the ultimate decision of the MAC and Club Manager respecting that matter, even if that decision is contrary to, or not entirely consistent with, a particular Advisor's preference or point of view. Any Advisor who cannot fully and in good faith support the MAC's and Club Manager's ultimate decision respecting a particular matter should promptly resign his or her position on the MAC by delivering written notice of such resignation to the MAC.

(h) Conflict of Interest. Advisors may have interests in conflict with those of the Club and/or its Related Parties. An Advisor should not use his or her position to advance that Advisor's personal interest. The duty of loyalty requires that an Advisor be conscious of the potential for such conflicts and act with candor and care in dealing with such situations. Conflicts of interest involving an Advisor are not inherently illegal nor are they to be regarded as a reflection on the integrity of the MAC or the Advisor. It is the manner in which the Advisor and the MAC deals with a disclosed conflict, which determines the propriety of the transaction. A conflict of interest is present whenever an Advisor has a material personal interest in a proposed contract or transaction to which the Club and/or its Related Parties may be a party. This interest can occur either directly or indirectly. An Advisor should follow these basic steps in identifying and handling conflicts of interest:

(1) Awareness. An Advisor should be sensitive to any interest that such Advisor may have in a decision to be made by the MAC and, as far as possible, recognize such interest prior to the discussion or presentation of such a matter before the MAC.

(2) Disclosure. If an Advisor has an interest in a matter being considered by the MAC, that Advisor should disclose that conflict before the MAC takes action on the matter. Each material conflict of interest disclosure should be in writing and fully recorded in the minutes. The duty of disclosure of an interest exists without regard to whether the proposed transaction is fair, or whether the Advisor urges or opposes the transaction, or whether the Advisor is present during discussion of the transaction, votes thereon or abstains from voting, or is counted or not counted in establishing a quorum at any meeting where the transaction is discussed. In some cases an Advisor may have an interest in a transaction but be unable, because of duties running to others, to disclose the nature of the interest. In such a case, the Advisor should at least state that such an interest exists, consider leaving the meeting, or at least abstain from the discussion and not vote thereon.

(3) Disinterested Review. Upon disclosure by the Advisor, the MAC should provide a disinterested review of the matter.

(4) Absence from Meeting. An Advisor with a conflict of interest may consider it prudent (but is not required) to be absent from the part of the meeting when the matter is being discussed except when that Advisor's information may be needed. That absence should be recorded in the minutes of the proceedings related thereto.

(5) Abstention from Voting. An Advisor with a conflict of interest may consider it prudent (but is not required) to abstain from voting on the matter in question. That abstention should be recorded in the minutes of the proceedings related thereto.

(6) Resignation. Where an Advisor's conflicting interest presents so difficult a problem that even the above measures are impossible or impractical, the Advisor should consider resigning, but is not required to resign.

(7) Re-examination. If the MAC discovers that it has acted upon a proposal in ignorance of an undisclosed conflict of interest therein, the MAC

should promptly reexamine the issue, and that reexamination should be recorded in the minutes of the proceedings related thereto.

(I) Confidentiality. An Advisor should keep confidential and not disclose any information about the Club and/or its Related Parties unless that information is already known by the public or is of public record. That confidential information includes, but is not limited to information respecting the following: (1) the properties, Members, assets, operations, financial condition, trade secrets, technologies, knowledge, designs, concepts, ideas, products, technical know-how and other information respecting the Club and/or its Related Parties; (2) individuals, companies, financial resources, investors, lenders, agents, employees, and other individuals associated with the Club and/or its Related Parties; (c) Members contact or private information; and/or (d) actual and anticipated projects, agreements, relationships and other transactions associated with the Club and/or its Related Parties. In the normal course of business, an Advisor should treat as confidential all matters involving the Club and/or its Related Parties until there has been general public disclosure or unless the information is a matter of public record or common knowledge. The individual Advisor is not a spokesperson for the Club and/or its Related Parties and thus disclosure to the public of the activities or information of the Club and/or its Related Parties should be made only through the designated spokesperson for the respective parties.

(j) No Restrictions. An Advisor should not be subject to any agreements or arrangements, whether written or oral, and no understandings or pending or threatened actions or proceedings before any court, governmental agency or arbitrator, at law or in equity, which would result in a conflict of interest for that Advisor, be breached by that Advisor, or which would impair or prevent an Advisor from performing his or her duties or rendering his or her services to the Club in compliance with the Governing Documents. An Advisor should not be subject to any commitment or do any act in conflict with that Advisor's duties to the Club. Without limiting the generality of the foregoing, an Advisor should not enter into any non-competition, non-solicitation, non-disclosure or similar covenants or agreements, which would be breached in any respect by that Advisor upon his or her performance of duties to the Club.

(k) Return of Proprietary Information. An Advisor should deliver to the Club Manager all originals and copies of the confidential information and other property in the possession and/or control of that Advisor associated with the Club and/or its Related Parties within two business days following delivery to that Advisor of a written request for the same. Within two business days following the termination of an Advisor's position on the MAC, that Advisor shall deliver to the Club Manager all originals and copies of the confidential information and other property in the possession and/or control of that Advisor and/or his or her Related Parties pertaining to the Club and/or its Related Parties.

(l) Non-Solicitation. An Advisor should not directly or indirectly:

(1) Whether for that Advisor's own account or for the account of any other person, at any time during the Advisor Period or the Post-Advisor Period (as such terms are defined below), directly or indirectly compete or solicit business of the same or similar type being carried on by the Club and/or its Related Parties, from any person known by that Advisor to be a Related Party of the Club, whether or not that Advisor had personal contact with such person during and by reason of that Advisor's position with the Club and/or its Related Parties;

(2) Whether for that Advisor's own account or the account of any other person at any time during the Advisor Period or the Post-Advisor Period, directly or indirectly: (i) solicit, employ, or otherwise engage as an employee, independent contractor, or otherwise, any person who is or was a Related Party of the Club or in any manner induce or attempt to induce any Related Party of the Club to terminate his or her employment with the Club and/or its Related Parties; (ii) interfere with any relationship between the Club or its Related Parties with any person, including any person who at any time during the Advisor Period was an employee, contractor, supplier, customer, or other Related Party of the Club; or (iii) compete with any business performed by the Club and/or its Related Parties.

(3) At any time during or after the Advisor Period, disparage the Club and/or its Related Parties.

(4) For purposes of this Agreement, the term "Advisor Period" means that period of time during which an Advisor fills an Advisor position for the Club. The term "Post-Advisor Period" means two years beginning on the date that an Advisor's role in the Club is terminated for any reason.

(m) Club Opportunities. Before an Advisor engages in a transaction which that Advisor reasonably should know may be of interest to the Club and/or its Related Parties, the Advisor should disclose the transaction to the Club Manager in sufficient detail and adequate time to enable the Club Manager to act or decline to act with regard to such transaction. A Club opportunity arises when an Advisor knows that she or he can participate in a transaction, which would plausibly fall within the present or future activities of the Club and/or its Related Parties. As a matter of good practice, the Advisor should affirmatively present the opportunity to the Club Manager before participating in the transaction outside the Club. Although legal requirements as to these transactions vary from jurisdiction to jurisdiction, an Advisor should, for that Advisor's self-protection, and as a matter of good corporate practice, make a clear record of such disclosure and request that the Club's abstention (if any) from exercise or the opportunity be explicit and of record. While an Advisor serves as an Advisor and for the first 12 months after an Advisor leaves that position, an Advisor should not directly or indirectly provide any products or services that compete with any of the products or services to any customer or prospective customer of the Club and/or its Related Parties within a 100 mile radius of any Club Project. That 12-month period should be extended by the number of days that an Advisor violates this covenant not to compete.

faith efforts to send notice 30 days after the date of purchase. A Maintenance Assessment shall be due and owing for each Use Period (or equivalent in Club Points) owned by a Member, regardless of whether or not the Member uses his or her Use Period (or equivalent Club Points). Each Calendar Year, the Club Manager may increase the annual Maintenance Assessment.

The Maintenance Assessment shall be paid beginning with the month of November (or such other date as may be determined by the Club Manager from time to time) in one lump sum or on such other installment payment plans as the Club Manager may implement from time to time. In the event that a Member elects to pay the Maintenance Assessment in installments, the Club Manager may charge a processing fee for each installment as determined by the Club Manager from time to time. The Maintenance Assessment shall be due and payable on the date set forth in the notice of Maintenance Assessment issued by the Club Manager and if no date is set forth in such notice then 30 days after the date that the Club Manager issues that notice (the “Maintenance Assessment Due Date”).

Notices provided under this Section may be sent via mail and/or e-mail at the discretion of the Club Manager. Billing statements and billing reminder notices may also be sent via e-mail. E-mail notice shall have the same force and effect as if the notice was mailed through the government postal service.

Section 6.05 Special Assessments

If the Maintenance Assessment with respect to any Membership is, or will become, inadequate to meet all expenses associated with the Club hereunder (other than for items constituting Personal Charges) for any reason, including nonpayment by any Member of assessments on a current basis, the Club Manager shall promptly determine the approximate amount of such inadequacy, prepare and distribute a supplemental levy (in the manner provided for the Maintenance Assessment in Section 6.04 above) against each Member, a Special Assessment in an amount sufficient to provide for such inadequacy. Any Special Assessment shall be payable in one lump sum or periodically (as determined by the Club Manager) and shall be due and payable on the date set forth in the notice of Special Assessment issued by the Club Manager and if no date is set forth in such notice then 30 days after the date that the Club Manager issues that notice. Special Assessments relating to the operation, management, maintenance, administration, improvement, restoration, repair or replacement of a particular Club Project shall be borne solely by the Members associated with that Club Project. Special Assessments relating to any aspect of the administration or management of the Club Membership program shall be levied on a pro-rata basis among all the Members. Special assessments shall be levied and collected in the same manner as the annual Maintenance Assessment. The Club Manager may levy a Special Assessment in one lump sum or in installments over a period of time as the Club Manager deems appropriate.

Notices provided under this Section may be sent via mail and/or e-mail at the discretion of the Club Manager. Billing statements and billing reminder notices may also be sent via e-mail. E-mail notice shall have the same force and effect as if the notice was mailed through the government postal service.

Section 6.06 **Gratuity Fee**

\$3.50 USD for night payable at the end of stay. This fee may be increased in the future and requires approval by vote of majority of the Memberships.

Section 6.07 **Payment Default**

(a) If the Club Manager has not received payment from a Member of the Maintenance Assessment by the Maintenance Assessment Due Date or of any other Assessment by the due date set forth in the notice of that Assessment issued by the Club Manager and if no date is set forth in such notice then 30 days after the date that the Club Manager issues that notice (a "Payment Default"), the Club Manager shall deliver a "First Delinquent Notice" to the Member. The First Delinquent Notice shall, among other things, assess to the Member a Late Charge of 12 percent or such other amount as may be determined by the Club Manager from time to time. Following the delivery of the First Delinquent Notice, subject to Applicable Laws, the Club Manager will not accept reservation requests from the Member, will not mail reservation confirmations to the Member, and will cancel any existing reservations the Member may already have made and confirmed (such cancellation may subject the Member to a cancellation fee). Once the First Delinquent Notice has been delivered, and after compliance with any other requirements under the Governing Documents and Applicable Laws, the Club shall no longer have any obligation to assure the Member's right to reserve lodging rights and services at any Project, even if the delinquent payment is thereafter received by the Club Manager. If the delinquent payment (including Late Charges) is not received by the Club Manager within 30 days after the Club Manager's issuance of the First Delinquent Notice, the Club Manager shall deliver a "Second Delinquent Notice" to the Member. The Second Delinquent Notice shall, among other matters, assess a reinstatement fee to the Member in an amount determined by the Club Manager from time to time, together with interest at the maximum rate allowable by Applicable Laws, compounded daily, on the overdue amounts and reinstatement fee, effective as of the date of the Second Delinquent Notice and continuing until the overdue amounts are paid in full. In addition, the Second Delinquent Notice shall notify the Member that the Club Manager may cancel the Member's Membership subject to Applicable Laws if the overdue amounts (together with all Late Charges) are not paid immediately. In no event shall a Member be allowed to exercise the lodging rights and services associated with each of his or her Membership(s) prior to having paid all Assessments which are owed (both for the current Calendar Year and past Calendar Years) on each of his or her Membership(s). If a Member's rights to use his or her Membership(s) are forfeited or suspended due to failure to pay any Assessments, the Club Manager shall have the right to rent the Use Period attributable to the Membership and to receive the rental income there from and the delinquent Member shall not be entitled to receive any of that income. Prior to a Member reserving any future Use Periods, all Assessments must be current for all Use Periods utilized. The First Delinquent Notice, the Second Delinquent Notice and all other communications shall be delivered to the last address shown for the Member in the records of the Club. The Club Manager shall collect the Assessments plus any estimated increase in those amounts

that is determined by the Club Manager. The Club Manager shall have the right, but not the obligation, to waive any Late Charges.

(b) Apart from suspension from privileges and reservations and cancellation of Memberships for nonpayment of Assessments as provided above, the Club Manager shall also have the right to suspend such Member's rights for the longest period allowed by Applicable Laws and to impose monetary penalties in excess of Late Charges for any other failure to comply with the Governing Documents by any Member and/or that Member's Permitted Users.

Section 6.08 **Personal Charge**

The term "Personal Charge" means any expense resulting from the act or omission of any Member, Permitted User, Exchange User or other User, including, without limitation: (i) the cost of telephone or internet charges incurred by such Member, Permitted User, Exchange User or other User; (ii) any special services or supplies attributable to the use of the lodging rights and services for the Suite during such Member's, Permitted User's, Exchange User's or other User's Use Period; (iii) the cost to replace or repair any damage or loss to the Suite, Common Furnishings, Common Area or any other area of a Project, due to loss or damage caused by a Member, Permitted User, Exchange User or other User; (iv) the cost to satisfy any amounts owing to any other Member(s), in connection with the Club and/or its Related Parties due to any intentional or negligent act or omission or breach of the Governing Documents or Applicable Laws by such Member, Permitted User, Exchange User or other User; and (v) any Late Charges. For purposes of this Section 6.07, any act, negligence, intentional misconduct or breach of the Governing Documents or Applicable Laws by a Permitted User, Exchange User or User shall be deemed to be the act of the Member. All Personal Charges shall be paid by a Member as follows:

(a) If the Club Manager and/or On-Site Manager can determine the amount of the Personal Charge at Check-Out Time, such Personal Charge shall be payable in cash, traveler's check or credit card at the Check-Out Time.

(b) Personal Charges which are not ascertainable at Check-Out Time shall be payable by cashier's check or credit card within 30 days after a Member receives a statement for the Personal Charges.

Section 6.09 **Reserves**

The Club Manager shall have the power and authority to determine and establish the amount of Assessments, use, allocation, investment, expenditure and all other matters associated with the Club's savings and reserves.

Article VII. Enforcement of the Governing Documents

Section 7.01 General

If any Member, Permitted User, Exchange User or other User violates any of the terms of the Governing Documents and/or the Applicable Laws, the Club Manager, on behalf of the Club shall have the full power and authority to enforce compliance with the Governing Documents and Applicable Laws in any manner provided under the law or in equity. The Club Manager's enforcement powers are cumulative. If the Club employs any attorney(s) to enforce the terms of the Governing Documents, the Club shall be entitled to recover from the violating User reasonable and actual attorneys' fees and costs of enforcement or defense, in addition to any other amounts due. All sums payable by a Member hereunder, whether on account of Assessments or otherwise, shall bear interest at the maximum rate allowable by Applicable Laws, compounded daily, from the due date, or if advanced or incurred by the Club, or any other Member pursuant to authorization contained in the Governing Documents, from the date of such expenditure. By virtue of a Member's Membership in the Club, each Member hereby promises and agrees that the Club Manager shall have all the rights, powers and remedies set forth in this Article VII and elsewhere in the Governing Documents and agrees to be bound by the provisions in the Governing Documents. The Club Manager shall have the right to enforce any of the obligations under the Governing Documents directly against any Member or other person or entity who may be in violation of the obligations in the Governing Documents.

Section 7.02 Certain Specific Enforcement Powers

In addition to the general powers specified in Section 7.01 above, the Club Manager shall have the following additional rights and powers:

(a) **Suspension of Privileges.** If any Member or his or her Permitted User shall be in breach of the Governing Documents, the Club Manager may suspend the right of such Member and Permitted User(s) to use the lodging rights and services for his or her Suite.

(b) **Enforcement by Cancellation.** The Club has a security interest (which shall be subordinate to any security interest created by a Member's Membership Certificate), in the form of a right to cancel a Member's Membership and accompanying lodging rights and services, securing the prompt and faithful performance of each Member's obligations under the Governing Documents and the payment to the Club of any and all Assessments levied against any and all Memberships, together with interest thereon at the maximum rate allowable under the law from the date of delinquency, any Late Charges and all costs of collection which may be paid or incurred by the Club in connection therewith, including reasonable attorneys' fees. In addition to a Payment Default discussed above, if any other default is not cured within 30 days after delivery of written demand by the Club Manager, the Club Manager may elect to cancel such defaulting Member's Membership. Any demand for payment shall be executed and acknowledged by any officer of the Club and shall contain substantially the following information: (i) the name of the defaulting Member; (ii) the total

amount of the delinquency, interest thereon, collection cost and reasonable attorneys' fees and monetary penalties imposed by the Club Manager; (iii) that a demand for curing a default is hereby being made by the Club pursuant to the Governing Documents; and (iv) that the Membership will be canceled if the default is not cured. Upon the timely curing of any default for which a demand was made by the Club Manager, the Club Manager is hereby authorized to rescind such demand. Cancellation of a Member's Membership shall be effective by giving such Member notice of such cancellation after a proper demand to cure such default. Upon proper notice of cancellation hereunder the Membership rights of such defaulting Member shall immediately cease and such Membership shall revert to the Club (subject to any security interest therein).

Article VIII. Relationships Among Projects

Section 8.01 Types of Memberships

The Club issues different types of Memberships as described in these Rules and Regulations and as set forth in the Membership Certificates.

Section 8.02 Allocation of Reserves and Annual Expenses

All Reserves and Annual Expenses relating to the off-site, on-site and asset and inventory management and administration of the Club and the Club Projects, shall be shared on a pro-rata basis by all Members based upon Suite Type or Club Points and duration of use rights and shall be allocated among the various Club Projects each year as determined by the Club Manager.

Section 8.03 Additional Rules and Regulations

In addition to the Governing Documents, the Club Manager and any On-Site Manager may recommend additional guidelines, rules and regulations for the Project or Projects managed by said entities. Such additional guidelines, rules and regulations shall specifically relate to the on-site, off-site and asset and inventory operation and administration of the Project to which they pertain, and shall be implemented to enhance the smooth and efficient operation of the Projects and Club for the benefit of Members, Permitted Users, Exchange Users and other Users. Among other matters, said additional guidelines, rules and regulations may include specific rules and regulations concerning the use of the Common Areas of the Projects and shall be implemented to enhance the use of the Common Areas. Such additional guidelines, rules and regulations shall become effective and binding after they are adopted by the Club Manager and are hereby automatically incorporated into these Rules and Regulations as though fully set forth herein and any breach of the same shall constitute a breach of these Rules and Regulations. In the event of any conflict between the Governing Documents and such additional guidelines, rules and regulations, the existing provisions of the Governing Documents shall control.

Article IX. Miscellaneous Provisions.

Section 9.01 **Amendment.** These Rules and Regulations may be amended at any time by the Club Manager.

Section 9.02 **Termination.** These Rules and Regulations shall remain in place until the dissolution of the Club or until the earlier termination or modification of these Rules and Regulations by the Club Manager. In the event that any agreement that affiliates the Club with any resort, Project or other party is ever terminated for any reason or expires in accordance with its own terms, the terminated resort, Project or party may no longer be affiliated with the Club. However, upon any such termination, the Club Manager will use best efforts to require that all confirmed reservations of Members will be honored. In the event of any such termination, and to the fullest extent permitted by Applicable Law, each Member, on behalf of such Member and all its Related Parties, hereby irrevocably, unconditionally and forever releases, waives, terminates, discharges, covenants not to sue and dismisses all liabilities, claims, actions, debts, liens, encumbrances, liabilities, demands, obligations, damages, injuries, death, losses, and/or expenses, including attorneys' fees and expenses and collection costs, incurred at any time in law, equity or otherwise, in any amount directly or indirectly, entirely or in part, in connection with the Club and/or its Related Parties as a result of any such termination.

Section 9.03 **Notices.** Notices provided for in these Rules and Regulations shall be in writing and shall be deemed sufficiently given either (i) when delivered personally at the appropriate address, (ii) upon the 5th day after deposit of same in any United States postal mail system postage prepaid, (iii) upon the 15th day following the deposit of such notice in the mail system of a country other than the United States, postage prepaid, (iv) upon receipt, when delivered by overnight or express delivery service, or (v) upon transmission when delivered by facsimile machine, provided that a copy of the notice is also sent on the date of facsimile transmission by an overnight or express delivery service. Any notice to a Member required under these Rules and Regulations shall be addressed to the Member at the last address for such Member appearing in the records of the Club. Notices to the Club shall be addressed to the address designated by the Club Manager by written notice to all Members. The addresses and addressees for purpose of this Section 9.03 may be changed by giving written notice in accordance herewith. A party's last known address as provided in this Section shall continue in effect until notice is provided in accordance with this Section.

Section 9.04 **Interpretation.** The Article and Section headings in these Rules and Regulations are for convenience and reference purposes only and do not define, limit, describe, expand, modify or aid in the scope, intent, interpretation, construction or meaning of the Governing Documents. As used herein the singular shall include the plural and the masculine shall include the feminine and neuter and the word "person" shall include corporation, firm, company, or other form of association.

Section 9.05 **No Waiver.** The failure to enforce any provision of the Governing Documents shall not constitute a waiver thereof of the right to enforce such provision thereafter.

Section 9.06 **Insurance.** The Club shall obtain and maintain insurance covering loss or damage to Users, the Suites and Common Areas of the Project in types and amounts determined by the Club Manager and as otherwise required by Applicable Laws.

Section 9.07 **Force Majeure.** Any prevention, delay or stoppage of work or other obligations to be performed by the Club and/or its Related Parties that are due to strikes; labor disputes; inability to obtain labor, materials, equipment or reasonable substitutes therefore; acts of nature; governmental restrictions, regulations or controls; judicial orders; enemy or hostile government actions; civil commotion; fire or other casualty or other causes beyond the reasonable control of the Club and/or its Related Parties shall excuse performance of the obligations by the Club and/or its Related Parties for a period equal to the duration of that prevention, delay or stoppage.

Section 9.08 **Fees.** Except as otherwise expressly stated in the Governing Documents, all fees and charges contemplated in the Governing Documents shall be established and may be modified by the Club Manager from time to time.

Section 9.09 **International Provisions.** All payments and amounts under the Governing Documents shall be calculated in United States Dollars at the rate of exchange in effect on the date in question. Except as otherwise set forth herein, all time periods in the Governing Documents shall be calculated as of the time zone in which the Club Manager's principal office or residence is located. Some of the Governing Documents may be prepared in both the English and other languages. Both translations shall constitute a single instrument and each shall be deemed an original of the Governing Documents for all purposes. In the event of any conflict between the English and the other translations of the Governing Documents, the English translation shall govern.

Section 9.10 **Choice of Law and Conflicting Provisions.** The Governing Documents shall be interpreted and enforced in accordance with the laws of Mexico, without giving effect to those principles of conflict of laws that might otherwise require the application of the laws of another jurisdiction. In case of any conflict between a Membership Purchase Agreement and the other Governing Documents, the other Governing Documents shall control.

Section 9.11 **Benefitted Parties.** The rights and obligations arising under the Governing Documents exist exclusively for the benefit and duty of the individuals and entities subject to the Governing Documents and shall not be deemed to create any third party beneficiary rights.

Section 9.12 **Waiver.** The provisions of the Governing Documents may be waived only in a writing signed by the party intended to be benefited by the provisions, and a waiver by a party of a breach hereunder by the other party shall not be construed as a waiver of any succeeding breach of the same or other provisions.

Section 9.13 **Attorneys' Fees.** The prevailing party shall be entitled to be reimbursed by the non-prevailing party for all costs, including attorneys' fees, incurred by the prevailing party in any enforcement, action or defense involving the Governing Documents.

Section 9.14 **Enforceability.** If any portion of the Governing Documents is held to be unenforceable, any enforceable portion thereof and the remaining provisions shall continue in full force and effect. If any provision of the Governing Documents is determined to contravene Applicable Laws, such provision shall be automatically amended to the smallest extent possible to make such provision comply with Applicable Laws and regardless of any such modification, the Governing Documents shall remain in full force and effect. No rule of strict construction shall be applied against any party.

Section 9.15 **Joint and Several.** In the event that any party consists of more than one person or entity, all of the rights and obligations contained herein shall be joint and several rights and obligations of each such person or entity.

Section 9.16 **Time of Essence.** Time is expressly made of the essence with respect to the performance of each and every obligation under the Governing Documents.

Section 9.17 **Protection of Memberships.** Memberships shall be indivisible. No Member shall seek or obtain judicial partition, or the equivalent of such remedies, of any Project, Suite or Membership. Any rights the Members may have as purported owners or purported tenants-in-common of any Project or Suite are hereby expressly waived and substituted in the place thereof are the terms and conditions of the Governing Documents. Should the lodging rights and services for, and enjoyment of, any portion of a Project, Suite, the Common Areas or Common Furnishings by any Member be threatened by reason of any lien, claim or charge against any Member and/or that Member's Membership, or should proceedings be instituted to effect any such sale or interference, any Member acting on his or her own behalf or through the Club, or the Club acting on behalf of any one or more Members (if the acting Member or Club is promptly indemnified to his or her or its satisfaction) may, but shall not be required to, pay or compromise the lien, claim or charge without inquiry into the proper amount or validity thereof and, in such event, the Member whose interest was subjected to such lien, claim or charge shall forthwith pay the amount so paid or expended to the Member or the Club, whomsoever shall have paid or compromised the lien, claim or charge, together with such reasonable attorneys' fees and related costs as the Member or Club may have incurred. No Member shall permit his or her interest in any funds from time to time in possession of the Club to be subjected to any attachment, lien, claim or charge or other legal process and shall reimburse the Club for all reasonable attorneys' fees or other costs incurred in respect thereof as determined by judicial resolution.

Section 9.18 **No liability for Other Resorts.** The Club, the Club Manager, the Developer and their respective Related Parties shall not have any liability in connection with any Projects other than the Club Projects, and the Members and Users hereby irrevocably, unconditionally

and forever release the Club, the Club Manager, the Developer and their respective Related Parties from any such liability.

Section 9.19 **Limitations on Liability.**

(a) **Claims.** In the event that any Member, User and/or their respective Related Parties, or anyone claiming rights through the foregoing (collectively and/or individually a "Claimant"), has any claim, demand, offset, right or defense assertable against the Club, the Club Manager, any Developer and/or their respective Related Parties or involving any Project on any matter (collectively, a "Claim"), the Claimant shall first submit such Claim to the insurance company associated with the person, entity or Project in question for resolution and allow at least 90 days after submission of that Claim to the insurance company for resolution of that Claim before commencing any legal proceedings respecting such Claim. Such Claim shall be entirely barred, and fully released and waived, unless the Claimant commences legal proceedings respecting such Claim within 180 days after the first occurrence of the event on which the Claim is based. For the purposes of this subsection, legal proceedings shall be considered commenced only upon the filing of a complaint in a court of law having valid jurisdiction over the parties and Claim in question.

(b) **Club Responsibilities.** The Club may, to the maximum extent permitted under Applicable Laws, reimburse, indemnify and hold harmless each present and future officer, committee member and employee of the Club and its Related Parties and each person who, at the request of the Club Manager acts as an officer, committee member or employee of any other entity in which the Club has an interest, from and against all loss, cost, liability and expense (including legal fees and costs) which may be imposed upon or reasonably incurred by him or her, including reasonable settlement payments, in connection with any claim, action, suit or proceeding or threat thereof, made or instituted, in which he or she may be involved or be made a party by reason of his being or having been a director, officer, committee member or employee of the Club and/or its Related Parties, or by reason of any action alleged to have been taken or omitted by him or her in such capacity. Notwithstanding the foregoing, no officer, committee member and/or employee of the Club and/or its Related Parties shall be entitled to such protection if the claim, action, suit or proceeding or threat thereof, arose in whole or in part because of his or her failure to act in good faith, in a manner that is in the best interests of the entity, or with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances, or if the officer, committee member and/or employee of the Club and/or its Related Parties fails to meet any of the exclusions to coverage under Applicable Laws. The right of indemnification provided in this Section shall inure to each person referred to in this Section, whether or not the claim asserted against him or her is based on matters which arose in whole or in part prior to the adoption of this Section and in the event of his or her death shall extend to his or her legal representatives.

(c) **Member Responsibilities.** To the extent permitted by Applicable Laws, each Member shall irrevocably, unconditionally and forever assume

liability for, release, waive, defend, hold harmless and indemnify the Club and/or its Related Parties from and against any and all liabilities, claims, actions, debts, liens, encumbrances, demands, obligations, damages, losses and/or expenses, including attorneys' fees and expenses and collection costs, incurred by the Club and/or its Related Parties at any time directly or indirectly, entirely or in part, in connection with that Member, that Member's Membership, that Member's Related Parties, and/or any breach of the Governing Documents or Applicable Laws by that Member and/or its Related Parties except to the extent caused solely by the gross negligence or intentional misconduct of the person or entity seeking indemnification.

(d) **Acknowledgement.** In connection with any waiver or release required of any Member under the Governing Documents, such Member acknowledges that the significance and consequence of that waiver and release are that even if the Member should eventually suffer additional damages or have additional claims arising out of the circumstances associated with the released matters, the Member shall not be able to recover those damages or pursue those claims. Furthermore, each Member acknowledges that such Member intends these consequences even as to damages and claims that may exist but which the Member does not know exist, and which, if known, would materially affect the Member's decision to be bound by the Governing Documents regardless of whether the Member's lack of knowledge is the result of ignorance, oversight, error, negligence or any other cause.

(e) **Nonliability.** To the fullest extent permitted by Applicable Laws, the Club and/or its Related Parties shall not have any personal, recourse, deficiency or other liability of any kind to any Member, Permitted User, Exchange User, other User, other person or entity and/or their respective Related Parties for any damage, loss or prejudice suffered or claimed on account of (a) any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which the Club's Related Parties, committees or persons reasonably believed to be the scope of their duties; (b) any condition or circumstance at any Project or Exchange Program resort or associated Common Areas; (c) any travel to or from any Project or Exchange Program resort; and/or (d) the acts or omissions of any Members, External Exchange Company, Related Party or third-party.

(f) **No Negative Statements or Actions.** No Member shall at any time directly or indirectly take any action and/or make, publish, file or record any oral or written statements that would likely have a negative or injurious impact upon the Club and/or its Related Parties except in connection with enforcing the Governing Documents and/or as required by Applicable Laws. No Member shall engage in any action that is derogatory, defamatory, libelous or slanderous to the Club and/or its Related Parties.