

NOTICE OF CANCELLATION RIGHTS (TIME-SHARE)

RE 615 (Rev. 5/17)

SUBDIVISIONS

NOTICE OF CANCELLATION RIGHTS

You may cancel the purchase of the time-share interest(s) in the time-share plan identified below without any penalty or obligation and are legally entitled to the return of all money and other considerations that you have given toward the purchase. If you decide to cancel your purchase, you must notify the developer in writing of your intent to cancel within seven calendar days of receipt of the public report or the date you sign the purchase contract, whichever date is later. Your notice of cancellation shall be effective upon the date sent and shall be sent to the developer at the address or facsimile number provided in your purchase contract. Any attempt to obtain a waiver of your cancellation right is void and of no effect. Refer to Business and Professions Code (BPC) § 11239(a-b).

CANCELLATION INFORMATION		
NAME OF DEVELOPER Welk Resort Group, Inc.		FAX NUMBER (760) 651-3248
ADDRESS OF DEVELOPER 300 Rancheros Drive, Suite 100		
CITY San Marcos	STATE CA	ZIP CODE 92069
NAME OF TIME-SHARE PLAN Welk Resorts Platinum Program		
CalBRE REGISTRATION FILE NUMBER 123147HF-A138		
RE: ELECTION TO CANCEL THE SALE OF A TIME-SHARE INTEREST(S)		
<i>I hereby elect to cancel my purchase of the time-share interest(s) in the above-name time-share plan.</i>		
DATE		
SIGNATURE ➤		
PRINT NAME		
SIGNATURE ➤		
PRINT NAME		

Note: To inform a purchaser of his or her right of cancellation under BPC § 11238 the developer shall attach this cancellation notice to the face page of every copy of a time-share public report given to a prospective purchaser and each notice shall also contain all developer-related information completed by the developer above, as applicable which may be used by a purchaser to cancel the sale of the time-share interest as per first paragraph above.

Department of Real Estate
of the
State of California

**FINAL TIME-SHARE PLAN PUBLIC REPORT
MULTI-SITE TIME-SHARE PLAN
(NON-SPECIFIC TIMESHARE INTEREST)**

In the matter of the application of

**Welk Resort Group, Inc
A California corporation**

FILE NO.: 123147HF-A138

ISSUED: JULY 3, 2006

AMENDED: APRIL 17, 2019

For a Final Time-Share Plan Public Report on

EXPIRES: NOVEMBER 19, 2023

Welk Resorts Platinum Program

Department of Real Estate

by

Christopher Carvin
Christopher G. Carvin

CONSUMER INFORMATION

V THIS REPORT IS NOT A RECOMMENDATION OR ENDORSEMENT OF THE TIME-SHARE PLAN; IT IS INFORMATIVE ONLY.

V BUYER OR LESSEE MUST SIGN THAT (S)HE HAS RECEIVED AND READ THIS REPORT.

This report expires on the date shown above. All material changes must be reported to the Department of Real Estate. (Refer to Section 11226(f) of the B&P Code; and Chapter 6, Title 10 of the California Administrative Code, Regulation 2806.) Some material changes may require amendment of the Public Report.

Section 12920 of the California Government Code provides that the practice of discrimination in housing accommodations on the basis of race, color, religion, sex, marital status, national origin, physical handicap or ancestry, is against public policy.

Under Section 125.6 of the B&P Code, California real estate licensees are subject to disciplinary action by the Real Estate Commissioner if they discriminate or make any distinction or restriction in negotiating the sale or lease of real property because of the race, color, sex, religion, ancestry, national origin, or physical handicap of the client. If any prospective buyer or lessee believes that a licensee is guilty of such conduct, (s)he should contact the Department of Real Estate.

READ THE ENTIRE REPORT ON THE FOLLOWING PAGES BEFORE CONTRACTING TO BUY OR LEASE AN INTEREST IN THIS TIME-SHARE PLAN.

RE 618C (Rev. 7/05)

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TIME-SHARE PLAN DISCLOSURES
PART I

GENERAL DISCLOSURES.

1. This time-share plan is registered with the California Department of Real Estate as required by law. Registration does not constitute an endorsement of the time-share plan and the California Department of Real Estate has not passed on the merits of the time-share property being offered for sale.
2. You may cancel the purchase or lease of the time-share interest(s) in the time-share plan without any penalty or obligation and you are legally entitled to the return of all money and other consideration you have given towards the purchase. You must notify the developer in writing of your intent to cancel within 7 calendar days of receipt of the public report or the date you sign the purchase contract, whichever date is later. The notice of cancellation must be affixed to the front of this public report.
3. As a general rule, a developer's promotional and marketing costs in a time-share offering constitute a major portion of the purchase price. Should you purchase a time-share interest, you may find it difficult to resell your time-share interest without the use of an extensive promotional and advertising campaign or use of a sales organization. Should you lease a time-share interest, you will be prohibited from assigning it to a third-party other than your direct heirs.
4. You are urged to visit and inspect the time-share property before entering into an agreement to purchase or lease. You should determine for yourself that the property meets your personal requirements and expectations. Misunderstandings more easily arise as to the desirability of the property when this is not done. You should also carefully review the purchase or lease contract to ensure that any promises of importance to you are included in the contract.
5. Failure to pay the assessments levied by the time-share association will prevent you from occupying and using the time-share accommodation and, if you are purchasing, result in a lien on your interest. In the event of any other breach by a time-share owner or lessee of any of the project's governing documents, the time-share association may, after notifying the time-share owner or lessee, suspend the right to occupy the accommodation.
6. The developer must, prior to close of escrow, provide you with a notice describing any and all material changes to the offering since the date of issuance of this public report. (Refer to Section 11226(f)(2) of the Business & Professions Code.)
7. The ability of time-share owners to control operations and management of the time-share plan may be severely limited as long as the developer controls the association or management or the reservation system. If you are purchasing, you should thoroughly review the governing documents for the time-share plan so that you will have a better understanding of your rights as a member of the time-share plan association. If you are leasing, you will not become a member of the time-share plan association.

8. You have a duty to pay assessments even if you are unsuccessful in reserving an accommodation.
9. A one-to-one purchaser and lessee to accommodation ratio must be maintained. This means the ratio of the number of purchasers and lessees eligible to use the accommodations of the time-share plan on a given night must never exceed the total number of accommodations of the time-share plan available for use in the time-share plan during that year. A purchaser or lessee who is delinquent in the payment of time-share assessments shall continue to be eligible to use the accommodations of the time-share plan for purposes of calculating the one-to-one purchaser accommodation ratio. (Refer to Business & Professions Code Section 11250.)
10. **POINTS-BASED PROJECTS.** No time-share interest owner or lessee shall be prevented from using a time-share plan as a result of changes in the manner in which point values may be used. (Refer to B&P Code Section 11233(c)(2).)
11. **INCIDENTAL BENEFITS.** If you are offered the opportunity to acquire an incidental benefit in connection with the sale or lease of a time-share interest, the developer shall provide you with a disclosure statement containing all of the following information:
 - a) A general description of the incidental benefit, including the terms and conditions governing the use of the incidental benefit.
 - b) A statement that the continued availability of the incidental benefit is not necessary for the use and enjoyment of the purchaser's or lessee's use of any accommodation of the time-share plan.
 - c) A statement that the purchaser's or lessee's use of or participation in the incidental benefit is completely voluntary, and payment of any fee or other cost associated with the incidental benefit is required only upon that use or participation.
 - d) A listing of the fees, if any, that the purchaser or lessee will be required to pay to use the incidental benefit.
 - e) A statement that no costs of acquisition, operation, maintenance, or repair of the incidental benefit shall be passed on to purchasers or lessees of time-share interests in the time-share plan as a common expense of the time-share plan.
12. **EXCHANGE PROGRAMS.** This time-share project may be affiliated with one or more exchange programs whereby time-share owners or lessees may voluntarily exchange the right to use and occupy accommodations and facilities in this project with accommodations in other projects. Exchange programs are not subject to Department of Real Estate laws and regulations. Therefore, the Department of Real Estate has not evaluated any exchange program(s) included in this offering. There is no guarantee that this project will remain affiliated with any particular exchange program. Since exchange programs are unregulated, the Department recommends prospective purchasers and lessees use discretion in evaluating exchange programs offered in conjunction with time-share offerings.
13. **IMPORTANT CAUTIONARY NOTES:**
 - You *only have* seven (7) days from the date you entered into the purchase or lease contract to rescind, cancel, and unwind your time-share purchase. After

the seven days have transpired, you have no further rescission or contract cancellation rights. (Refer to Section 11235 of the Business & Profession Code.)

- If possible, you should visit and inspect the relevant time-share property(ies) to see if the same meets your expectations and needs.
- All promises made to you during the sales presentation (which induced you to purchase or lease the time-share) must – or certainly should – be in the contract you sign. If they are not included in the contract, or if the contract language disclaims any promises made during the sales presentation, those promises are not binding and enforceable.
- Carefully read and fully understand the contract. If you cannot understand the contract and its terms, have it reviewed by someone who does, and have them explain the agreement and terms to you.
- Do thorough research and in-depth homework about the time-share (including valuation and values, applicable points, points and reservation systems, availability of property(ies) and vacation opportunities, and maintenance fees), the time-share development, and the time-share developer.
- Educate yourself thoroughly about your rights and obligations as a time-share owner or lessee, what it is that you have purchased/leased (or will be purchasing/leasing), your vacation plan, the history of the plan, and make certain that the time-share and its offerings meets your current and future needs (and the maintenance fees and related obligations are ones that you can afford).
- Evaluate the value to you of the time-share, and consider the aggregate of the purchase or lease price and all maintenance fees that you must pay yearly (including the current fees and any possible/probable increases to those fees).
- Understand that the vast majority of time-shares are not investments in real property, and they are not assets that appreciate (grow) in value.
- Re-selling time-shares can be extremely difficult. Educate yourself about the re-sale market, and understand that for purchasers the time-share you purchase, as well as all of the associated maintenance fee obligations, might be yours for a lifetime.

TIME-SHARE PLAN DISCLOSURES
PART II

1. State the name and address of the developer and the type of time-share plan being offered and the name and address of the time-share project.

The developer of Welk Resorts Platinum Program (the "Program") is Welk Resort Group, Inc., a California corporation, located at 300 Rancheros Drive #450, San Marcos, California 92069. The Program is a multi-location time-share plan with accommodations in the following locations (the "Underlying Resorts"):

LAWRENCE WELK RESORT VILLAS
8860 Lawrence Welk Drive
Escondido, California 92026

EAGLE CREST RESORT
1522 Cline Falls Road
Redmond, OR 97756

VILLAS ON THE GREENS BY WELK
RESORTS (A/K/A THE VILLAS AT WELK
RESORT)
8860 Lawrence Welk Drive
Escondido, California 92026

DESERT OASIS BY WELK RESORTS
(A/K/A LAWRENCE WELK'S DESERT
OASIS)
34567 Cathedral Canyon Drive
Cathedral City, California 92234

THE LODGES AT TIMBER RIDGE (A/K/A
WELK RESORTS BRANSON)
1984 State Highway 165
Branson, Missouri 65616

SIRENA DEL MAR BY WELK RESORTS
(A/K/A WELK RESORTS CABO VILLAS)
Km. 4.5 Transpeninsular Highway
San Jose del Cabo
Baja California Sur, CP 23410 Mexico

MOUNTAIN VILLAS BY WELK RESORTS
(A/K/A WELK RESORTS MOUNTAIN
VILLAS)
8860 Lawrence Welk Drive
Escondido, California 92026

NORTHSTAR LODGE BY WELK
RESORTS
(A/K/A NORTHSTAR LODGE)
970 Northstar Drive
Truckee, California 96161

EL CORAZON DE SANTA FE
103 Catron St.
Santa Fe, NM 87501

ONE VILLAGE PLACE BY WELK
RESORTS (A/K/A ONE VILLAGE PLACE)
9001 Northstar Dr.
Truckee, California 96161

FOUR SEASONS RESIDENCE
CLUB AVIARA
7210 Blue Heron Place
Carlsbad, CA 92011

FOUR SEASONS RESIDENCE CLUB
SCOTTSDALE at TROON NORTH
10650 E. Crescent Moon Drive
Scottsdale, AZ 85262

VILLAS OF CAVE CREEK
38001 N. School House Rd.
Cave Creek, AZ 85331

ARROYO ROBLE RESORT
100 Arroyo Roble Road
Sedona, AZ 86336

RED WOLF LODGE AT SQUAW VALLEY
2000 Squaw Loop Road
Olympic Valley, CA 96146

RED WOLF LAKESIDE LODGE
7630 N. Lake Blvd.
Tahoe Vista, CA 96148

THE RANAHAN BY WELK RESORTS
(A/K/A WELK RESORTS BRECKENRIDGE)
WELK RESORTS BRECKENRIDGE
557 Stan Miller Dr.
Breckenridge, CO 80424

POSTE MONTANE LODGE
760 Avondale Lane
Avon, Colorado 81620

FALCON POINT
175 Lake Street
Avon, Colorado 81620

STONERIDGE RESORT
150 Holiday Loop
Blanchard, Idaho 83804

The Program is a multi-location, points-based, time-share use plan with a nonspecific time-share interest, as such terms are defined in California Business & Professions Code §11212. Purchasers of Program interests (called "Ownerships") become members of Welk Resorts Platinum Owners Association ("Association"), which is a California non-profit, mutual benefit corporation. The Association manages the Program for the use and benefit of Owners. Purchasers of Ownerships receive "Points", which are derived from the dedication to the Program of timeshare interests and accommodations in the Underlying Resorts. Owners do not receive an interest in real property. Lessees in the Platinum Lease Program, a program that provides Lessees with use and occupancy rights ("Use Rights") associated with Points owned by the developer, do not become members of the Association. The Association owns fee title to each of the interests in the locations listed above, except for the Desert Oasis by Welk Resorts location, which is a leasehold interest expiring September 13, 2061, and except for Sirena Del Mar by Welk Resorts, which is a trust interest expiring February 13, 2059. The Association's interest is coupled in each case with a fractional interest in the common areas at each resort, free and clear of any unsubordinated debt. The units and common areas at the resorts are operated and maintained by separate Underlying Associations at each resort. Eagle Crest Resort, El Corazon de Santa Fe, Four Seasons Residence Club Aviara, Four Seasons Residence Club Scottsdale at Troon North, Villas of Cave Creek, Arroyo Roble Resort, Red Wolf Lodge at Squaw Valley, Red Wolf Lakeside Lodge, and Poste Montane Lodge are all operated and maintained by their respective owners associations. These properties are not managed by Welk Hospitality Management, Inc., which provides management and operational services for the Underlying Associations at the other Underlying Resorts. The Association, as the owner of timeshare interests at each resort, has voting rights in each of the Underlying Associations.

The developer is authorized under this Public Report to offer for sale both time-share interests having terms in perpetuity and terms of varying lengths (e.g., 5, 10, or 15 years), and to offer for lease Use Rights of varying lengths under a Platinum Term Lease Agreement.

Program Owners' voting and use rights are determined by the number of Points owned. There is one vote in the Association for each 1,000 Points purchased (rounded down). On January 1 of each year (or every other year for Biennial Owners, and every third year for Triennial Owners), Owners will be credited with the number of Points purchased, and will have one year from that date to redeem those Points for room/nights of accommodations at the Underlying Resorts. Use of each dwelling unit requires a certain number of Points depending on the location and type of the unit and the demand for the particular time period requested for reservation, in accordance with the Point Valuation Schedule. High demand days, such as weekends or holidays in two-bedroom units at prime locations, require the most Points. Lessees in the Platinum Lease Program do not have voting rights.

Reservations can be made from 18 to 15 months prior to check-in for Owners who, at the time of purchase, specify in their purchase agreement a unit, unit type or week at a specified Welk Resort ("Fixed Ownerships"). If such a reservation is not confirmed during this timeframe, such inventory shall be released into inventory available to all Owners. All other Ownerships are known as "Flex Ownerships". In addition, Owners and Lessees who have purchased, leased, or otherwise received specified amounts of Annual Points and/or Rewards Points have expanded reservation windows (specified below). "Rewards Points" are point equivalents to which the developer has access and which are given to purchasers by the developer as an incentive for purchasers to complete the purchase of Annual Points. Rewards Points do not apply to the Lease Program. Rewards Points expire upon use or the termination of the use year for which they are given. Prior to their expiration, Rewards Points may be used or combined with Annual Points to reserve and use villa accommodations at a Welk Resort or other specified resort property. However, reservations made using Rewards Points are for personal use only, and may not be used for rental. Rewards Points are non-transferable, non-assignable, do not grant ownership rights, may not be borrowed or accrued, may not be used for exchange, and are subject to other limitations set by the developer that may be changed or modified at any time in the developer's sole discretion.

Under the Program, "Platinum Premier Owners" are Owners who have obtained a minimum of 540,000 Annual Points, or any combination of Annual Points and Rewards Points totaling 540,000, from the developer; "Platinum Select Owners" are Owners who have obtained a minimum of 780,000 Annual Points, or any combination of Annual Points and Rewards Points totaling 780,000, from the developer; "Platinum Elite Owners" are Owners who have obtained a minimum of 1,020,000 Annual Points, or any combination of Annual Points and Rewards Points totaling 1,020,000, from the developer; "Platinum Pinnacle Owners" are Owners who have obtained a minimum of 1,500,000 Annual Points, or any combination of Annual Points and Rewards Points totaling 1,500,000, from the developer. Under the Platinum Lease Program, "Platinum Premier Lessees" are Lessees who have leased a minimum of 540,000 Annual Points from the developer; "Platinum Select Lessees" are Lessees who have leased a minimum of 780,000 Annual Points from the developer; "Platinum Elite Lessees" are Lessees who have leased a minimum of 1,020,000 Annual Points from the developer; "Platinum Pinnacle Lessees" are Lessees who have leased a minimum of 1,500,000 Annual Points from the developer.

The 15-month reservation window for Flex Ownerships and Lessees of Use Rights is extended by 3 months for Platinum Premier Owners and Lessees, 4 months for Platinum Select Owners and Lessees, 5 months for Platinum Elite Owners and Lessees, and 6 months for Platinum Pinnacle Owners and Lessees.

From 15 to 4 months prior to check-in, Owners of Fixed Ownerships who have not made a reservation, Owners of Flex Ownerships, and Lessees have the right to make a reservation, subject to space availability, for a week at any of the Welk Resorts in the Program.

9 months or less prior to check-in, Owners and Lessees have the right to make a reservation, subject to space availability, for periods less than a week, for periods more than a week that do not equal 7-night increments, or for any period that does not begin on a particular resort's designated check-in date, all with a 2-night minimum stay (excluding "Holiday Weeks", which are any weeks that begin on a resort's designated check-in date and contain New Year's Eve, New Year's Day, Easter, Memorial Day, Fourth of July, Labor Day, Thanksgiving, or Christmas). This reservation window is extended to 10 months for Platinum Select Owners and Lessees, 11 months for Platinum Elite Owners and Lessees, and 12 months for Platinum Pinnacle Owners and Lessees.

3 months or less prior to check-in, Owners and Lessees have the right to make a reservation for a Holiday Week, subject to space availability, for periods less than a week, with a 2-night minimum stay. This reservation window is extended to 4 months for Platinum Elite Owners and Lessees and 5 months for Platinum Pinnacle Owners and Lessees. From 60 days prior to check-in, the Owner's or Lessee's reservation may be competing with the Developer's or Association's rental program.

Bonus Time: Reservations may be made for Bonus Time (space that is unused at a resort 60 days prior to check-in for Platinum Owners and Lessees, 75 days prior to check-in for Platinum Select Owners and Lessees, 90 days prior to check-in for Platinum Elite Owners and Lessees, and 120 days prior to check-in for Platinum Pinnacle Owners and Lessees), based on nightly rental rates set by the Association, which rates may change from time to time.

A reservation for a full week begins on the check-in date established for the particular resort by the Underlying Association. Ownerships may be Annual Ownerships, Biennial Ownerships (Ownerships with use only in odd-numbered years, or even-numbered years), or Triennial Ownerships (Ownerships with use every three years). Lease Program Use Rights may be Annual Use Rights or Biennial Use Rights.

Points Borrowing: Owners may "borrow" Points from the next Use Term and Lessees may borrow Points from the next Lease Use Term, only: (i) during the prior 12-month period; (ii) in order to complete the balance of a reservation for a 1-week stay or for the purpose of depositing the reserved week with an exchange company; (iii) within 5 months or less prior to check-in for Platinum Pinnacle Owners and Lessees, 4 months or less prior to check-in for Platinum Elite and Select Owners and Lessees, 3 months or less prior to check-in for Platinum Premier Owners and Lessees, and 2 months or less prior to check-in for all other Owners and Lessees; and (iv) if you pay the estimated Basic Assessment for the future Use Term or Lease Use Term for the Points borrowed. Additional fees may apply to borrow Points. The developer reserves the right, in its sole discretion, to prohibit Lessees from borrowing if a Lessee has ever been delinquent in payments to the developer or Association.

The "Platinum Rewards Program" is a package of benefits provided by the developer to Platinum Premier Owners and Lessees, Platinum Select Owners and Lessees, Platinum Elite Owners and Lessees, and Platinum Pinnacle Owners and Lessees. Subject to certain fees and restrictions applicable to the Welk Platinum Rewards Program, Platinum Premier, Platinum Select, Platinum Elite, and Platinum Pinnacle Owners have the right to combine Points in their Points Account with Rewards Points or, in the case of both Rewards Program Owners and Lessees, a prescribed amount of developer-owned Points ("Bonus Points") in order to make a reservation, or to upgrade to a larger Unit Type.

Points Accrual: Owners may accrue (roll over) unutilized Points credited during one Use Term to the next successive calendar year and Lessees may accrue unutilized Points credited during one Lease Use Term to the next successive 12-month period. If notice of accrual is delivered to the Association by December 15 for Platinum Pinnacle Owners, November 30 for Platinum Elite Owners, October 31 for Platinum Select Owners, September 30 for Platinum Premier Owners, and August 31 for all other Owners, 100% of all unutilized Points may be accrued; if notice is delivered after the foregoing cutoff dates, 50% of all unutilized Points may be accrued. For Lessees, if notice of accrual is delivered to the Association at least 15 days prior to the end of their current Lease Use Term for Platinum Pinnacle Lessees, at least 30 days prior for Platinum Elite Lessees, at least 60 days prior for Platinum Select Lessees, at least 90 days prior for

Platinum Premier Lessees, and at least 120 days prior for all other Lessees, 100% of all unutilized Points may be accrued; if notice is delivered after the foregoing cutoff dates but before the last day of the current Lease Use Term, 50% of all unutilized Points may be accrued. Lessees with Annual Use Rights may not accrue Points in their final Lease Use Term.

Utilization of Points which have been accrued may only be reserved 5 months or less prior to check-in for Platinum Pinnacle Owners and Lessees, 4 months or less prior to check-in for Platinum Select and Platinum Elite Owners and Lessees, and 2 months or less prior to check-in for all other Owners and Lessees. The developer may permit an Owner who is current on all obligations to the developer and Association, and purchases Points from June 1 to December 31 for the current Use Term (annual or biennial), to extend the use for all of the Owner's unutilized Points from such Use Term until the end of the next successive calendar year (for example, Points purchased from June 1, 2017 to December 31, 2017, having a 2017 Use Term, would be available for use, along with other unutilized Points credited in 2017, until December 31, 2018). Such extended Points shall not be subject to the reservation windows stated in this paragraph (the reservation periods stated in the Welk Resorts Platinum Rules and Regulations shall apply). Such extended Points may also be accrued to the Use Term following the next successive year, but in such case the notice requirements and limited reservation windows set forth in this paragraph shall apply (for example, the unutilized Points with a 2017 Use Term, which were extended for use through December 31, 2018, may be accrued for use through December 31, 2019, subject to the limited reservation windows in this paragraph and provided these Points are accrued by the cutoff dates defined in this paragraph).

2. Describe the existing or proposed accommodations, including the type and number of time-share interests in the accommodations, and if the accommodations are proposed or not yet complete or fully functional, an estimated date of completion.

The following describes the accommodations at each of the Underlying Resorts, including the number and type of time-share interests, the number of Points associated with those interests, and completion information (the term "Season" shall be utilized as defined in the Declaration of the applicable Underlying Resort):

LAWRENCE WELK RESORT VILLAS

<u>Quantity</u>	<u>Timeshare Interests</u>	<u>Points ea.</u>	<u>Total Points</u>
10,357	2-bedroom/Fixed Week	240,000	2,485,680,000

This resort has 28 lots containing 286 condominium units and 8 commonly owned lots. The units are two-bedroom, 2-bath units of approximately 1370 square feet. All units have full kitchens.

VILLAS ON THE GREENS BY WELK RESORTS (A/K/A THE VILLAS AT THE WELK RESORT)

<u>Quantity</u>	<u>Timeshare Interests</u>	<u>Points ea.</u>	<u>Total Points</u>
3342	2-bedroom Deluxe Annual	300,000	1, 002,600,000
488	2-bedroom Deluxe Even	150,000	73, 200,000
448	2-bedroom Deluxe Odd	150,000	67, 200,000
1224	1-bedroom Villa Annual	180,000	220, 320,000
614	1-bedroom Villa Even	90,000	55, 260,000
666	1-bedroom Villa Odd	90,000	59, 940,000
1110	1-bedroom Suite Annual	120,000	133, 200,000

629	1-bedroom Suite Even	60,000	37,740,000
<u>613</u>	1-bedroom Suite Odd	60,000	<u>36,780,000</u>
9,134			1,686,240,000

This resort has 194 units of four unit types: a two-bedroom, 2-bath deluxe villa of approximately 1395 square feet, a two-bedroom, 2-bath suite of approximately 1370 square feet, a one-bedroom, 1-bath villa of approximately 810 square feet, and a one-bedroom, 1-bath suite of approximately 585 square feet. The units are contained in several, one, two or three-story buildings. All units have full kitchens, except for the 1-bedroom suite, which has a kitchenette.

THE LODGES AT TIMBER RIDGE (A/K/A WELK RESORTS BRANSON)

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total Points</u>
344	3-bedroom	Red	300,000	103,200,000
72	3-bedroom	Yellow	240,000	17,280,000
344	2-bedroom	Red	240,000	82,560,000
72	2-bedroom	Yellow	180,000	12,960,000
1892	2-bd lockoff	Red	240,000	454,080,000
<u>396</u>	2-bd lockoff	Yellow	180,000	<u>71,280,000</u>
3120				741,360,000

This resort has 60 units of 3 unit types: (i) a two-bedroom, two-bath lockoff unit type of approximately 1370 square feet, each of which may be locked off into a one-bedroom, 1-bath villa of approximately 810 square feet, and a one-bedroom, 1-bath suite of approximately 585 square feet, (ii) a two-bedroom, two-bath non-lockoff unit type of approximately 1439 square feet, and (iii) a three-bedroom, two bath unit of approximately 1589 square feet. The units are contained in four, 2-story buildings and two, 4-story buildings. All units have full kitchens, including both lock-off portions of the two-bedroom lockoff units. The project, when built out, is expected to have 363 units.

MOUNTAIN VILLAS BY WELK RESORTS (A/K/A WELK RESORTS MOUNTAIN VILLAS)

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total Points</u>
3318	2-bd lockoff	none	300,000	995,400,000
312	2-bd non-lockoff	none	300,000	93,600,000
<u>312</u>	3-bd non-lockoff	none	360,000	<u>112,320,000</u>
3942				1,201,320,000

Phases I, II and III of this resort have 76 units. Sixty-four (64) of the units are of a two-bedroom, two-bath unit type of approximately 1430 square feet, each of which may be locked off into a one-bedroom, 1-bath villa of approximately 800 square feet, and a one-bedroom, 1-bath suite of approximately 630 square feet. Six (6) units are of a 2-bedroom non-lockoff type of approximately 1430 square feet, and six (6) are of a 3-bedroom non-lockoff type of approximately 1575 square feet. The units are contained in six, 3-story buildings and one, 2-story building. All units have full kitchens, except for the one-bedroom suite, which has a kitchenette. The project, when built out, is expected to have 148 units.

DESERT OASIS BY WELK RESORTS (A/K/A LAWRENCE WELK'S DESERT OASIS)

<u>Quantity</u>	<u>Timeshare Interests</u>	<u>Points ea.</u>	<u>Total Points</u>
2270	1-bedroom/Red Season	120,000	272,400,000
2092	1-bedroom/White Season	120,000	251,040,000
<u>703</u>	1-bedroom/Blue Season	120,000	<u>84,360,000</u>
5065			607,800,000

This resort has 162 one-bedroom, 1-bath condominium units of approximately 770 square feet, each of which is located in a two-story building. All units have full kitchens. In the event that the sublease for these intervals is not extended when the current term expires on September 13, 2061, the Association would be obligated to maintain its one-to-one purchaser to accommodation ratio, pursuant to Section 4.2(c) of the Declaration, by either substituting new inventory for the removed inventory, or terminating a sufficient number of non-issued Points to make up for the loss of the Desert Oasis by Welk Resorts inventory, to bring the inventory back into balance with the outstanding number of Points. In the event of termination of the master lease or the master sublease, to which the timeshare sublease is subordinate, the Association has the right to pay rent directly to the master lessor or master sublessor, as applicable, and keep the timeshare sublease in effect.

SIRENA DEL MAR BY WELK RESORTS (A/K/A WELK RESORTS CABO VILLAS)

<u>Quantity</u>	<u>Timeshare Interests</u>	<u>Points ea.</u>	<u>Total Points</u>
1248	1-bedroom suite	180,000	224,640,000
1872	2-bedroom lockoff	420,000	786,240,000
<u>624</u>	2-bedroom penthouse	540,000	<u>336,960,000</u>
3744			1,347,840,000

Phases I through III of this resort have 72 units in Buildings #1, 2 and 3, consisting of 24 one-bedroom suites of approximately 490 square feet, 36 two-bedroom, two-bath units of approximately 1430 square feet, each of which can be "locked off" into a one-bedroom unit and a studio, and 12 two-bedroom, two-bath penthouse units of approximately 1464 square feet. The Phase I, II and III units are contained in two buildings of 4 stories each and one building of 5 stories. All units have full kitchens, except for the one-bedroom suites, which have a kitchenette. The project, when built out, is expected to have up to 207 dwelling units. In addition, the sponsor has the option to acquire an adjacent parcel, which will contain additional dwelling units.

NORTHSTAR LODGE BY WELK RESORTS (A/K/A NORTHSTAR LODGE)

69 Whole Units or 3588 Week Equivalents

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total</u>
5 whole units (7 weeks)	2 bd + den	Yellow	240,000/wk	8,400,000
5 whole units (45 weeks)	2 bd + den	Red	450,000/wk	101,250,000
2 whole unit (7 weeks)	2 bd ADA	Yellow	210,000/wk	2,940,000
2 whole unit (45 weeks)	2 bd ADA	Red	420,000/wk	37,800,000
42 whole units (7 weeks)	2 bd standard	Yellow	210,000/wk	61,740,000
42 whole units (45 weeks)	2 bd standard	Red	420,000/wk	793,800,000
3 whole units (7 weeks)	5 bd lockoff	Yellow	480,000/wk	10,080,000
3 whole units (45 weeks)	5 bd lockoff	Red	900,000/wk	121,500,000
1 whole unit (7 weeks)	5 bd lockoff ADA	Yellow	480,000/wk	3,360,000

1 whole unit (45 weeks)	5 bd lockoff ADA	Red	900,000/wk	40,500,000
7 whole units (7 weeks)	3 bd lockoff	Yellow	300,000/wk	14,700,000
7 whole units (45 weeks)	3 bd lockoff	Red	540,000/wk	170,100,000
9 whole units (ea. 7 weeks)	3 bd	Yellow	270,000/wk	17,010,000
9 whole units (ea. 45 weeks)	3 bd	Red	480,000/wk	194,400,000
				<u>1,577,580,000</u>

**Fractionals – Expressed as 6.12 Whole Unit Equivalents
or 318 Week Equivalents**

	<u>Quantity</u>	<u>Unit Type</u>	<u>Points ea.</u>
<u>Total Points</u>			
3.05 (22 weeks Low)	2 bedroom	210,000/wk	4,620,000
3.05 (137 weeks High)	2 bedroom	420,000/wk	57,540,000
3.05 (21 weeks Low)	3 bedroom	270,000/wk	5,670,000
3.05 (138 weeks High)	3 bedroom	480,000/wk	66,240,000
			<u>134,070,000</u>
			<u>1,577,580,000</u>
TOTAL			<u>1,711,650,000</u>

Building A of this resort has 34 residential condominium units and 5 commercial condominium units. Eight (8) of the residential units are dedicated to a fractional ownership plan, each of which is divided into twenty 1/20th interests. Of the 160 fractional interests, 122 are included in this offering, and the other 38 are privately owned. Building B has 37 residential units and one "parking unit". 28 of the 37 residential units in Building B are dedicated to timeshare.

The 122 fractional interests and 41 whole residential condominium units have been dedicated to the Welk Resorts Northstar Vacation Ownership Plan and to the Welk Resorts Platinum Program. The 3-bedroom, 2 bath units have 1555 – 1786 square feet. The 2-bedroom, 2 bath units have 1188 – 1624 square feet. The units are contained in two, 5-story buildings. All units have full kitchens.

Notice of Airport in Vicinity – This property is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

Notice of State Responsibility Area – The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *State Responsibility Area* (wildland area that may contain substantial forest fire risks and hazards) as determined by the California State Board of Forestry. Additionally, the subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Public Resources Code Section 4136. If any disclosure, or any material amendment to any disclosure, required to be made by the subdivider regarding this natural hazard is delivered after execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the subdivider or the subdivider's agent.

EAGLE CREST RESORT

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total Points</u>
65	2 Bd Annual	Red	240,000	15,600,000
18	2 Bd Even	Red	120,000	2,160,000
24	2 Bd Odd	Red	120,000	2,880,000
41	2 Bedroom	Yellow	180,000	7,380,000
12	2 Bd Even	Yellow	90,000	1,080,000
<u>17</u>	2 Bd Odd	Yellow	90,000	<u>1,530,000</u>
177				30,630,000

This resort has 124 two-bedroom, 2 bath townhome style units of approximately 1,168 square feet, located within 31 buildings of 4 units each. Each unit consists of two stories. All units have full kitchens.

ONE VILLAGE PLACE BY WELK RESORTS (A/K/A ONE VILLAGE PLACE)**4 Whole Units or 208 Week Equivalents**

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total</u>
90	One Bedroom	Red	360,000	32,400,000
14	One Bedroom	Yellow	180,000	2,520,000
90	Two Bedroom	Red	450,000	40,500,000
<u>14</u>	Two Bedroom	Yellow	240,000	<u>3,360,000</u>
208				78,780,000

Fractionals – Expressed as 4.33 Whole Unit Equivalents**Or 225 Week Equivalents**

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total</u>
30	1 bedroom	Red	360,000	10,800,000
5	1 bedroom	Yellow	180,000	900,000
49	2 bedroom	Red	450,000	22,050,000
7	2 bedroom	Yellow	240,000	1,680,000
116	3 bedroom	Red	540,000	62,640,000
<u>18</u>	3 bedroom	Yellow	300,000	<u>5,400,000</u>
225				<u>103,470,000</u>
				182,250,000

This resort is comprised of 21 residential units in a 5 story building. Seven (7) of the residential units in this Project are part of a fractional interest regime known as "One Village Place Private Residence Club", each of which is divided into twelve 1/12th interests. Of the 84 fractional interests, 52 are included in this offering and the other 32 are privately owned. Of the 14 whole interests, 4 are included in this offering and the other 10 are privately owned.

The 52 fractional interests and 4 whole residential condominium units have been dedicated to the Welk Resorts Platinum Program. The 3-bedroom, 3 bath units have 1,848 – 1,925 square feet. The 2-bedroom, 2 bath units have 1,496 – 1,536 square feet. The one bedroom, 2 bath units have 1,175 square feet. All units have full kitchens.

Notice of Airport in Vicinity – This property is presently located in the vicinity of an airport, within what is known as an airport influence area. For that reason, the property may be subject to some of the annoyances or inconveniences associated with proximity to airport operations (for example: noise, vibration, or odors). Individual sensitivities to those annoyances can vary from person to person. You may wish to consider what airport annoyances, if any, are associated with the property before you complete your purchase and determine whether they are acceptable to you.

Notice of State Responsibility Area – The subdivider has advised that all or portions of the subdivision subject to this Public Report are located within a *State Responsibility Area* (wildland area that may contain substantial forest fire risks and hazards) as determined by the California State Board of Forestry. Additionally, the subdivider has advised that prospective purchasers within this Area will be provided a separate disclosure required under Public Resources Code Section 4136. If any disclosure, or any material amendment to any disclosure, required to be made by the subdivider regarding this natural hazard is delivered after execution of an offer to purchase, the purchaser shall have three days after delivery in person or five days after delivery by deposit in the mail to terminate the offer by delivery of a written notice of termination to the subdivider or the subdivider's agent.

EL CORAZON DE SANTA FE

Fractionals – Expressed as 6.87 Whole Unit Equivalents **Or 357.5 Week Equivalents**

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea</u>	<u>Total</u>
162.5	2 Bdrm Sm	Red	420,000	68,250,000
<u>247</u>	2 Bdrm Lg	Red	450,000	<u>111,150,000</u>
409.5				179,400,000

This resort is comprised of 72 residential units in multiple two story buildings. Sixteen (16) of the residential units in this Project are part of a fractional interest regime known as "The Residence Club at El Corazon de Santa Fe", each of which is divided into eight 1/8th interests. Of the 128 fractional interests, 55 are included in this offering and the other 73 are privately owned.

The 55 fractional interests have been dedicated to the Welk Resorts Platinum Program. The 2-bedroom, 2 bath "Terra" units have 1,300 square feet. The 2-bedroom, 2.5 bath "Montana" units have 1,750 square feet. All units have full kitchens.

FOUR SEASONS RESIDENCE CLUB AVIARA

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea</u>	<u>Total</u>
38	1 bedroom	Gold	330,000	12,540,000
22	1 bedroom	Platinum	330,000	7,260,000
170	2 bedroom	Gold	450,000	76,500,000
<u>97</u>	2 bedroom	Platinum	450,000	<u>43,650,000</u>
327				139,950,000

This resort is comprised of thirteen 2 story buildings and fourteen 3 story buildings. The 27 buildings comprise 132 units, 114 of which are of the Two-Bedroom Unit Type at approximately 1,670 square feet, and 18 of which are of the One-Bedroom Unit Type at approximately 1,172 square feet each. All units have full kitchens. Of the 132 units, 6.3 are included in this offering and have been dedicated to the Welk Resorts Platinum Program.

FOUR SEASONS RESIDENCE CLUB SCOTTSDALE AT TROON NORTH

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea</u>	<u>Total</u>
140	2 bedroom	Red	450,000	63,000,000

This resort is comprised of two 2 story buildings and six 3 story buildings. The eight buildings consist of 44 units, each of which is a two bedroom "lock off" unit, ranging from 1676 – 1830 square feet. All units have full kitchens.

VILLAS OF CAVE CREEK

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea</u>	<u>Total</u>
173	2 bedroom	Red	240,000	41,520,000
60	2 bedroom	Red (even)	120,000	7,200,000
<u>68</u>	2 bedroom	Red (odd)	120,000	<u>8,160,000</u>
301				56,880,000

This resort has five separate buildings housing a total of 25 villas. All villas are the same, approximately 1,200 sq. feet. All are 2 story, 2 bedroom, 2 full baths with a loft area. Each villa has a full kitchen, a private hot tub and full size washer and dryer.

ARROYO ROBLE RESORT

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total</u>
182	2 bedroom	Red	300,000	54,600,000
<u>6</u>	2 bedroom	Yellow	225,000	<u>1,350,000</u>
188				55,950,000

This resort is comprised of 72 units, 62 of which are two story units and 10 of which are one story units. All units are 2 bedrooms and consist of approximately 1300 square feet of space. All units have full kitchens.

RED WOLF LODGE AT SQUAW VALLEY

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total</u>
19	One Bedroom Annual	Red	120,000	2,280,000
1	One Bedroom Annual	Yellow	90,000	90,000
8	One Bedroom Even	Red	120,000	960,000
.5	One Bedroom Even	Yellow	45,000	45,000
8	One Bedroom Odd	Red	120,000	960,000
.5	One Bedroom Odd	Yellow	45,000	45,000
23	Studio Annual	Red	90,000	2,070,000
2	Studio Annual	Yellow	60,000	120,000
13.5	Studio Even	Red	30,000	1,215,000
4	Studio Even	Yellow	30,000	240,000
13	Studio Odd	Red	30,000	1,170,000
<u>4.5</u>	Studio Odd	Yellow	30,000	<u>270,000</u>
97				9,465,000

This resort has 32 residential units made up of 4 two-bedroom units consisting of 743-945 square feet, 12 one-bedroom units consisting of 567-765 square feet, and 16 studio units consisting of 484 square feet. All units have full kitchens.

RED WOLF LAKESIDE LODGE

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total</u>
5	Studio Annual	Red	90,000	450,000
47	Studio Even	Red	45,000	2,115,000
6	Studio Even	Yellow	30,000	180,000
46	Studio Odd	Red	45,000	2,070,000
7	Studio Odd	Yellow	30,000	210,000

13	One Bedroom Annual	Red	120,000	11,560,000
25	One Bedroom Even	Red	60,000	1,500,000
4	One Bedroom Even	Yellow	45,000	180,000
24	One Bedroom Odd	Red	60,000	1,440,000
5	One Bedroom Odd	Yellow	45,000	225,000
182 (44 annualized)				9,930,000

This resort is comprised of 4 buildings, three of which are two-story and one of which is one-story. The buildings house 27 units, consisting of 8 two-bedroom units of 600 square feet each, 13 one-bedroom units of 510 square feet each, and 6 studios of 400 square feet each. All units have full kitchens.

THE RANAHAN BY WELK RESORTS (A/K/A WELK RESORTS BRECKENRIDGE)

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total Points</u>
39	2 bd. Standard	Yellow	300,000	11,700,000
39	2 bd. Standard	Red	510,000	19,890,000
66	2 bd. Standard	Premium	570,000	37,620,000
12	2 bd. Standard	Winter/Holiday	630,000	7,560,000
104	2 bd. Lockoff	Yellow	270,000	28,080,000
104	2 bd. Lockoff	Red	480,000	49,920,000
176	2 bd. Lockoff	Premium	540,000	95,040,000
32	2 bd. Lockoff	Winter/Holiday	600,000	19,200,000
572				269,010,000

Phase I of this resort has 37 units. Thirty (30) of the units are of a two-bedroom, two bath unit type of approximately 1246 square feet, each of which may be "locked off" into a one-bedroom, one bath villa of approximately 754 square feet and a studio suite of approximately 492 square feet. Seven (7) of the units are of a 2-bedroom non-lockoff type of approximately 1430 square feet. The units are contained in one, 3-story building. All units have full kitchens, except for the studio suite, which has a kitchenette. The project, when built out, is expected to have 68 units.

POSTE MONTANE LODGE

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total</u>
4	Small Lodge	Winter	150,000	600,000
3	Small Lodge	Summer	105,000	315,000
3	Small Lodge	Shoulder	60,000	180,000
9	Deluxe Lodge	Winter	180,000	1,620,000
2	Deluxe Lodge	Holiday	210,000	420,000
17	Deluxe Lodge	Summer	135,000	2,295,000
22	Deluxe Lodge	Shoulder	90,000	1,980,000
3	Jr. Suite	Winter	240,000	720,000
6	Jr. Suite	Summer	180,000	1,080,000
9	Jr. Suite	Shoulder	105,000	945,000
2	1 BDRM 1 BA	Winter	315,000	630,000
4	1 BDRM 1 BA	Summer	240,000	960,000
15	1 BDRM 1 BA	Shoulder	120,000	1,800,000
2	1 BDRM 2 BA	Winter	330,000	660,000
7	1 BDRM 2 BA	Summer	285,000	1,995,000
12	1 BDRM 2 BA	Shoulder	165,000	1,980,000
2	2 BDRM	Winter	480,000	960,000
5	2 BDRM	Shoulder	210,000	1,050,000

<u>1</u>	Pres. Suite	Summer	480,000	<u>480,000</u>
128				20,670,000

This resort is a single building European style lodge in the heart of Beaver Creek Village. There are 24 luxury suites. The resort features a lobby level, three guest floor rooms and a basement level. There are six different floor plans, ranging from 370 to 1580 square feet. The Presidential Suite has a full kitchen and the other floor plans have a mini-fridge and electric kettle features.

FALCON POINT

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total Points</u>
2	Studio	Winter	90,000	180,000
15	1 Bedroom	Winter	120,000	1,800,000
14	2 Bedroom	Winter	240,000	3,360,000
12	Studio	Shoulder	75,000	900,000
21	1 Bedroom	Shoulder	100,000	2,100,000
10	2 Bedroom	Shoulder	210,000	2,100,000
4	3 Bedroom	Shoulder	165,000	660,000
13	Studio	Summer	80,000	1,040,000
36	1 Bedroom	Summer	110,000	3,960,000
11	2 Bedroom	Summer	220,000	2,420,000
1	3 Bedroom	Summer	270,000	270,000
2	Studio	Holiday	120,000	240,000
4	1 Bedroom	Holiday	210,000	840,000
<u>5</u>	2 Bedroom	Holiday	315,000	<u>1,575,000</u>
150				21,445,000

Located in Avon, Colorado, at the base of Beaver Creek Resort, Falcon Point features newly renovated studio, one bedroom, two bedroom and three bedroom condominiums. With views of the surrounding mountains, this 58 unit condominium property borders popular Nottingham Lake. There are 17 Studio units, 21 one bedroom units, 19 two bedroom units, and 1 three bedroom unit. Each of the 1,2 and 3 bedroom units have a full kitchen with microwave and refrigerator. The Studio unit has an efficiency kitchen with full size refrigerator and microwave.

This resort is a single building European style lodge in the heart of Beaver Creek Village. There are 24 luxury suites. The resort features a lobby level, three guest floor rooms and a basement level. There are six different floor plans, ranging from 370 to 1580 square feet. The Presidential Suite has a full kitchen and the other floor plans have a mini-fridge and electric kettle features.

STONERIDGE RESORT

<u>Quantity</u>	<u>Unit Type</u>	<u>Season</u>	<u>Points ea.</u>	<u>Total Points</u>
29	Studio	Winter	90,000	2,610,000
31	1 BRDM small	Winter	105,000	3,255,000
17	1 BDRM large	Winter	120,000	2,040,000
4	2 BDRM	Winter	210,000	840,000
43	Studio	Summer	105,000	4,515,000
1	1 BDRM small	Summer	120,000	120,000
1	1 BDRM large	Summer	132,000	132,000
20	Studio	Yellow	60,000	1,200,000
28	1 BDRM small	Yellow	75,000	2,100,000
18	1 BDRM large	Yellow	90,000	1,620,000

8
200

2 BDRM

Yellow

150,000

1,200,000
19,632,000

Located in Blanchard, Idaho, Stoneridge Resort is a timeshare resort surrounded by the Stoneridge Golf Community. The resort features 146 suites in four condominium buildings, a 24,000-square foot recreation center, a park and picnic pavilion, mini golf course, tennis and racquetball courts, and indoor pool. There are 102 Studio Units, 5 two bedroom units, and 39 one bedroom units. All units have mini kitchens with all appliances, and a full bathroom. There are three studio units that are ADA compliant.

3. Describe the number of accommodations and time-share interests, expressed in periods of seven-day use availability or other time increments applicable to the time-share plan, committed to the multi-site time-share plan, and available for use by purchasers and a representation about the percentage of usable time authorized for sale, and if that percentage is 100 percent, then a statement describing how adequate periods of time for maintenance and repair will be provided.

LAWRENCE WELK RESORT VILLAS - Each unit at this resort allows timeshare interests which result in 51 weeks of use, which represents 98% of the available time.

VILLAS ON THE GREENS BY WELK RESORTS - Each unit at this resort allows timeshare interests which result in 51.57 weeks of use, which represents 99% of the available time.

THE LODGES AT TIMBER RIDGE BY WELK RESORTS - Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

MOUNTAIN VILLAS BY WELK RESORTS - Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

DESERT OASIS BY WELK RESORTS - Each unit at this resort allows timeshare interests which result in 51 weeks of use, which represents 98% of the available time.

SIERNA DEL MAR BY WELK RESORTS - Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

NORTHSTAR BY WELK RESORTS - Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

EAGLE CREST RESORT - Each unit at this resort allows timeshare interests which result in 51 weeks of use, which represents 98% of the available time.

ONE VILLAGE PLACE BY WELK RESORTS - Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

EL CORAZON DE SANTA FE - Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

FOUR SEASONS RESIDENCE CLUB AVIARA - Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

FOUR SEASONS RESIDENCE CLUB SCOTTSDALE AT TROON NORTH – Each unit at this resort allows timeshare interests which result in an average of 51 weeks of use, which represents 98% of the available time.

VILLAS OF CAVE CREEK – Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

ARROYO ROBLE RESORT – Each unit at this resort allows timeshare interests which result in 51 weeks of use, which represents 98% of the available time.

RED WOLF LODGE AT SQUAW VALLEY – Each unit at this resort allows timeshare interests which result in 51 weeks of use, which represents 98% of the available time.

RED WOLF LAKESIDE LODGE – Each unit at this resort allows timeshare interests which result in 51 weeks of use, which represents 98% of the available time.

THE RANAHAN BY WELK RESORTS – Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represent s 99% of the available time.

POSTE MONTANE LODGE – Each unit at this resort allows timeshare interests which result in 51 weeks of use, which represents 98% of the available time.

FALCON POINT – Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

STONERIDGE RESORT – Each unit at this resort allows timeshare interests which result in 52 weeks of use, which represents 99% of the available time.

Attached as Exhibit "A" is a 12-month historical occupancy report for each of the locations.

This offering is for the unsold Points in the Program owned by the Developer. The total number of Points in the Program is 10,840,102,000

The Developer reserves the right to add additional locations to the Program, and to add additional inventory (called "Resort Accommodations") from the existing locations to the Program, subject to Association's approval. The factors the Developer and the Association must consider in deciding whether to add new locations to the Program are as follows:

- (i) The quality, size and desirability of the Resort Accommodations and dwelling units within such project when compared with other Resort Accommodations then dedicated to the Program and the other units to which members have access;
- (ii) The availability of both on-site and off-site amenities likely to be used by members at such project;
- (iii) The actual and anticipated seasonal use patterns of occupants of the project;
- (iv) The duration of the term of any interests to be annexed at any such project;
- (v) The geographic location of the project, both with respect to desirability and proximity to other projects within the Program;
- (vi) The cost of construction, development, acquisition and operation of the project;
- (vii) The physical condition of the units and Resort Accommodations to be dedicated, and the commitment on the part of Developer or any underlying owners association to provide for refurbishment and repair of such units and the related project and to make contributions to

- long-term repair and replacement reserves sufficient to pay for the repair and replacement of the components of the units and the project for which long term reserves are appropriate; and
- (viii) Any other factors which the Association, exercising its reasonable judgment, determines to be in the best interests of the members.

Once the Association has approved a new project, the Developer has the right to annex additional Resort Accommodations at that location meeting the quality and suitability standards of the Program without obtaining the specific approval of the Association to each dedication.

The Association has the power to deannex (remove) Resort Accommodations from the time-share plan and to thereafter sell the deannexed Resort Accommodations, or to substitute Resort Accommodations. Deannexation may occur if the Association determines the Resort Accommodations to be substandard, or damaged beyond reasonable repair, or if the holder of a blanket encumbrance forecloses on some of the inventory, and determines that the foreclosed inventory is not needed to support the number of outstanding points. No deannexation or substitution may occur which would cause the number of Points outstanding to exceed the maximum permissible number of Points allowed under the time-share plan unless and until The Program has acquired or created such additional Points or canceled a sufficient number of Points to bring the inventory of authorized Points into balance with the number of Points outstanding.

4. Describe any existing or proposed amenities of the time-share plan and, if the amenities are proposed or not yet complete or fully functional, the estimated date of completion.

LAWRENCE WELK RESORT VILLAS - Amenities at this resort include 4 swimming pools, 3 Jacuzzis, lap pool, sauna, spa, 2 tennis courts, volley ball court, shuffleboard, half-court basketball, horseshoe pit, mallet pool court, sandbox, clubhouse with restrooms and locker rooms, recreation building with restrooms, a new gym/fitness center and parking. All amenities are complete.

VILLAS ON THE GREENS BY WELK RESORTS – Amenities at this resort include a recreation building, 2 pools, a waterslide, splash pad, children's play area, fire pit, water features and parking. All amenities are complete.

THE LODGES AT TIMBER RIDGE BY WELK RESORTS - Resort guests have use of an adjacent recreational facility owned by the developer, which has a pool, spa, recreation building with fitness center, owners lounge and game room, horseshoe pit, landscaped areas and parking. All amenities are complete.

MOUNTAIN VILLAS BY WELK RESORTS – Resort guests have use of a recreational facility which has a pool, spa, recreation building with fitness center, owners lounge and game room, landscaped areas and parking. All amenities are complete.

THE RANAHAH BY WELK RESORTS – Amenities will include an outdoor pool, 2 outdoor spas, barbeque/picnic areas, outdoor lounge, fire pit, indoor pool and kiddie pool and jacuzzi, lobby, fitness room, game room, owners lounge, theatre, parking and landscaping.

Shared facilities at Escondido Resorts. Guests at the Lawrence Welk Resort Villas, Villas on the Greens by Welk Resorts, and Mountain Villas by Welk Resorts all have reciprocal use of each other's facilities, pursuant to an agreement entitled "Second Amended and Restated Agreement

Regarding Cross-Use Easements and Licenses (The Welk Resorts, Escondido)", dated April 3, 2007.

DESERT OASIS BY WELK RESORTS – Amenities at this resort include a swimming pool, spa, an adult lap pool, pool deck area, garden walkways, landscaping and parking. All amenities are complete.

SIRENA DEL MAR BY WELK RESORTS – Amenities at this resort include one large spa, one large pool, one small spa with waterfall, a small water feature, pool decks, a restaurant and a sales/check-in center, landscaping and parking. All amenities are complete.

NORTHSTAR BY WELK RESORTS – Amenities include a commercial condominium known as the Master Association Recreation Unit, which is owned and operated by the Northstar Mountain Association, and which contains a swimming pool, spas and a fitness center. Additional amenities include an ice rink and the Village and Swim Fitness Center. All of the amenities are complete.

EAGLE CREST RESORT – Amenities include 2 championship golf courses, 1 18-hole putting course, equestrian stables and riding trails, day spa, 3 sports centers with indoor/outdoor pools, hot tubs, tennis courts, basketball court, volleyball court, racquetball court, and access to the Deschutes River. All amenities are complete.

ONE VILLAGE PLACE BY WELK RESORTS - Amenities include a commercial condominium known as the Master Association Recreation Unit, which is owned and operated by the Northstar Mountain Association, and which contains a swimming pool, spas and a fitness center. Additional amenities include an ice rink and the Village and Swim Fitness Center. All of the amenities are complete.

EL CORAZON DE SANTA FE – Amenities include a clubhouse with owners' lounge, fitness room, patio and outdoor fireplace.

FOUR SEASONS RESIDENCE CLUB AVIARA – Amenities include two clubhouses, spa, two fitness centers, Kids Club, two pools, coffee shop, restaurant and barista bar. All amenities are complete.

FOUR SEASONS RESIDENCE CLUB SCOTTSDALE AT TROON NORTH – Amenities include exercise facilities of 1,500 – 1,600 square feet, game rooms, pool bar/café with shaded seating, 2 pools, Jacuzzi/whirlpool, three BBQ areas and available golf and tennis.

VILLAS OF CAVE CREEK – Amenities include a pool, 24 hour fitness facilities, BBQ grills, free wi-fi, arcade/game room and fireplace in lobby area.

ARROYO ROBLE RESORT – Amenities include a common area patio and observation deck with BBQs and access to Oak Creek, 2 tennis courts, an indoor/outdoor pool, indoor/outdoor spas, and a Clubhouse containing 2 racquetball courts, locker room, exercise and weight room, steam room and sauna, billiards, computers with high speed internet and a spacious lounge.

RED WOLF AT SQUAW VALLEY – Amenities include a pool, fitness facility, spas, ping pong, foosball, fire pit, sun deck and indoor lounge with fire place.

RED WOLF LAKESIDE LODGE – Amenities include The Wolf Den Recreation Room, pier, marina area, swimming pool, hot tub, barbeque area, boat buoys, Pro Shop and laundry area.

POSTE MONTANE LODGE – Amenities include complimentary daily breakfast, complimentary wireless internet access, DVD players, ski locker room with boot dryers, spa, sauna and steam room, on site concierge services, and complimentary area shuttle.

FALCON POINT – Amenities include morning coffee, hot chocolate and local newspaper. There are laundry facilities, free movie usage, ski lockers & boot dryers, bike racks and checkout locks, guest upper parking and a covered parking garage on site. The Clubhouse is complete with sofa, chairs, tables, computer, pool, fitness center, and fireplace. Outside there is an indoor/outdoor heated pool, two outdoor hot tubs, furnished patio with gas BBQs, loungers, indoor sauna, restrooms, showers, and ADA pool lift.

STONERIDGE RESORT – Amenities include a 24,000 square feet recreation center, outdoor mini golf course, tennis and racquetball courts, picnic pavilion, playground, park and landscaped grounds and indoor saltwater pool.

5. Describe financial arrangements that have been made for completion of any incomplete, promised improvements.

The developer has posted a surety bond of \$41,401,878.96 to assure completion of the accommodations and amenities at Welk Resorts Breckenridge.

6. Describe the duration, phases, and operation of the time-share plan.

The duration of the time-share plan is perpetual. The Developer currently offers both perpetual and varying duration Ownerships and Leases of Use Rights with varying durations. The Master Declaration of Restrictions and Bylaws for Welk Resorts Platinum Program, as amended, provides that additional units may be annexed under the timesharing plan set forth in the Master Declaration. There are an unlimited number of accommodations and Underlying Resorts that may become dedicated to the Program. A copy of the Association's Articles of Incorporation, Master Declaration, and the Rules and Regulations will be provided to purchasers in their owners packet and lessees in the lessees packet. Timeshare owners will become members of Welk Resorts Platinum Owners Association, a California nonprofit, mutual benefit corporation, which is the association of timeshare interest owners. This membership is inseparable from the timeshare ownership. Leases of Use Rights do not include membership or voting rights in the Association, which remain with the Developer as Lessor. Upon expiration of a Lease, the Lessee's Use Rights automatically terminate and revert back to the Developer.

The reservation system for the Program is operated by Welk Hospitality Management, Inc., which is an affiliate of the Developer. Points are issued to each Owner on January 1 of each year (every other year, in the case of Biennial Owners, or every third year, in the case of Triennial Owners). Use Rights, which enable access to and use of Developer-owned Points during the Term of a Lease, are issued to each Lessee at the beginning of their Lease Use Term each year (or at the beginning of their Lease Use Term every other year, in the case of Biennial Lessees).

7. State the name and principal address of the managing entity and a description of the procedures, if any, for altering the powers and responsibilities of the managing entity and for removing or replacing it.

The Association has entered into a contract dated May 1, 2006 with Welk Hospitality Management, Inc., a California corporation, which is located at 300 Rancheros Drive #450, San Marcos, California 92069, to act as managing agent for the Vacation Ownership Program. The initial term of the contract is 5 years, with automatic three year renewals, and may be terminated by the Association for cause. The powers and responsibilities of the managing agent can be altered by the board of directors of the Timeshare Association. A copy of the contract is attached hereto as Exhibit "B".

8. Describe the current annual budget as required by Section 11240, along with the projected assessments and a description of the method for calculating and apportioning the assessments among purchasers, all of which shall be attached as Exhibit C to the public report.

The Master Declaration provides that each owner of a timeshare interest must pay Basic and Special Assessments levied by the Association. The Association prepares a Budget on an annual basis, and apportions the expenses among the number of Points outstanding. The current operating Budget is attached hereto as Exhibit "C". The assessments under the 2018 Budget are a base assessment of \$660 per membership, plus \$3.15 per 1,000 Points. This assessment includes an allocation for real property taxes and dues payable to the Underlying Associations. The budgets for the Underlying Associations include an allocation for long-term reserves.

The Developer has entered into a Subsidy Agreement with the Association dated May 1, 2006, which allows the Developer to pay subsidy, in lieu of assessments, as to unsold Points owned by the Developer. The Developer has posted a surety bond in the sum of \$8,500,000 with Westchester Fire Insurance Company, to secure payment of the Developer's obligations under the Subsidy Agreement.

9. Describe any initial or special fee due from the purchaser at closing together with a description of the purpose and the method of calculating the fee.

The fees for which a purchaser is responsible for paying at closing are the first year's annual assessment, plus escrow documents, administration, and marketing expenses that currently range from \$895 to \$1590, depending on the type of Ownership purchased. The fees for which a lessee is responsible for paying at closing are the first monthly installment of assessments, plus escrow documents, administration, and marketing expenses that currently range from \$295 to \$695, depending on the type of Lease.

10. Describe any financing offered by or available through the developer.

The Developer offers financing to qualified purchasers. The terms of the financing are subject to change at any time, but generally require at least a 10% down payment, a term of up to 15 years, and interest rates of up to 18.9%.

11. Describe any liens, defects or encumbrances on or affecting the title to the time-share interests.

There are no blanket encumbrances on the inventory owned by the Association, except for a blanket encumbrance on the One Village Place, El Corazon de Santa Fe and Four Seasons Residence Club Aviara units, which are each subject to a subordination and nondisturbance agreement. Each time resort accommodations are dedicated to the Program, the Association

receives an owner's policy of title insurance showing title to the accommodations in the name of the Association with no blanket encumbrances, except for any blanket encumbrance which is subject to a subordination and nondisturbance agreement to protect the use rights of Owners. A list of the recorded exceptions to coverage from each of the Association title insurance policies is attached hereto as Exhibit "D". Title to Phase III of Sirena del Mar by Welk Resorts is covered by the legal opinion of a Mexican law firm, a copy of which is attached hereto as Exhibit "E". The Mexican legal opinion has not been qualified by the Commissioner.

12. Describe any bankruptcies, pending civil or criminal suits, adjudication, or disciplinary actions of which the developer has knowledge, that would have a material effect on the developer's ability to perform its obligation.

None.

13. Describe any current or expected fees or charges to be paid by time-share purchasers for the use of any amenities related to the time-share plan.

There are no current or expected fees or charges for use of the amenities at any of the resorts, except that there is a \$7/night surcharge at the Cabo location. Guests will be responsible for any purchases made by the guest at any of the retail facilities at the resort, such as food and beverage purchases, entertainment, golf, etc. There is a fee of \$10 per day or \$100 per month for using the new gym and fitness center at Lawrence Welk Resort Villas during day use. The fee does not apply to owners and their guests who utilize the gym during their regular use period.

14. Describe the insurance coverage, including limits and deductibles, provided for the protection of the purchaser.

Each of the Underlying Associations maintains property and liability insurance for the applicable Underlying Resort. The Association maintains general liability insurance, as well as title insurance and a fidelity bond.

15. Describe the extent to which a time-share interest may become subject to a tax lien or other lien arising out of claims against purchasers of different time-share interests.

Each time-share interest is separately owned by a time-share purchaser, so a tax or other lien against one time-share owner will not affect the time-share interest of another owner.

16. Disclose any right of first refusal or other restraint on the transfer of all or any portion of a time-share interest.

Section 2.18 of the Declaration contains a right of first refusal in favor of the Developer. If an Owner receives an offer to purchase his time-share interest, the Developer must be given the right to match the offer before the sale can close. Lessees are prohibited from assigning their Lease of Use Rights to third parties other than their direct heirs.

17. Provide a statement disclosing that any deposit made in connection with the purchase of a time-share interest shall be held by an escrow agent until expiration of any right to cancel the contract and that any deposit shall be returned to the purchaser if he or she elects to exercise his or her right of cancellation.

Any deposit made in connection with a time-share interest shall be placed in an escrow trust account with Chicago Title Company, 10805 Rancho Bernardo Rd., #150, San Diego, CA 92127 until expiration of the purchaser's or lessee's right to cancel the contract. Any deposit shall be returned to the purchaser or lessee if he or she elects to exercise his or her right of cancellation.

18. Submit a statement that the assessments collected from the purchasers will be kept in a segregated account separate from the assessments collected from the purchasers of other time-share plans managed by the same managing entity, along with a statement identifying the location of the account and a disclosure of the rights of owners to inspect the records pertaining to their accounts.

The assessments collected from owners and lessees of time-share interests in the project will be kept in a segregated account separate from the assessments collected from the purchasers of other time-share plans managed by the same managing entity. The Association deposits these funds in Torrey Pines Bank, 750 B Street, Ste. 100, San Diego, CA 92101. Owners of time-share interests have the right to inspect the records of this account by notifying the managing agent in writing of their desire to do so.

19. If the time-share plan provides purchasers with the opportunity to participate in an exchange program, state the name and address of the exchange company and describe the method by which a purchaser accesses the exchange program.

The project is affiliated with RCI, LLC at 14 Sylvan Way, Parsippany, New Jersey 07054. An exchange program member may access the exchange either online at www.rci.com, or by calling RCI's customer service line at (877) 968-7476.

If you have questions regarding the disclosures in this Public Report, you may call the Department of Real Estate at (916) 263-8929, or examine the documents at the Department of Real Estate, Subdivisions Section, 1651 Exposition Blvd., Sacramento, California 95815.

EXHIBIT A

	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
Resort	January	February	March	April	May	June	July	August	September	October	November	December
Lawrence Welk Resort Villas	70.1%	64.2%	78.6%	78.4%	75.5%	91.8%	97.5%	92.2%	73.6%	78.7%	78.7%	80.9%
Lawrence Welk Desert Oasis	91.5%	89.2%	95.9%	86.9%	81.9%	81.0%	93.6%	77.7%	66.6%	80.7%	84.9%	84.5%
Villas on the Green	68.9%	65.5%	74.1%	73.3%	78.9%	92.6%	98.2%	93.6%	75.3%	82.7%	73.4%	83.9%
Timber Ridge Lodges	25.1%	23.0%	63.6%	48.4%	69.4%	88.7%	10.0%	80.9%	79.0%	86.6%	78.4%	79.8%
Mountain Villas	85.3%	77.3%	79.8%	66.7%	63.2%	90.0%	97.1%	93.4%	75.5%	74.2%	72.9%	81.7%
Sirena Del Mar	88.9%	88.4%	93.0%	87.7%	86.1%	80.5%	88.7%	87.8%	58.8%	75.5%	85.4%	83.2%
Welk Resorts Northstar	77.0%	65.7%	76.6%	60.0%	57.7%	78.4%	94.7%	89.3%	73.0%	49.1%	69.7%	82.1%
One Village Place	65.8%	61.2%	74.5%	49.4%	39.4%	58.5%	83.0%	62.1%	58.5%	32.4%	50.0%	80.6%

EXHIBIT B

MANAGEMENT AGREEMENT
(Welk Resorts Platinum Program)

THIS MANAGEMENT AGREEMENT (the "Agreement") is made and entered into this 1st day of May, 2006, by and between Welk Resorts Platinum Owners Association, a California nonprofit, mutual benefit corporation (the "Association") and Welk Hospitality Management, Inc., a California corporation (the "Manager").

RECITALS

A. The Association is the duly constituted governing body of timeshare owners responsible for the administration of a multi-location vacation ownership program known as Welk Resorts Platinum Program (the "Program").

B. Pursuant to the provisions of that certain Master Declaration of Restrictions and Bylaws for Welk Resorts Platinum Program dated May 1, 2006 (the "Declaration"), the Association is responsible for the operation and administration of the Program and the payment of assessments to the Underlying Associations. The Association is authorized to engage an agent or manager for the Program and to delegate such of its powers to the agent or manager as may be required for the proper functioning of the Program.

C. The Association desires to retain Manager to perform and provide various services for the Program and Manager is willing to provide such services, all on the terms and conditions hereinafter set forth.

THEREFORE, in consideration of the mutual promises, covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Certain Definitions. The defined terms as used in this Agreement shall have the following meanings:

- (a) "Agreement" means this Management Agreement.
- (b) "Association" means Welk Resorts Platinum Owners Association, a California nonprofit, mutual benefit corporation.
- (c) "Board" means the Board of Directors of the Association.

(d) "Declaration" means that certain Master Declaration of Restrictions and Bylaws for Welk Resorts Platinum Program dated May 1, 2006.

(e) "Declarant" means Welk Resort Group, Inc., a California corporation, or its successor in interest under the Declaration.

(f) "Notice" means any notice, demand, instruction or other communication required or permitted under the terms of this Agreement.

(g) "Fiscal Year" means a Fiscal Year of the Association during the term of this Agreement. The first Fiscal Year shall be the period from the Starting Date through December 31 of each year, and the last Fiscal Year hereunder shall end upon the date of the expiration, or sooner termination, of this Agreement.

(h) "Starting Date" means the date on which the first sale of an Ownership closes escrow.

Other Defined Terms. Unless otherwise expressly indicated herein, the balance of the terms defined in this Agreement shall have the same meaning as described thereto in the Declaration.

ARTICLE II. ENGAGEMENT OF MANAGER

2.1 Basic Agreement. The Association hereby engages and hires Manager as the exclusive managing and servicing agent of the Association and the Program contemplated by the Declaration and Manager hereby accepts and assumes the obligation to manage and operate the Program during the term hereof, upon the terms, conditions and provisions hereinafter set forth and subject to the provisions contained in the Declaration. Manager shall manage and operate the Program in accordance with good practices and standards prevailing in vacation ownership projects of comparable size and character, consistent with the best interests of the Association.

2.2 Term. The term of this Agreement shall be for a period of five (5) years, commencing on the Starting Date.

2.3 Early Termination. This Agreement may be terminated at any time as follows:

(a) Termination by the Board. This Agreement may be terminated by the Board either:

(i) for cause at any time, upon the vote or written assent of a majority of the Board; subject to the right of the Manager to cure said default within thirty (30) days

following Manager's receipt of notice of such default from the Association; or

(ii) without cause, provided such early termination is authorized by the vote of a majority of members of the Association other than the Declarant, and Manager receives written Notice of such termination not less than ninety (90) days before the effective date of such termination.

In the event that Manager shall dispute a termination by the Association pursuant to subparagraph (a)(i), the dispute shall be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The fee payable to the American Arbitration Association to initiate the arbitration shall be remitted by the party initiating the arbitration. The cost of arbitration, including such fee, shall ultimately be borne as determined by the arbitrator under the aforesaid rules.

(b) Termination by Manager. Except as expressly provided in this subparagraph, Manager may terminate this Agreement, at any time, upon ninety (90) days prior Notice to the Association. In the event (i) the Association shall fail to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed, or performed by the Association and such default shall continue for a period of thirty (30) days after Notice hereof by Manager; or (ii) the Resort Accommodations or any portion thereof shall be damaged or destroyed by fire or other casualty and the Association shall fail to undertake to repair, restore, rebuild or replace any such damage or destruction within ninety (90) days after receipt of insurance proceeds therefor, if such loss was insured, or within ninety (90) days after such fire or casualty, if such loss was not insured, then and in either event this Agreement, subject to the provisions of the following subparagraph (c) shall terminate at Manager's option, upon five (5) days' Notice to the Association.

(c) Condemnation. If the whole of any part of any Resort Accommodations shall be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority for any public or quasi-public use or purpose, or if such a portion thereof shall be taken or condemned as to make it imprudent or unreasonable, in the reasonable opinion of the Board, to use the remaining portion as a vacation ownership project of the type and class immediately preceding such taking or condemnation, then in either of such events, the term of this Agreement shall cease and terminate as of the date of such condemnation. To the extent (and only to the extent) any award for such taking or condemnation includes compensation to Manager for any loss of its income resulting from such taking or condemnation, such award shall be fairly and equitably apportioned between the Association and Manager as to compensate Manager for any such loss of income. Manager shall

continue to supervise and direct the management and operation of the Resort Accommodations until such time as Manager shall be required to surrender possession of the Resort Accommodations as a consequence of such taking or condemnation.

2.4 Extended Term. The initial term of this Agreement and any extension thereof shall be automatically extended as set forth herein unless Manager delivers, to the Board, written Notice of its election not to extend not less than sixty (60) days prior to the expiration of the initial or extended term, as applicable. If no such Notice of non-renewal is delivered, this Agreement shall be automatically extended for an additional three (3) years period unless (i) Manager is in default under any of the terms of this Agreement, or (ii) not less than thirty (30) days prior to the expiration of the then current term, the Association, with the prior Consent of a Majority of Non-Declarant Owners, determines not to extend the term and gives Notice of that determination to Manager.

ARTICLE III. SERVICES OF MANAGER

3.1 In General. Manager shall provide or cause to be provided all services and personnel required to administer the affairs of the Association and to manage and operate the vacation ownership program as contemplated by the Declaration, at all times in the manner consistent with the provisions of the Declaration and the Bylaws of the Association and subject to the terms and conditions set forth herein. Manager shall have all the powers which the Association has, pursuant to the Declaration, to the extent necessary to perform its duties and obligations hereunder. Subject to the provisions of Paragraph 3.9 below, Manager may delegate its authority and responsibilities to one or more sub-agents for such periods and upon such terms as Manager deems proper. Services of Manager shall include services described in Paragraphs 3.2, 3.3, 3.4, 3.5 and 3.7 (collectively "Management Services") for a Management Fee as set forth in the provisions of Paragraph 4.1 subject to the provisions of the annual budget.

3.2 Operating Services. During the term of this Agreement, Manager shall operate and manage the Association and the Program in accordance with the terms and conditions of this Agreement. Manager shall provide the following operating services to the Association with respect to the Program:

(a) Licenses and Permits. Manager shall apply for, obtain and maintain, either in its own name on behalf of the Association or in the Association's name, as may be required by the applicable authorities, all licenses and permits required for the Association, in connection with the management and operation of the Program. The Board agrees to execute and deliver any and all applications and other documents and

otherwise to cooperate to the fullest extent with Manager in applying for, obtaining and maintaining such licenses and permits. The cost of any licenses or permits shall be an operating expense of the Association.

(b) Utility Services. Manager shall, on behalf of and at the expense of the Association, to the extent not provided by an Underlying Association, cause to be provided to the Resort Accommodations all utility services used or consumed in the Resort Accommodations, including, without limitation, water, gas, electricity, telephone, refuse collection, sewage disposal and, if available, cable television.

(c) Compliance with Laws. Manager agrees to operate the Program for the Association in compliance with all applicable governmental laws, regulations, ordinances, orders and requirements. Manager agrees to do everything reasonable within its powers to operate the Program in accordance with the terms and conditions of the Declaration and in accordance with the requirements of any insurance carrier insuring the Resort Accommodations or any part thereof. The Association or Manager, with the majority consent of the Board, shall have the right to contest any such governmental law, regulation, ordinance, order or requirement unless failure to comply promptly with any such order or requirement would or might expose either party to criminal liability or to substantial civil penalty unless the party affected thereby consents to such action.

(d) Operating Supplies. Manager shall, on behalf of and at the expense of the Association, to the extent not provided by an Underlying Association, purchase and maintain sufficient inventories of all consumable items utilized in the operation of the Program, including, without limitation, soap, cleaning materials, stationery, stamps and other similar items.

(e) Investigation of Accidents. Manager shall, on behalf of the Association, to the extent not performed by an Underlying Association, promptly investigate all accidents, any damage or destruction to the Resort Accommodations (and the estimated cost of repair thereof) which are made known to Manager and make a full written report to the Board as to all material claims for damages relating to the ownership, operation and maintenance of the Resort Accommodations as such claims shall become known to Manager. Manager shall prepare for approval by the Board any and all reports required to be filed by any insurance company in connection therewith. All such reports shall be filed with the Board within twenty (20) days after the occurrence of, or Manager's knowledge of, any such accident, claim, damage or destruction. Manager is not authorized to settle for the Association any claim for personal injury or property damage in excess of Five Thousand Dollars (\$5,000) for any claim, without the prior written approval of the Board.

(f) On-site Personnel. To the extent not performed by an Underlying Association, Manager shall cause appropriately-trained personnel to be available during regular business hours in order to check-in and check-out Owners and Permitted Users.

3.3 Supervisory Services. Manager shall develop, implement and supervise the application of sound administrative practices, operational policies, and personnel and purchasing programs consistent with the terms and provisions of this Agreement. Manager agrees to establish, implement and supervise for the Association the accounting, inventory and cost control systems necessary for the efficient operation and maintenance of the Resort Accommodations, subject to and consistent with the budget for the Fiscal Year.

3.4 Administrative Services. Not in limitation of the provisions of Paragraph 3.1, Manager shall provide the following services of an administrative nature:

(a) Association Meetings. Manager shall organize the meetings of the Board and of the Association, including the preparation and delivery of notices of meetings, in accordance with the provisions of the Bylaws. Manager shall prepare the agenda for all meetings and assist in the conduct of the meetings and oversee the election of directors. Manager shall circulate minutes of any such meeting as prepared by the secretary of the Association or by the Manager if the preparation of the minutes has been delegated to the Manager by the Board.

(b) Association Records. Manager shall keep all records of the affairs of the Association, including, but not limited to, minutes of meetings, correspondence, modifications of the Declaration and the Rules and Regulations.

(c) Rules and Regulations. Manager shall, from time to time, as necessary or desirable, recommend to the Association that it amend, modify or supplement the Rules and Regulations.

(d) Roster of Owners. Manager shall annually compile a complete and accurate Roster of Owners setting forth the name of each Owner and the mailing address of such Owner. Manager shall furnish a copy of the Roster to the Owners only at the express direction of the Board.

(e) Reservation Services. Manager shall cause to be established and operated a reservation system implementing the reservation procedures set forth in the Rules and Regulations, and shall do so in co-ordination with the reservation systems of the Underlying Associations. The reservation system shall include the books and records required to reflect reservations made, Use Periods actually used, and shall include staffing with qualified and informed reservations personnel to complete a

reservation request for each Owner for all types of use, including nightly, weekly, bonus time, rentals, etc.

(d) Exchange Services. The Manager shall have no authority with respect to the administration of any exchange programs operated by independent corporations, other than to communicate with representatives of such exchange programs.

3.5 Personnel Services. Manager shall supervise the selection, hiring and work of all personnel necessary to provide services to Association hereunder. Manager may, in its discretion and at Association's expense, subcontract certain services and labor to third parties, in which case Manager shall oversee such contracted services and labor. The salaries and all additional costs of employment of such personnel shall be reimbursed to Manager and shall be an operating expense of the Association. Manager and all employees of Manager who handle or are responsible for handling of the Association's monies hereunder shall be covered as employees or agents under a blanket fidelity bond in favor of the Association. It is the Manager's obligation to secure this fidelity coverage in favor of the Association until the Association is in control.

3.6 Financial Services. Not in limitation of the provisions of Paragraph 3.1 above and subject to the supervision of the Association, Manager shall provide the following services of a financial nature subject to the provisions of the Budget, at the expense of the Association:

(a) Budgets. Manager shall, not less than sixty (60) days prior to the end of the first Fiscal Year and each succeeding Fiscal Year thereafter, prepare and submit to the Board for approval, a budget meeting the requirements of the Declaration. Each budget approved by the Board is called the "Budget". Manager shall distribute or cause to be distributed a copy of the Budget to all Owners not more than sixty (60) nor less than forty-five (45) days before the beginning of each Fiscal Year and must include each item required to be included in the Budget by the Declaration, including, without limitation, the following:

(i) The estimated revenue and expenses on an accrual basis;

(ii) The identification of the total current cash reserves;

(iii) The identification of the estimated remaining life and the method of funding each reserve component; and

(iv) A general statement addressing the procedures used for calculating and establishing the reserves.

(b) Special Assessments. Manager shall determine whether or not a Special Assessment may be required from time to time and, promptly upon making a determination that a Special Assessment is required, shall submit a recommendation to the Board that a Special Assessment be levied.

(c) Collection of Assessments. Manager shall bill Owners for and collect the Assessments on behalf of the Association pursuant to the Declaration. Manager shall also enforce payment of Assessments by causing to be prepared and mailed to any delinquent Owner a notice of delinquency and by using its best efforts lawfully to collect delinquent Assessments as provided in the Declaration. Additionally, Manager will monitor the collection of delinquent accounts. Manager will provide an aged receivable report on a quarterly basis. Manager is authorized to enter into an agreement with a professional collection agency for the collection of delinquent Assessments and for soliciting and processing the cancellation of Ownerships.

(d) Bank Accounts. Manager shall establish and maintain the bank accounts provided for in the Declaration and shall deposit or invest funds collected from Owners and all other amounts collected by Manager in connection with the performance of its duties hereunder in the accounts designated for such purpose as set forth in the Declaration.

(e) Disbursements. Manager shall disburse from the bank accounts of the Association any and all amounts required for the payment of all Association expenses incurred consistent with the applicable Budget and as otherwise permitted by the Declaration. All Reserve Account disbursements shall be signed by two members of the Board, or by an officer of the Association and a member of the Board.

(f) Financial Statements. Manager shall, within 120 days after the end of each Fiscal Year, prepare and distribute Annual Reports to each Owner in accordance with the Declaration. Manager shall engage an independent professional accounting firm to prepare an annual audit of the Association's financial statements, at Association expense.

(g) Books and Records. Manager shall keep and maintain or cause to be kept and maintained full and adequate books and records reflecting the results of operation of the Resort Accommodations in accordance with the accounting principles utilized by the Association. The books of accounts and other records relating to the operation of the Program and the Resort Accommodations shall be available to the Association. The books of accounts and other records relating to the operation of the Resort Accommodations shall be available to the Association and the Owners at all reasonable times for examination, inspection and transcription. The managing agent

shall charge a reasonable fee for any transcription or reproduction of the records of the Association.

(h) Statements of Status. Manager shall prepare the Statements of Status and shall distribute copies of such documents as may be required to be delivered to an Owner as provided for in the Declaration.

(i) Real Property Taxes and Transient Occupancy Taxes. Manager shall collect and pay the cost of all real property taxes or transient occupancy or other taxes payable in connection with the ownership or use of the Resort Accommodations (to the extent such taxes are not included in the assessments of an Underlying Association).

(j) Physical Services. Not in limitation of the provisions of Paragraph 3.1 above, Manager shall provide the following services of a physical nature:

(i) Inspections. Manager shall make regular inspections of the Resort Accommodations and render reports and make recommendations concerning the Resort Accommodations to the Board and, when appropriate, to the board of directors and management companies of the Underlying Associations. In conducting said inspections, Manager shall also have the right to enter into the Units as set forth in the Declaration.

(ii) Association Insurance. Manager shall at the sole cost and expense of the Association, procure and keep in force all insurance and/or bonds required by the provisions of the Declaration. Manager shall administer all such insurance and claims under such insurance policies. Such insurance shall include, but shall not be limited to:

(A) A policy of insurance showing the Association as the named insured, and Manager as an additional insured, evidencing that the Association is insured under the Worker's Compensation Laws of the states where the Association has employees in accordance with the provisions of the applicable statutes;

(B) A policy or policies of insurance showing the Association as the named insured, and covering Manager and its employees as employees or agents of the Association, evidencing that the Association is insured against loss against embezzlement, misappropriation and misapplication of funds by the employees retained by Manager;

(C) To the extent not maintained by an Underlying Association, insurance against loss or

damage to the Projects, including the Dedicated Resort Accommodations, the Association Maintained Areas, and the Common Furnishings by fire, flood and other risks and hazards customarily covered by an insurance policy written on an all-risk basis;

(D) Comprehensive general liability insurance for death, bodily injury and property damage resulting from use of the Projects by Owners, Permitted Users and Exchange Users; and

(E) Directors' and officers' liability insurance covering the acts of the Board of Directors of the Association.

All such policies shall provide that the same shall not be canceled except upon thirty (30) days prior written notice to both the Association and Manager.

(iii) Repair and Maintenance of the Resort Accommodations. To the extent not performed by an Underlying Association, Manager shall cause the Resort Accommodations to be repaired, maintained, repainted, furnished and refurnished in accordance with the provisions of the Declaration and in the manner consistent with the reserves established for such purpose.

(iv) Housekeeping. To the extent not performed by an Underlying Association, Manager shall cause housekeeping services to be provided to the Resort Accommodations in the manner provided for in the Declaration and the Rules and Regulations.

(v) Major Clean-up. To the extent not performed by an Underlying Association, Manager shall cause the Resort Accommodations to be thoroughly cleaned during the Service Periods as specified in the Declaration and the Rules and Regulations.

(vi) Occupancy. At the direction of the Board, Manager shall implement an occupancy system in accordance with the Declaration and the Rules and Regulations. The occupancy system shall include the books and records required to reflect the Resort occupancy and Point usage actually used, and such other information as shall be necessary to coordinate efficiently the Program and the operations of the Underlying Associations.

(vii) Emergencies. Notwithstanding anything to the contrary stated in or inferable from any other provision of this Agreement, Manager is authorized and directed, in a situation Manager reasonably determines to

be an emergency, to take such actions and incur such expenses as are, in its reasonable judgment, necessary to avoid and mitigate property damage and personal injury.

3.7 All Other Acts. Manager shall, at the Association's expense, perform all such other and further acts and things to be done in and about the Resort Accommodations as may be appropriate or necessary to the efficient operation thereof, except for the obligations of the Association set forth in Article IV and subject to the limitations upon the powers of Manager as set forth in Paragraph 3.9.

3.8 Limitations on Powers of Manager. The Managing Agent shall not enter into a contract with a third person or entity whereby such person or entity will furnish goods or services for the Projects or the Program for a term longer than one year unless authorized by the Board.

3.9 Limited Liability. Manager shall not be responsible for the acts, omissions to act or conduct of any of the Owners, Permitted Users or Exchange Users, or for the breach of any of the obligations of any of the Owners, Permitted Users or Exchange Users.

ARTICLE IV.

OBLIGATIONS AND COVENANTS OF THE ASSOCIATION

4.1 Management Fee. As compensation for the services to be rendered by Manager hereunder, and in addition to the reimbursement to Manager or payment by the Association for expenses as herein provided, the Association shall pay Manager for each Fiscal Year, at its principal office (or at such other place, if any, as Manager may from time to time designate by written Notice to the Board), a monthly management fee of 1/12 of 10% of the annual Budget (less the management fee). Manager shall waive the foregoing fee for a period of one year from the date hereof. The management fee shall be payable in monthly installments on or before the tenth (10th) day of each month for the preceding month. Manager is hereby authorized to pay itself its management fee out of the general operating account of the Association. All unpaid portions of the management fee shall bear interest at the maximum rate permitted by law from the date such management fee becomes due until fully paid.

4.2 Accounting Services Fee. For the full and faithful performance of the accounting duties of Manager discussed in, but not limited to Section 3.6, Manager shall be entitled to an accounting fee of one thousand five-hundred dollars per month (\$1,500.00) or one dollar fifty cents (\$1.50) per Owner per month, whichever is greater, payable on the first day of each month, subject to annual adjustments as reflected in the annual Budget adopted by the Board. Manager shall waive the foregoing fee for a period of one year from the date hereof.

4.3 Reservation Services Fee. For the full and faithful performance of the reservations duties of Manager discussed in, but not limited to item 3.4(e), Manager shall be entitled to a reservation fee of two dollars (\$2.00) per Owner per month, subject to annual adjustments as reflected in the annual Budget adopted by the Board, payable on the first day of each month. Manager shall waive the foregoing fee for a period of one year from the date hereof.

4.4 Assessment Billing and Collections Fee. Manager shall be entitled to an Assessment billing and collection fee of \$500 per month or \$3.50 per Owner billing, which ever is greater, subject to annual adjustments as reflected in the annual Budget adopted by the Board. Manager shall waive the foregoing fee for a period of one year from the date hereof.

4.5 Cooperation with Manager. The Board shall furnish Manager with copies of all documents and Notices which may assist or be necessary to Manager in carrying out its duties hereunder, and shall furnish Manager with sufficient instructions and funds to enable Manager to perform all of the acts required of Manager under the provisions of this Agreement.

4.6 Roster of Owners. Upon execution hereof, the Association shall provide to Manager, a true, complete and current list of the Owners (the "Roster") for Manager's use. The Roster shall identify each Owner. The Association shall notify the Manager in writing of the name(s) of any Owner(s) not in good standing. The Association will provide, or cause to be provided, to each Owner an appropriate identification number specifying that the registered holder of the identification number is the owner of one (1) or more Ownerships.

4.7 Insurance. The Association agrees to obtain and maintain, or at the request of the Board with respect to any and all of such policies, Manager will obtain and maintain on behalf and at the expense of the Association, the insurance policies with liability limits as specified in the Declaration. If, during the term of this Agreement, the Association shall maintain any business interruption insurance, Manager shall be named as an additional insured on such business interruption insurance policy or policies to the extent of Manager's interest in fees to be paid by the Association to Manager pursuant to this Agreement. The Association and Manager shall be party-insureds as their interests may appear and as may be permissible under applicable law, under all policies provided hereunder. Declarant shall be additional insureds under all policies provided hereunder.

4.8 Indemnification. Manager shall not be liable to the Association or to the Owners for any loss or damage not caused by the Manager's own gross negligence or willful misconduct. The Association and the Owners will and do hereby indemnify, defend and hold harmless Manager and Declarant from any such

liability for damages, costs and expenses arising from injury to any person or property for in, about and in connection with the Resort Accommodations from any cause whatsoever, or from the theft or disappearance of the personal property of the Association or the Owners unless such injury or loss shall be caused by Manager's own gross negligence or willful misconduct.

4.9 Employees. The salary and other related expenses (including, without limitation, payroll taxes and the cost of employee benefits) or other compensations for any contract or Association employee shall be an expense of the Association though paid by Manager, and Manager shall be entitled to reimburse itself from funds of the Association on a monthly basis for such expenditure, which reimbursement shall be in addition to and separate from the compensation paid to Manager pursuant to Paragraph 4.1, above.

4.10 Advances and Reimbursements. Manager shall not be required to perform any act or duty hereunder involving an expenditure of money unless there shall be sufficient funds therefor in the bank accounts of the Association; if at any time the funds in the bank accounts of the Association are not sufficient to pay the charges incident to this Agreement, Manager, although not obligated to do so, may advance such sums as it deems necessary, and in such event, Manager shall be entitled to reimburse itself from Association funds for the amount of such advances, together with interest at the rate of ten percent (10%) per annum commencing from the date of the advance by Manager.

4.11 Discounts. All discounts, rebates or commissions or like items which pertain to purchases of goods or services by Manager on behalf of the Association shall inure to the benefit of the Association.

4.12 Single Contracts. Manager may enter into single contracts for operation and maintenance services covering the Resort Accommodations and other projects managed by the Manager, provided that (a) the amount payable by the Association pursuant thereto shall not exceed the amount for such items set forth in the Budget for such Fiscal Year, and (b) such contracts provide that the persons or entities with whom such contracts are made shall have no claim against the Association for any amount whatsoever in excess of the amount for such service as is set forth in the Budget for such Fiscal Year.

ARTICLE V. GENERAL PROVISIONS

5.1 Assignment. Manager shall not assign this Agreement without the prior written consent of the Board. It is understood and agreed that any consent granted by the Board to any such assignment shall not be deemed a waiver of the covenant

herein contained against assignment in any subsequent case. Notwithstanding the foregoing, Manager may subcontract some or all of its responsibilities hereunder to agents, providing Manager remains responsible for the performance of such agents.

5.2 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute a single document.

5.3 Entire Agreement. This Agreement contains all of the covenants and agreements of the parties hereto with respect to the matters contained herein. No prior agreement or understanding pertaining to any such matter shall be effective for any purpose.

5.4 Governing Law. This Agreement is made and shall be construed and interpreted in accordance with the laws of the State of California. The parties expressly consent to permanent jurisdiction in the federal or state courts, as the case may be, in the State of California, County of Orange, and to permanent venue in Orange County, State of California.

5.5 Headings. The article and section headings contained herein are for convenience and reference only and are not intended to define, limit or describe the scope or intent of any provision of this Agreement. This Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties and without regard to, or aid of, Section 1654 of the California Civil Code.

5.6 Notices. Any Notice shall, unless otherwise specified, be in writing, sent by telegram or telex or by certified first-class mail, postage prepaid, return receipt requested to the following addresses:

If to the Association: Welk Resorts Platinum Owners Association
100 E. San Marcos Blvd. #100
San Marcos, CA 92069

If to Manager: Welk Resort Group, Inc.
100 E. San Marcos Blvd. #100
San Marcos, CA 92069

Notice shall be deemed sufficiently given either when delivered personally at the appropriate addresses set forth above (in which event, the notice shall be deemed effective only upon such delivery) or forty-eight (48) hours after deposit of same in any United States Post Office box other than in the state to which the Notice is addressed, or seventy-two (72) hours after deposit of same in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth above. Either party to this Agreement may change its

address by giving the other party Notice of its new address as herein provided.

5.7 Partnership or Joint Venture. Nothing contained in this Agreement shall constitute or be construed to be or create a partnership or joint venture between the Association and Manager.

5.8 Severability. The provisions of this Agreement shall be deemed independent and severable, and the invalidity, partial invalidity or unenforceability of any provision shall not invalidate any other provisions.

5.9 Successors and Assigns. Subject to Paragraph 5.1, above, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

5.10 Waiver. No waiver of any breach of any of the provisions of this Agreement shall constitute a waiver of any succeeding or preceding breach of the same, or of any other, provision contained herein.

5.11 Merger. All understandings and agreements heretofore had between the parties respecting the employment contemplated by this Agreement are merged by this Agreement which fully and completely expresses the agreement of the parties. There are no agreements except as specifically set forth in this Agreement or to be set forth in the instruments of other documents delivered or to be delivered hereunder.

5.12 Amendments. No change in or addition to, or waiver or termination of this Agreement or any part thereof shall be valid unless in writing and signed by or on behalf of each of the parties hereto.

5.13 Warranties. The Association represents and warrants that it is a validly organized corporation with full power and authority to enter into this Agreement and to carry out the transactions herein contemplated, and that the undersigned officers of the Association have all necessary authority to execute this Agreement. Manager represents and warrants that it is a validly organized corporation with full power and authority to enter into this Agreement and to carry out the transactions contemplated herein. Manager further represents and warrants that it is duly qualified to do business and in good standing in the State of California. The undersigned officers of Manager have all necessary authority to execute this Agreement on behalf of Manager.

ARTICLE VI.
GRANT OF SUBLICENSE; RESTRICTIONS ON USE OF NAME

6.1 Grant of Sublicense. Manager is the owner of a license to use and commercially exploit the name "Welk" in connection with the Program. Manager has arranged for a grant of a non-exclusive, revocable sublicense (the "Sublicense") to the Association and the Owners to use the word "Welk" in connection with the use and operation of the Program. Manager hereby grants to the Association and the Owners and the Association, for itself and on behalf of the Owners, as members of the Association, hereby accepts the Sublicense upon the terms and conditions hereinafter set forth in this Article VI.

6.2 Sublicense Term. The Sublicense shall be effective during the term of this Agreement and shall, automatically and without notice, cease and terminate upon the expiration or termination of this Agreement for any reason.

6.3 Revocation Rights. Manager shall have the right to revoke the Sublicense if, in Manager's sole and absolute discretion, Manager determines that there has occurred a material change in the Program, including, but not limited to, deterioration of the physical appearance or state of repair of any Project dedicated to the Program, or a material change in the activities contemplated by the Declaration to be conducted with respect to the Program, which change diminishes, hampers or adversely affects the value or the integrity of the "Welk" name in any manner whatsoever (hereinafter a "Material Adverse Change").

6.4 Notice of Revocation. Manager shall provide written notice (the "Revocation Notice") to the Association of its intent to revoke the Sublicense. The Revocation Notice shall (a) contain a description of the Material Adverse Change which constitutes cause to revoke the Sublicense and (b) be deemed to be notice to each Owner. The Association shall have thirty (30) days after its receipt of the Revocation Notice within which to cure the matters described in the notice, which cure shall be to the satisfaction of Manager, in Manager's sole, complete and absolute discretion.

6.5 Effect of Failure to Cure. In the event that each Material Adverse Change described in the Revocation Notice is not cured to Manager's satisfaction, in Manager's sole, complete and absolute discretion, within the thirty (30) day period, and Manager has not, by written notice to the Association withdrawn Manager's intent to revoke the Sublicense, then, upon the expiration of the thirty (30) day period, the Association, and each Owner, respectively, shall immediately:

(i) Remove all signs containing the name "Welk" from any on-site or off-site location to the extent any such

sign refers to the Program and is under the dominion and control of the Association, its agents, or employees, or the dominion and control of any Owner;

(ii) Destroy all stationery, descriptive literature or printed or written matter intended to be distributed to any other person and bearing the name "Welk", other than books and records of the Association;

(iii) Cease and desist from using the name "Welk" (or any form thereof) orally or in writing in referring to the Program; and

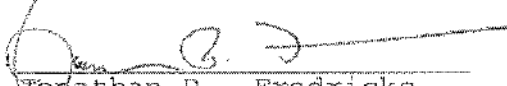
(iv) Take immediate action to effect changes in the names of the documents of the Association reflecting the "Welk" name to eliminate the use of such name from and after the end of the thirty (30) day period referred to above.

6.6 Enforcement. The provisions of this Article may be enforced by any remedy at law or in equity, including mandatory and/or prohibitory injunctions. Manager's parent company, The Welk Group, Inc., a California corporation, is intended by Manager and the Association, acting for itself and on behalf of all of the Owners as its members, and hereby is declared to be, a third party beneficiary of the covenants set forth in this Article, and shall have each and every right of Manager to enforce such covenants.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the date first written above.

"ASSOCIATION"

Welk Resorts Platinum Owners
Association, a California non-
profit, mutual benefit
corporation

By: 
Jonathan P. Fredricks
President

"MANAGER"

Hospitality Management
Welk ~~Resort~~ Group, Inc., a
California corporation

By: 
Jonathan P. Fredricks,
President

EXHIBIT C

**WELK RESORTS PLATINUM OWNERS ASSOCIATION
2019 BUDGET SUMMARY**

	2019		2018		% CHANGE
	BUDGET	UNIT AVG	BUDGET	UNIT AVG	
ASSOCIATION TOTAL UNITS	Per 10,000 Points		Per 10,000 Points		
	904,801		883,955		2.4%
REVENUES					
OPERATING FUND					
Owner Assessments	\$ 52,311,309	\$ 57.82	\$ 48,487,133	\$ 54.85	5.4%
Other Income:					
Developer Subsidy	14,416,862	15.93	12,786,668	14.47	10.2%
Other Income	1,140,939	1.26	361,620	0.41	208.2%
Owner Services	502,566	0.56	679,800	0.77	-27.8%
Total Other income	16,060,367	17.75	13,828,088	15.64	13.5%
TOTAL REVENUES	68,371,676	75.57	62,315,222	70.50	7.2%
EXPENSES:					
OPERATING FUND					
Owner Services	4,378,551	4.84	4,708,707	5.33	-9.2%
Administrative & General	4,259,679	4.71	3,105,651	3.51	34.0%
Bad Debt	3,132,729	3.46	2,884,984	3.26	6.1%
Management Fee	1,290,473	1.43	1,176,928	1.33	7.1%
Timeshare Inventory Costs:					
Welk Resorts Associations Properties	50,108,184	55.38	46,552,525	52.66	5.2%
Experiences Collections Properties	5,202,060	5.75	3,886,427	4.40	30.8%
TOTAL EXPENSES	68,371,676	75.57	62,315,222	70.50	7.2%
OPERATING FUND NET INCOME	\$ -	\$ -	\$ -	\$ -	0.0%
ASSESSMENTS	2019		2018		Avg. Change
	Base Fee	Per Point	Base Fee	Per Point	
Owner Assessments	\$ 703	\$ 0.00335	\$ 660	\$ 0.00315	6.5%

EXHIBIT D

OWNER'S POLICY OF TITLE INSURANCE

Issued by

Chicago Title Insurance Company

SCHEDULE B

File No.: 18-0898

Policy No.: 116095-1-18-0898-2018.7247331-215743479

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Encroachments, overlaps, conflicts in boundary lines, shortages in area, or other matter which would be disclosed by an accurate survey and inspection of the premises.
4. Any lien, claim or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Community property, survivorship, or homestead rights, if any, of any spouse of the vestee.
6. Water rights, claims or title to water.
7. Taxes for the year 2019, and thereafter, not yet due or payable.
8. Sewer maintenance and garbage disposal assessments not yet due and payable.
9. Notes and conditions, as shown on plat of survey entitled "El Corazon de Santa Fe Redevelopment", recorded August 30, 2005 in Plat Book 599, Pages 011-012, #1395932; "El Corazon de Santa Fe Development Plan Second Amendment", recorded August 9, 2011 in Plat Book 735, Pages 015-016, as Instrument # 1642232, records of Santa Fe County, New Mexico.
10. Terms and conditions contained in Amended and Restated Condominium Declaration for El Corazon de Santa Fe recorded as Instrument # 1427620, and First Amendment to the Amended and Restated Condominium Declaration for El Corazon de Santa Fe recorded as Instrument # 1872334; Amended and Restated Supplemental Declaration to the Restated Condominium Declaration for the El Corazon de Santa Fe, a Condominium Creating Eighth Share Estates in up to Twenty-five Condominium Units recorded as Instrument # 1427621; First Amendment to the Amended and Restated Supplemental Declaration to the Restated Condominium Declaration for El Corazon de Santa Fe, a Condominium Creating Eighth Share Estates in up to Twenty-Five Condominium Units, recorded April 14, 2008 as Instrument # 1522192; Second Amendment to the Amended and Restated Supplemental Declaration to the Restated Condominium Declaration for El Corazon de Santa Fe, a Condominium Creating Eighth Share Estates in up to Twenty-Five Condominium Units, recorded March 23, 2011 as Instrument # 1630255, records of Santa Fe County, New Mexico.
11. Easements, parking bumpers and rights incident thereto, deviation of walls from property lines, notes and conditions, as shown and delineated on condominium plat entitled "First Amendment El Corazon De Santa Fe, a Condominium property located at 103 Catron Street City of Santa Fe Santa Fe County, New Mexico" recorded December 19, 2005, in Plat Book 610, Pages 040-050, and Plat Book 611, Page 1, # 1416626, records of Santa Fe County, New Mexico.

SCHEDULE B

Continued

12. Declaration of Dedication recorded December 26, 2018, as Instrument # 1875696, records of Santa Fe County, New Mexico.

AS TO COMMON ELEMENTS

13. Terms and conditions contained in Easement in favor of The Mountain States Telephone and Telegraph Company, recorded in Book 219, Page 11, records of Santa Fe County, New Mexico.
14. Terms and conditions contained in Grant of Sidewalk Easement in favor of the City of Santa Fe, recorded as Instrument # 1307657, records of Santa Fe County, New Mexico.
15. Terms and conditions contained in Grant of Easement, by and between Comcast of New Mexico/Pennsylvania, LLC and The Residence Club at El Corazon de Santa Fe, Inc., recorded November 6, 2012 as Instrument # 1686899, records of Santa Fe County, New Mexico.

Exception 5 of Schedule "B" of this policy is hereby deleted.

Land Title Guarantee Company Representing Old Republic National Title Insurance Company
(Schedule B)

Order Number: V50051822

Policy No.: OX50051822.967195

This policy does not insure against loss or damage by reason of the following:

1. **Any facts, rights, interests, or claims thereof, not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.**
2. **Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.**
3. **Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.**
4. **Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.**
5. **(a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water.**
6. **ANY AND ALL TAXES AND ASSESSMENTS.**
7. **RIGHT OF PROPRIETOR OF A VEIN OR LODE TO EXTRACT AND REMOVE HIS ORE THEREFROM SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES AS RESERVED IN UNITED STATES PATENT RECORDED MAY 04, 1905, IN BOOK 48 AT PAGE [272](#).**
8. **TERMS, CONDITIONS, OBLIGATIONS AND EASEMENTS OR RIGHTS OF WAY STIPULATIONS AS SHOWN ON PLATS RECORDED RESPECTIVELY: FEBRUARY 27, 1974 IN BOOK 233 AT PAGE [566](#); AND DECEMBER 26, 1974 IN BOOK 238 AT PAGE [41](#); AND AUGUST 11, 1976 IN BOOK 247 AT PAGE [989](#), AND AS AMENDED OCTOBER 1, 1976 IN BOOK 249 AT PAGE [93](#) AND AS AMENDED IN THE PLAT FILED SEPTEMBER 5, 1978 IN BOOK 274 AT PAGE [701](#).**
9. **RESTRICTIVE COVENANTS, WHICH DO NOT CONTAIN A FORFEITURE OR REVERTER CLAUSE, BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW AS CONTAINED IN INSTRUMENT RECORDED APRIL 07, 1975, IN BOOK 239 AT PAGE [249](#) AND AS AMENDED IN INSTRUMENT RECORDED JULY 19, 1979, IN BOOK 288 AT PAGE [567](#) AND AS AMENDED IN INSTRUMENT RECORDED APRIL 23, 1985, IN BOOK 411 AT PAGE [960](#).**
10. **TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AS GRANTED TO HOLY CROSS ELECTRIC ASSOCIATION, INC. RECORDED MARCH 12, 1987 IN BOOK 459 AT PAGE [78](#) AND RE-RECORDED MARCH 19, 1987 IN BOOK 459 AT PAGE [507](#).**
11. **EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF BENCHMARK AT BEAVER CREEK RECORDED FEBRUARY 27, 1974 UNDER RECEPTION NO. [129460](#).**
12. **EASEMENTS, CONDITIONS, COVENANTS, RESTRICTIONS, RESERVATIONS AND NOTES ON THE PLAT OF FALCON POINTE RECORDED AUGUST 5, 1987 UNDER RECEPTION NO. [363558](#).**
13. **THOSE PROVISIONS, COVENANTS AND CONDITIONS, EASEMENTS AND RESTRICTIONS, WHICH ARE A BURDEN TO THE CONDOMINIUM UNIT DESCRIBED IN SCHEDULE A, AS CONTAINED IN INSTRUMENT RECORDED AUGUST 05, 1987, IN BOOK 467 AT PAGE [334](#) AND FIRST SUPPLEMENT RECORDED NOVEMBER 2, 1990 IN BOOK 540 AT PAGE [823](#) AND SECOND SUPPLEMENT RECORDED APRIL 21, 1994 IN BOOK 638 AT PAGE [195](#) AND FIRST AMENDMENT RECORDED JUNE 21, 1994 IN BOOK 643 AT PAGE [333](#) AND DECLARANT'S CERTIFICATE RECORDED JULY 13, 1994 IN BOOK 645 AT PAGE [210](#) AND SECOND AMENDMENT RECORDED NOVEMBER 16, 2000 UNDER RECEPTION NO. [744181](#) AND THIRD AMENDMENT RECORDED NOVEMBER 16, 2000 UNDER RECEPTION NO. [744182](#).**

Land Title Guarantee Company Representing Old Republic National Title Insurance Company
(Schedule B)

Order Number: V50051822

Policy No.: OX50051822.967195

14. TERMS, CONDITIONS AND PROVISIONS OF AGREEMENT CONCERNING APPROVAL FOR TIMESHARE USE AND SUBDIVISION AGREEMENT RECORDED AUGUST 05, 1987 IN BOOK 467 AT PAGE [335](#).
15. TERMS, CONDITIONS AND PROVISIONS OF ROAD MAINTENCE AGREEMENT RECORDED MAY 20, 1994 IN BOOK 640 AT PAGE [772](#) AND RECORDED JULY 9, 1997 IN BOOK 731 AT PAGE [631](#).
16. TERMS, CONDITIONS AND PROVISIONS OF GRANT OF EASEMENT RECORDED MARCH 04, 1998 AT RECEPTION NO. [648938](#).
17. TERMS, CONDITIONS AND PROVISIONS OF BROADBAND EASEMENT AND RIGHT OF WAY AGREEMENT RECORDED APRIL 21, 1999 AT RECEPTION NO. [693229](#).
18. TERMS, CONDITIONS AND PROVISIONS OF GRANT OF EASEMENT RECORDED AUGUST 04, 2011 AT RECEPTION NO. [201114474](#).
19. TERMS, CONDITIONS AND PROVISIONS OF GRANT OF EASEMENT RECORDED APRIL 04, 2018 AT RECEPTION NO. [201805051](#).
20. THOSE PROVISIONS, COVENANTS AND CONDITIONS, EASEMENTS AND RESTRICTIONS, WHICH ARE A BURDEN TO THE PROPERTIES DESCRIBED IN SCHEDULE A, AS CONTAINED IN INSTRUMENT RECORDED NOVEMBER 05, 2018, UNDER RECEPTION NO. [201818976](#).
21. THOSE PROVISIONS, COVENANTS AND CONDITIONS, EASEMENTS AND RESTRICTIONS, WHICH ARE A BURDEN TO THE PROPERTIES DESCRIBED IN SCHEDULE A, AS CONTAINED IN INSTRUMENT RECORDED NOVEMBER 05, 2018, UNDER RECEPTION NO. [201818977](#) AND CORRECTION THERETO RECORDED DECEMBER 26, 2018 UNDER RECEPTION NO. [201821855](#).
22. TERMS, CONDITIONS AND PROVISIONS OF DECLARATION OF DEDICATION WELK RESORTS PLATINUM PROGRAM PHASE 75 FALCON POINT RECORDED NOVEMBER 05, 2018 AT RECEPTION NO. [201818977](#).

SCHEDULE B**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

PART II

1. PROPERTY TAXES, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE CURRENT FISCAL TAX YEAR ARE COLLECTED AND PAID THROUGH THE HOMEOWNERS ASSOCIATION.
2. THE LIEN OF SUPPLEMENTAL OR ESCAPED ASSESSMENTS OF PROPERTY TAXES, IF ANY, MADE PURSUANT TO THE PROVISIONS OF PART 0.5, CHAPTER 3.5 OR PART 2, CHAPTER 3, ARTICLES 3 AND 4 RESPECTIVELY (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AS A RESULT OF THE TRANSFER OF TITLE TO THE VESTEE NAMED IN SCHEDULE A; OR AS A RESULT OF CHANGES IN OWNERSHIP OR NEW CONSTRUCTION OCCURRING PRIOR TO DATE OF POLICY.
3. WATER RIGHTS, CLAIMS OR TITLE TO WATER, WHETHER OR NOT SHOWN BY THE PUBLIC RECORDS.
4. THE EFFECT OF ANY FAILURE TO COMPLY WITH THE TERMS, COVENANTS, CONDITIONS AND PROVISIONS OF THE LEASE DESCRIBED OR REFERRED TO IN SCHEDULE A.

SCHEDULE B

(continued)

5. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY MAKING INQUIRY OF THE LESSORS IN THE LEASE OR LEASES DESCRIBED OR REFERRED TO HEREIN.
6. A LEASE AFFECTING THE PREMISES HEREIN DESCRIBED, EXECUTED BY AND BETWEEN THE PARTIES HEREIN NAMED, WITH CERTAIN TERMS, COVENANTS, CONDITIONS AND PROVISIONS SET FORTH THEREIN.

DATED: MAY 27, 1971
 LESSOR: RUTH E. PATENCIO, ET AL
 LESSEE: COLUMBINE CORP, A CALIFORNIA CORPORATION
 RECORDED: OCTOBER 16, 1973 AS INSTRUMENT NO. 135037
 TERM 65 YEARS FROM SEPTEMBER 16, 1971

SAID LEASE WAS AMENDED BY SUPPLEMENTAL AGREEMENTS 1 THROUGH 6
 RECORDED:

DECEMBER 3, 1976 AS INSTRUMENT NO. 186468
 NOVEMBER 7, 1977 AS INSTRUMENT NO. 222117
 AUGUST 21, 1979, AS INSTRUMENT NO. 176572
 APRIL 12, 1982 AS INSTRUMENT NO. 61815
 APRIL 22, 1983 AS INSTRUMENT NO. 76628
 AUGUST 11, 1989 AS INSTRUMENT NO. 272547

THE LESSEE INTEREST UNDER SAID LEASE WAS ASSIGNED TO FALCON LAKE PROPERTIES, A LIMITED PARTNERSHIP BY AN ASSIGNMENT RECORDED JULY 28, 1977 AS INSTRUMENT NO. 144694 OF OFFICIAL RECORDS. A BUSINESS SUBLEASE FROM FALCON LAKE PROPERTIES TO WELK PARK NORTH WAS RECORDED APRIL 26, 1990 AS INSTRUMENT NO. 153175 OF OFFICIAL RECORDS

AN ASSIGNMENT OF SUBLEASE DATED DECEMBER 28, 2001 BY AND BETWEEN WELK PARK NORTH, A CALIFORNIA GENERAL PARTNERSHIP ("ASSIGNOR") AND WELK RESORT GROUP, INC. (ASSIGNEE"), RECORDED JANUARY 1, 2002 AS INSTRUMENT NO. 14374 OF OFFICIAL RECORDS.

7. THE FACT THAT THE OWNERSHIP OF SAID LAND DOES NOT INCLUDE RIGHTS OF ACCESS IN AND TO CATHEDRAL CANYON DRIVE, EXCEPT AS THEREIN PROVIDED, SAID RIGHTS HAVING BEEN RELINQUISHED IN THE DEED FROM THE BUREAU OF INDIAN AFFAIRS RECORDED JUNE 4, 1974 AS INSTRUMENT NO. 67899.
8. AN EASEMENT AFFECTING A PORTION OF SAID LAND FOR PIPELINES AND NECESSARY DEVICES AND APPURTENANCES RECORDED MARCH 7, 1975 AS INSTRUMENT NO. 26797

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SCHEDULE B

(continued)

9. AN EASEMENT FOR PRIVATE STREETS FOR PRIVATE USES IN FAVOR OF THE OWNERS WITHIN SAID TRACT OVER LOTS A AND B OF TRACT 18708 AS SHOWN OR DEDICATED BY THE MAP OF SAID TRACT RECORDED IN BOOK 130, PAGES 65 AND 66 OF MAPS.

10. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT.

PURPOSE:	PURPOSES STATED HEREIN AND INCIDENTAL PURPOSES
RECORDED:	BOOK 130, PAGES 65 AND 66 OF MAPS
AFFECTS:	REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS

11. AN EASEMENT FOR PUBLIC UTILITY PURPOSES WITH THE RIGHT OF INGRESS AND EGRESS FOR SERVICE AND EMERGENCY VEHICLES AND PERSONNEL OVER LOTS A AND B OF TRACT 18708 AND EASEMENTS FOR LANDSCAPING PURPOSES OVER LOTS C, D AND E AS SET FORTH IN THE DEDICATION CERTIFICATED ON THE MAP OF TRACT 18708 RECORDED IN BOOK 130, PAGES 65 AND 66 OF MAPS

12. AN EASEMENT AFFECTING THE COMMON AREA FOR CONDUITS AND INCIDENTAL PURPOSES

RECORDED: OCTOBER 26, 1983 AS INSTRUMENT NO. 222506

13. AN EASEMENT AFFECTING THE COMMON AREA FOR PIPELINES AND INCIDENTAL PURPOSES

RECORDED: OCTOBER 26, 1983 AS INSTRUMENT NO. 222669

14. A CERTIFICATE OF COMPLIANCE RECORDED APRIL 4, 1984 AS INSTRUMENT NO. 69017.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

15. A CERTIFICATE OF COMPLIANCE RECORDED APRIL 24, 1990 AS INSTRUMENT NO. 149159.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

16. FALCON LAKE RECOGNITION AND ATTORNMENT AGREEMENT RECORDED APRIL 26, 1990 AS INSTRUMENT NO. 153179.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

SCHEDULE B

(continued)

17. THE MATTERS SET FORTH IN THE DOCUMENT SHOWN BELOW WHICH, AMONG OTHER THINGS, CONTAINS OR PROVIDES FOR: CERTAIN EASEMENTS; LIENS AND THE SUBORDINATION THEREOF; PROVISIONS RELATING TO PARTITION; RESTRICTIONS ON SEVERABILITY OF COMPONENT PARTS; AND COVENANTS, CONDITIONS AND RESTRICTIONS (BUT OMITTING ANY COVENANT OR RESTRICTIONS, IF ANY, BASED UPON ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW).

RECORDED: JUNE 26, 1990 AS INSTRUMENT NO. 236016, AND ANY AMENDMENTS THERETO

THE FIRST AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED NOVEMBER 21, 1990 AS INSTRUMENT NO. 425804.

18. THE MATTERS SET FORTH IN THE DOCUMENT SHOWN BELOW WHICH, AMONG OTHER THINGS, CONTAINS OR PROVIDES FOR: CERTAIN EASEMENTS; LIENS AND THE SUBORDINATION THEREOF; PROVISIONS RELATING TO PARTITION; RESTRICTIONS ON SEVERABILITY OF COMPONENT PARTS; AND COVENANTS, CONDITIONS AND RESTRICTIONS (BUT OMITTING ANY COVENANT OR RESTRICTIONS, IF ANY, BASED UPON ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW).

RECORDED: JUNE 26, 1990 AS INSTRUMENT NO. 236017, AND ANY AMENDMENTS THERETO

MODIFICATION(S) OF SAID COVENANTS, CONDITIONS AND RESTRICTIONS

RECORDED: NOVEMBER 21, 1990 AS INSTRUMENT NO. 425805 OF OFFICIAL RECORDS

AMENDED AND RESTATED FIRST AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED DECEMBER 7, 1990 AS INSTRUMENT NO. 445019.

SCHEDULE B

(continued)

MODIFICATION(S) OF SAID COVENANTS, CONDITIONS AND RESTRICTIONS

RECORDED: MAY 11, 1994 AS INSTRUMENT NO. 194595 OF OFFICIAL RECORDS

THE PROVISIONS OF SAID COVENANTS, CONDITIONS AND RESTRICTIONS WERE EXTENDED TO INCLUDE THE HEREIN DESCRIBED LAND BY AN INSTRUMENT

RECORDED: MAY 2, 1991 AS INSTRUMENT NO. 91-147310 AND APRIL 23, 1992 AS INSTRUMENT NO. 92-144938 BOTH OF OFFICIAL RECORDS.

19. A DOCUMENT ENTITLED "CABLE SERVICE LICENSE AGREEMENT", DATED, OCTOBER 18, 1996, EXECUTED BY LAWRENCE WELK'S DESERT OASIS VACATION OWNERS ASSOCIATION IN FAVOR OF COLONY COMMUNICATIONS, INC., DBA CONTINENTAL CABLEVISION, SUBJECT TO ALL THE TERMS, PROVISIONS AND CONDITIONS THEREIN CONTAINED, RECORDED FEBRUARY 18, 1997 AS INSTRUMENT NUMBER 97-052795, OFFICIAL RECORDS
20. A SUBLEASE AGREEMENT, DATED, MAY 21, 1996, BY AND BETWEEN WELK PARK NORTH, AS LESSOR AND DESERT OASIS GOLF MANAGEMENT CORP., A CALIFORNIA CORPORATION AS LESSEE, APPROVED BY THE PALM SPRINGS OFFICE OF THE BUREAU OF INDIAN AFFAIRS ON JUNE 11, 1996, SUBJECT TO ALL THE TERMS, PROVISIONS AND CONDITIONS THEREIN CONTAINED, RECORDED JUNE 20, 1996 AS INSTRUMENT NO. 228068 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

SAID SUBLEASE WAS AMENDED BY A FIRST AMENDMENT TO SUBLEASE AGREEMENT DATED MAY 21, 1997 AND RECORDED APRIL 9, 1997, AS INSTRUMENT NO. 119853 OF OFFICIAL RECORDS.

AN ASSIGNMENT OF SUBLEASE RECORDED BY AND BETWEEN DESERT OASIS GOLF MANAGEMENT CORP., A CALIFORNIA CORPORATION ("ASSIGNOR") TRANSFERS, ASSIGNS AND SETS OVER TO CATHEDRAL GOLF, L.P., A CALIFORNIA LIMITED PARTNERSHIP ("ASSIGNEE") RECORDED APRIL 12, 2002 AS INSTRUMENT NO. 191630 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

21. A SUBLEASE AGREEMENT DATED OCTOBER 17, 2006 BY AND BETWEEN WELK RESORT GROUP, INC. AS LESSOR AND WELK RESORT PROPERTIES, INC. A CALIFORNIA CORPORATION AS LESSEE, APPROVED BY THE PALM SPRINGS OFFICE OF THE BUREAU OF INDIAN AFFAIRS ON JANUARY 5, 2007, AND RECORDED ON FEBRUARY 1, 2007 AS INSTRUMENT NO. 2007-78158, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

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(6/17/06)

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SCHEDULE B

(continued)

22. A SUBLEASE AGREEMENT DATED OCTOBER 17, 2006 BY AND BETWEEN WELK RESORT GROUP, INC. AS LESSOR AND WELK RESORT PROPERTIES, INC. A CALIFORNIA CORPORATION AS LESSEE, APPROVED BY THE PALM SPRINGS OFFICE OF THE BUREAU OF INDIAN AFFAIRS ON JANUARY 5, 2007, AND RECORDED ON FEBRUARY 1, 2007 AS INSTRUMENT NO. 2007-78159, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.
23. COVENANTS, CONDITIONS AND RESTRICTIONS ("BUT OMITTING, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS CONTROLLED OR PERMITTED BY ANY APPLICABLE FEDERAL OR STATE LAW, ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, MEDICAL CONDITION, NATIONAL ORIGIN, SOURCE OF INCOME, OR ANCESTRY" AS SET FORTH IN THE DOCUMENT

RECORDED: FEBRUARY 7, 2007 AS FILE NO. 2007-0091427, OFFICIAL RECORDS, AND ANY AMENDMENTS THERETO

NOTE: SECTION [12956.1](#) OF THE GOVERNMENT CODE PROVIDES THE FOLLOWING: "IF THIS DOCUMENT CONTAINS ANY RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, NATIONAL ORIGIN, SOURCE OF INCOME AS DEFINED IN SUBDIVISION (P) OF SECTION 12955, OR ANCESTRY, THAT RESTRICTION VIOLATES STATE AND FEDERAL FAIR HOUSING LAWS AND IS VOID, AND MAY BE REMOVED PURSUANT TO SECTION [12956.2](#) OF THE GOVERNMENT CODE. LAWFUL RESTRICTIONS UNDER STATE AND FEDERAL LAW ON THE AGE OF OCCUPANTS IN SENIOR HOUSING OR HOUSING FOR OLDER PERSONS SHALL NOT BE CONSTRUED AS RESTRICTIONS BASED ON FAMILIAL STATUS."

NOTE: IF YOU SHOULD REQUEST A COPY OF THE DOCUMENT REFERRED TO ABOVE, CALIFORNIA LAW REQUIRES THAT A COUNTY RECORDER, TITLE INSURANCE COMPANY, ESCROW COMPANY, REAL ESTATE BROKER, REAL ESTATE AGENT, OR ASSOCIATION THAT PROVIDES A COPY OF A DECLARATION, GOVERNING DOCUMENT, OR DEED TO ANY PERSON SHALL PLACE A COVER PAGE OVER, OR STAMP ON THE FIRST PAGE OF THE PREVIOUSLY RECORDED DOCUMENT OR DOCUMENTS A STATEMENT, IN AT LEAST 14-POINT BOLDFACE TYPE, RELATING TO UNLAWFUL RESTRICTIONS.

SCHEDULE B
(continued)

A DOCUMENT SUBJECT TO ALL THE TERMS, PROVISIONS AND CONDITIONS THEREIN CONTAINED.

ENTITLED: DECLARATION OF DEDICATION WELK RESORTS
PLATINUM PROGRAM PHASE 73
RECORDED: DECEMBER 26, 2017 AS INSTRUMENT NO. 2017-0540692 OF
OFFICIAL RECORDS

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

END OF SCHEDULE B

SCHEDULE B**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. PROPERTY TAXES, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2019-2020 THAT ARE A LIEN NOT YET DUE.

2. PROPERTY TAXES, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2018 - 2019

1ST INSTALLMENT: \$18,873.13 (PAID)
 2ND INSTALLMENT: \$18,873.13 (DUE APRIL 10)
 HOMEOWNERS EXEMPTION: \$NONE
 CODE AREA: 091036

ASSESSORS PARCEL NUMBER: SEE ATTACHED SCHEDULE 1

3. THE LIEN OF SUPPLEMENTAL OR ESCAPED ASSESSMENTS OF PROPERTY TAXES, IF ANY, MADE PURSUANT TO THE PROVISIONS OF PART 0.5, CHAPTER 3.5 OR PART 2, CHAPTER 3, ARTICLES 3 AND 4 RESPECTIVELY (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA AS A RESULT OF THE TRANSFER OF TITLE TO THE VESTEE NAMED IN SCHEDULE A; OR AS A RESULT OF CHANGES IN OWNERSHIP OR NEW CONSTRUCTION OCCURRING PRIOR TO DATE OF POLICY.
4. SAID LAND APPEARS TO LIE WITHIN THE NORTH TAHOE PUD INTERIM RECREATION ASSESSMENT DISTRICT (COLLECTED IN INSTALLMENTS WITH COUNTY TAXES).
5. ANY TAXES OR ASSESSMENTS LEVIED BY THE NORTH TAHOE PUBLIC UTILITIES DISTRICT. AMOUNTS MAY BE ASCERTAINED BY CONTACTING THE DISTRICT AT (916) 546-4212.
6. ANY TAXES OR ASSESSMENTS LEVIED BY THE TAHOE-TRUCKEE SANITATION AGENCY. AMOUNTS MAY BE ASCERTAINED BY CONTACTING THE AGENCY AT (916) 587-2525
7. CLAIMS OR RIGHTS OF THE PUBLIC, THE STATE OF CALIFORNIA, AND THE UNITED STATES OF AMERICA TO ANY PORTION OF SAID LAND WHICH IS CLAIMED TO HAVE BEEN AT ANY TIME BELOW THE HIGHEST WATER LINE OF LAKE TAHOE.
8. THE RIGHT OF THE UNITED STATES OF AMERICA TO RAISE AND LOWER THE ELEVATION OF THE SURFACE OF LAKE TAHOE.

SCHEDULE B

(continued)

9. ANY RIGHTS IN FAVOR OF THE PUBLIC WHICH MAY EXIST ON SAID LAND FOR ACCESS, PARKING, BEACH OR RECREATION USES, IF SAID LAND OR PORTIONS THEREOF WHERE AT ANY TIME, OR ARE NOW BEING USED BY THE PUBLIC FOR SUCH PURPOSES.
10. ANY ADVERSE CLAIM BASED UPON THE ASSERTION THAT:
- (A) SOME PORTION OF SAID LAND HAS BEEN CREATED BY ARTIFICIAL MEANS, OR HAS ACCRETED TO SUCH PORTION SO CREATED
- (B) SOME PORTION OF SAID LAND HAS BEEN BROUGHT, WITHIN THE BOUNDARIES THEREOF BY AN AVULSIVE MOVEMENT OF LAKE OR HAS BEEN FORMED BY ACCREDON TO ANY SUCH PORTION
11. COVENANTS, CONDITIONS AND RESTRICTIONS BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW AS SET FORTH IN THE DOCUMENT

RECORDED: [JULY 10, 1926 IN BOOK 223 PAGE 391](#), OF DEEDS

12. COVENANTS, CONDITIONS AND RESTRICTIONS BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW AS SET FORTH IN THE DOCUMENT

RECORDED: [JULY 22, 1939 IN BOOK 391 PAGE 136](#), OF DEEDS

13. COVENANTS, CONDITIONS AND RESTRICTIONS BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW AS SET FORTH IN THE DOCUMENT

RECORDED: [NOVEMBER 30, 1995 AS SERIES NO. 95-064513](#), OFFICIAL RECORDS

CERTIFICATES OF DESIGNATION OF HERETOFORE NONDESIGNATED UNITS - DESIGNATION OF ADDITIONAL UNITS TO VACATION OWNERSHIP PROGRAM FOR THE RED WOLF LAKESIDE LODGE

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SCHEDULE B

(continued)

RECORDED: [JULY 16, 1996, AS SERIES NO. 96-40837](#); [OCTOBER 18, 1996, AS SERIES NO. 96-61916](#); [AUGUST 11, 1997, AS SERIES NO. 97-0047323](#); [MARCH 10, 1998, SERIES NO. 98-0015783](#); [JULY 1, 1998, AS SERIES NO. 98-0051119](#), AND [JUNE 17, 1999 AS SERIES 99-0054612](#) AND RE-RECORDED [JULY 14, 1999 AS SERIES 99-0062962](#), ALL OF OFFICIAL RECORDS

14. A DOCUMENT ENTITLED "STATEMENT OF INSTITUTION OF REDEVELOPMENT PURSUANT TO HEALTH AND SAFETY CODE SECTION 33373 NORTH LAKE TAHOE REDEVELOPMENT PLAN", DATED JULY 16, 1996 EXECUTED BY THE PLACER COUNTY REDEVELOPMENT AGENCY, SUBJECT TO ALL THE TERMS, PROVISIONS AND CONDITIONS THEREIN CONTAINED

RECORDED: [JULY 18, 1996, AS FILE NO. 96-041246](#), OFFICIAL RECORDS

RECORDED REFERENCE IS HEREBY MADE FOR FULL PARTICULARS.

15. THE EFFECT OF RECORD OF SURVEY FILED [AUGUST 25, 1998, IN BOOK 15 OF SURVEY MAPS, PAGE 111](#).
16. COVENANTS, CONDITIONS AND RESTRICTIONS BUT OMITTING ANY COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW AS SET FORTH IN THE DOCUMENT

RECORDED: [JULY 14, 1999 AS SERIES NO. 99-0062963](#), OFFICIAL RECORDS

SAID COVENANTS, CONDITIONS AND RESTRICTIONS STATE THEY AMEND AND RESTATE THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED NOVEMBER 30, 1995 AS SERIES 95-064513, OFFICIAL RECORDS

17. A DOCUMENT SUBJECT TO ALL THE TERMS, PROVISIONS AND CONDITIONS THEREIN CONTAINED.

ENTITLED: DECLARATION OF RESTRICTIONS WELK RESORTS PLATINUM PROGRAM PHASE 81

RECORDED: DECEMBER 28, 2018 AS INSTRUMENT NO. 2018-0092881, OF OFFICIAL RECORDS

END OF SCHEDULE B

SCHEDULE B

Order No.: 17000287-U27

Policy No.: 17000287

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorney's fees, or expenses that arise by reason of:

1. Rights or claims of parties in possession not shown by the public records.
2. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land.
3. Easements, or claims of easements, not shown by the public records.
4. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights or easements appurtenant to water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Taxes or special assessments which are not shown as existing liens by the public records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
7. Intentionally Deleted
8. General Taxes, including any assessment collected therewith. The first installment is not delinquent until after December 20th of the tax year, the second installment is not delinquent until after June 20th of the subsequent year. Amounts shown do not include interest or penalty if delinquent. Parcel Number: See Attached Spreadsheet "EXHIBIT B" Year: 2018
9. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted To: James H. Presnell
Purpose: ditch or canal to carry water
Recorded: March 26, 1913
Instrument No.: 25147
Book: 4 of Miscellaneous, Page: 368
Affects: subject property
10. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted To: J.H. Presnell
Purpose: irrigation ditch

Recorded: September 23, 1932
Instrument No.: 82372
Book: 10 of Miscellaneous, Page: 22
Affects: subject property

11. The right of the public in and to any and all easements and rights of way for any and all public roads now established or existing on said premises, or any part thereof, as reserved by Humbird Lumber Company, a Corporation, in Deed recorded February 1, 1938 as Instrument No. 95100 or Book 58 of Deeds, Page 379, Records of Bonner County, Idaho

12. An undivided 3/4 mineral interest in rights incidental thereto reserved in Grantor under that Warranty Deed executed by Humbird Lumber Company, a Corporation, Grantor, in favor of Fielden L. Poirier, Grantee, recorded January 8, 1938, as Instrument No. 95100, in Book 58 of Deeds, Page 379, records of Bonner County, Idaho, affects 19-54-5W

13. Covenants, conditions and restrictions, but omitting any covenant or restriction based on race, color, religion, sex, sexual orientation, disability, handicap, familial status, marital status, ancestry, national origin or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

Recorded: March 27, 1970
Instrument No.: 126602
Book: 40 of Miscellaneous, Page: 527

Modification(s) of said covenants, conditions and restrictions

Recorded: June 21, 1971
Instrument No: 133988
Book: 43 of Miscellaneous, Page: 505

Further modifications of said covenants, conditions and restrictions

Recorded: September 23, 1971
Instrument No.: 135907
Book: 44 of Miscellaneous, Page: 228

Revised and Restated Declaration of Reservations, Covenants, Agreements, Restriction and Conditions

Dated/Recorded: June 21, 1979
Book: 79 of Miscellaneous, Page: 570
Instrument No.: 215684

14. An easement for the purpose shown below and rights incidental thereto as set forth in a document:

Granted To: Inland Power and Light Company
Purpose: electric transmission line
Recorded: December 15, 1971
Instrument No.: 137609, 137610, 137611 and 137612

Book: 45 of Miscellaneous, Pages: 69-72
Affects: subject property

15. Easements, reservations, notes and/or dedications as shown on the official plat of Stoneridge Recreational Club Condominium

16. Terms, provisions, covenants, conditions, definitions, options, obligations and restrictions, contained in a document
Purpose: No building or shelter requiring a water supply facility or sewage disposal facility required by stature or ordinance shall be erected until written approval is first obtained from the State Board of Health approving plans and specifications for public water and sewage facilities
Recorded: June 21, 1979
Instrument No.: 215698
Book: 3 of Plats, Page: 134

17. Covenants, conditions and restrictions, but omitting any covenant or restriction based on race, color, religion, sex, sexual orientation, disability, handicap, familial status, marital status, ancestry, national origin or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.
Recorded: February 5, 1980
Instrument No.: 224735
Book: 84 of Miscellaneous, Page: 319

Modification(s) of said covenants, conditions and restrictions
Recorded: December 30, 1981
Instrument No: 250725
Book: 95 of Miscellaneous, Page: 160

Further modifications of said covenants, conditions and restrictions
Recorded: July 6, 1982
Instrument No.: 257014
Book: 97 of Miscellaneous, Page: 490

Further modifications of said covenants, conditions and restrictions
Instrument No.: 290634
Book: 114 of Miscellaneous, Page: 37

Further modifications of said covenants, conditions and restrictions
Instrument No.: 412083

Further modifications of said covenants, conditions and restrictions
Instrument No.: 431854

Further modifications of said covenants, conditions and restrictions
Instrument No.: 457746

Further modifications of said covenants, conditions and restrictions

Recorded: September 12, 2001
Instrument No.: 587750

Further modifications of said covenants, conditions and restrictions
Recorded: September 15, 2003
Instrument No.: 633729

Further modifications of said covenants, conditions and restrictions
Recorded: January 26, 2006
Instrument No.: 696964

Further modifications of said covenants, conditions and restrictions
Recorded: March 10, 2006
Instrument No.: 699642

18. Liens, levies and assessments of the Stoneridge Recreational Club Condominium Declaration.
19. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted To: Inland Power and Light Company
Purpose: electric transmission line
Recorded: December 17, 1980
Instrument No.: 236570
Book: 89 of Miscellaneous, Page: 305
Affects: subject property
20. Reservation and/or exceptions contained in Special Warranty Deed:
Recorded: August 1, 1985
Instrument No.: 306382
In Favor Of: Bonner Company, a General Partnership
As Follows: As set forth in said instrument
21. Findings of fact concerning Blanchard Creek Drainage Basin were recorded February 19, 1986, as Instrument No. 315143, Records of Bonner County, Idaho
22. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted To: Association of Owners of Stoneridge Recreational Club Condominium
Purpose: easement 60 foot wide across the Stoneridge Clubhouse site for access
Recorded: November 15, 1988
Instrument No.: 355382
Affects: subject property
23. An easement for the purpose shown below and rights incidental thereto as set forth in a document:
Granted To: Association of Owners of Stoneridge Recreational Club Condominium
Purpose: easement 60 foot wide across the Stoneridge Golf Course for access

Recorded: November 15, 1988
Instrument No.: 355383
Affects: subject property

24. Right, title, interest and matters of any owner(s) of the remaining weeks not covered within each specific unit covered herein. Said matters may, or may not affect the overall interest of each specific unit.
25. Liens, judgments and/or any derogatory matters, if any, against the name(s) of former owners of the property herein covered. A supplemental will follow in regards to said matters, if any.
26. Claims, if any, related to deficient foreclosure proceedings of assessment liens previously completed of any unit/week covered herein acquired through foreclosure.
27. Any interest of person(s) shown below whose possible interest is disclosed by reason of their being shown as assessed owner(s) of said land on the county tax rolls.
Name: Stoneridge Recreational Club Condominium Owners Association, Inc.
28. Terms, provisions, covenants, conditions, definitions, options, obligations and restrictions, contained in a document
Purpose: Declaration of Dedication
Recorded: December 19, 2018
Instrument No.: 932422

END OF SCHEDULE B

EXHIBIT "A"

An undivided 1/50ths interest in Unit No. **(See Schedule I, Unit Number)**; Building No. **(See Schedule I, Building Number)** Stoneridge Recreational Club Condominium as shown on the Plats thereof, recorded as Instrument Nos. 224732 and 257014; records of Bonner County, Idaho;

TOGETHER WITH an exclusive recurring annual right to occupy said Unit during the annual recurring time period of Week No. **(See Schedule I, Week Number)** as set forth in the Declaration of Condominium recorded as Instrument No. 224735;

SECOND AMENDMENT to Declaration of Condominium recorded as Instrument No. 250725; and

AMENDED AND RESTATED SECOND AMENDMENT to Declaration of Condominium recorded as Instrument No. 257014; and

THIRD AMENDMENT to Declaration of Condominium recorded as Instrument No. 290634; and

FOURTH AMENDMENT to Declaration of Condominium recorded as Instrument No. 412083; and

FIFTH AMENDMENT to Declaration of Condominium recorded as Instrument No. 431854; and

SIXTH AMENDMENT to Declaration of Condominium recorded as Instrument No. 457746; and

SEVENTH AMENDMENT to Declaration of Condominium recorded as Instrument No. 587750; and

EIGHTH AMENDMENT to Declaration of Condominium recorded as Instrument No. 633729; and

NINTH AMENDMENT to Declaration of Condominium recorded January 26, 2006 as Instrument No. 696964. Corrected Amendment to Covenants, Instrument No. 699642, recorded March 10, 2006, records of Bonner County, Idaho

SCHEDULE B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented claims; (b) reservations or exceptions in patents or in acts authorizing the issuance thereof; (c) water rights, claims or title to water; whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.
7. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the Public Records or attaching to the subsequent effective date hereof but prior to the date the proposed Insured acquires of records for value the estate or interest or mortgage thereon covered by this Public.
8. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the year 2019.
9. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Granted To:	Central Arizona Light and Power Company Public Utilities
Purpose:	public utilities
Recording Date:	October 20, 1950
Recording No:	Docket 633, Page 50
10. Easements, covenants, conditions and restrictions as set forth on the recorded plat recorded in Book 411 of Maps, Page 16.

**SCHEDULE B
(Continued)**

11. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Granted To: Arizona Public Service Company
Purpose: electric lines and poles
Recording Date: March 10, 1964
Recording No: Docket 4957, Page 80

12. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition, or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: March 4, 1996
Recording No: 96-0144621

13. Covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition, or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording Date: July 23, 1996
Recording No: 96-0515130

Modification(s) of said covenants, conditions and restrictions

Recording Date: July 20, 1999
Recording No: 99-0684499

14. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Granted To: Arizona Public Service Company
Purpose: public utilities
Recording Date: March 13, 1997
Recording No: 97-0163340

15. Matters contained in that certain document

Entitled: Notice of Association
Recording Date: March 31, 2009
Recording No: 2009-0280010

Reference is hereby made to said document for full particulars.

16. Intentionally omitted.

**SCHEDULE B
(Continued)**

17. Matters contained in that certain document

Entitled: Declaration of Dedication Welk Resorts Platinum Program Phase #80
Recording Date: December 28, 2018
Recording No: 20180948899

Reference is hereby made to said document for full particulars.

End of Schedule B

EXHIBIT E



ISHINO, ESQUER Y ARMADA, S.C.

ABOGADOS

January 17th, 2017

Welk Resorts Platinum Owners Association

300 Rancheros Drive #450
San Marcos, California 92069
Attn: Board of Directors
P r e s e n t

**Re: Welk Resorts Platinum Owners Association's
Legal Opinion on Title to Mexican real estate**

Dear Sirs.

We have acted as limited and special Mexican counsel to Welk Resorts Platinum Owners Association, a California non profit mutual benefit corporation (herein "Platinum"), in connection with the legal status and standing of certain real estate located in Km. 4.5 of the Transpeninsular Highway towards Cabo San Lucas, Baja California Sur, Mexico, as hereunder described, including the lawful rights which Platinum holds in connection thereto, and, having reviewed the documentation and information furnished to us by Platinum and the records of the Public Registry of Property and Commerce for the cities of San José del Cabo and La Paz, Baja California Sur, respectively, including those the various legal instruments and other documents as referred to below, we hereby issue the present legal opinion.

This opinion is being delivered per the request of Platinum. Capitalized terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Opinion Documents.

In this regard and for purposes of this letter, the following terms will have the meanings ascribed to them herein below:

1. **Caide:** Caide Desarrollos, S. de R.L. de C.V.
2. **HSBC:** HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Trustee Division.
3. **Platinum:** Welk Resorts Platinum Owners Association
4. **IE&A:** Ishino, Esquer y Armada, S.C.

5. **Premises:** **Lots 19, 20 and H-1**, located within the Cabo Bello development in Km. 4.5 of the Transpeninsular Highway towards Cabo San Lucas, Baja California Sur, Mexico.
6. **PRP:** Public Registry of Property and Commerce for the city of San José del Cabo, Baja California Sur, Mexico and the city of La Paz, Baja California Sur, Mexico. It should be noted, for purposes of this legal opinion, that as of the subsequent establishment of the registry in San José del Cabo, instruments pertaining to real properties located in the Los Cabos area need only be registered (for jurisdictional purposes) in such registry, as the La Paz registry ceased to be competent and have jurisdiction for such area.
7. **Title:** The means whereby the owner of land has full and independent ownership, subject to the limitations and restrictions dictated by the laws of Mexico.
8. **Welk Villas:** Welk Cabo Villas, LLC

1. **LEGAL AND PHYSICAL DESCRIPTIONS OF THE PREMISES.**

The Premises consist of three lots legally described and identified as **lots 19, 20 and H-1**, located within the Cabo Bello development in Cabo San Lucas, Baja California Sur, Mexico, with the following area metes and bounds:

- 1 **Lot 19 of block I, area: 461.04** Square meters and with real estate registry number **402-044-023-011** (four, zero, two, zero, four, four, zero, two, three, zero, one, one).

Metes and bounds: To the North: 23.50 meters (twenty meters and fifty centimeters), bordering condominium lot 11A (eleven A); to the South: 23.45 meters (twenty-three meters and forty five centimeters) bordering condominium lot 11A (eleven A); to the East: 19.62 meters (nineteen meters sixty two centimeters), bordering *Paseo Cabo Bello* street; and, to the West: 19.62 meters (nineteen meters sixty two centimeters) bordering condominium lot 11A (eleven A).

- 2.1 **Lot 20 of block I, area: 348.22** Square meters and with real estate registry number **402-044-025-002** (four, zero, two, zero, four, four, zero, two, five, zero, zero, two).

Metes and bounds: To the North: 11.02 meters (eleven meters with two millimeters) with Lot CM-2 (C, M, indent two); to the South: 13.05 (thirteen meters with five centimeters) bordering Lot H-1 (H, indent one); to the East: 18.1197 meters (eighteen meters with 119.7 millimeters) bordering "*Cerrada de Arrecife*" street; and, to the West, in a broken line in two sections, starting from marker 26 (twenty six) to marker 27 (twenty seven) a distance of 29.20 (twenty nine meters with twenty centimeters) bordering commercial condominium Lot CM-2 (C, M, indent two).

Notwithstanding the *legal* description of Lot 20 in block "I" as above reflected, it should be noted that pursuant that a limit and boundary procedure carried out by the land

authorities (formalized through public deed 77,531, volume 1,256, dated October 28th, 2008, authorized by José Alberto Castro Salazar, assistant to Notary Public Seven in La Paz, Baja California Sur, in which the Notary Public is Mr. Hector Castro Castro, same deed that was recorded in the Public Registry of Property and Commerce in San José del Cabo, Baja California Sur, under marginal note in number 158, page 158, volume CCLXXXIX, of the First section, dated June 5th 2007) the actual *physical* description of such lot would be as follows:

2.2 Lot 20 of block I, area: 447.849 Square meters and with real estate registry number 402-044-025-002 (four, zero, two, zero, four, four, zero, two, five, zero, zero, two).

Metes and bounds: To the North: from marker 26 (twenty six) to marker 1113 (one thousand one hundred thirteen) adjoining 11.02 meters (eleven meters with two centimeters) with Lot CM-2 (C, M, indent two); to the South: from marker 29 (twenty nine) to marker 28 (twenty eight) in 13.680 (thirteen meters with six hundred eighty millimeters) bordering Lot H-1 (H, indent one); to the East: in a broken line in four sections, starting from marker 1113 (one thousand one hundred thirteen) to 1114 (one thousand one hundred fourteen), bordering 18.1197 meters (eighteen meters with 119.7 millimeters); from marker 1114 (one thousand one hundred fourteen) to marker 1115 (one thousand one hundred fifteen) in 5.844 (five meters with eight hundred forty-four millimeters) from marker 1115 (one thousand one hundred fifteen) to marker 1116 (one thousand one hundred sixteen) in 4.240 (four meters with two hundred and forty millimeters) and, lastly, from marker 1116 (one thousand one hundred sixteen) to 29 (twenty nine) in 8.771 (eight meters with seven hundred seventy-one millimeters) with “*Cerrada de Arrecife*” street; and, to the West, in a broken line in two sections, starting from marker 26 (twenty six) to marker 27 (twenty seven) a distance of 29.20 (twenty nine meters with twenty centimeters) and from marker 27 (twenty seven) to marker 28 (twenty eight) with 6.980 (six meters nine hundred eighty millimeters) adjacent to lot H-1 (H, indent one).

3.1 Lot H-1, area: 25,613.62 Square meters and with real estate registry number 402-044-023-003 (four, zero, two, zero, four, four, zero, two, three, zero, zero, three).

Metes and bounds: To the North: in broken line 129.94 meters (one hundred twenty-nine meters and ninety-four millimeters) bordering *Paseo Cabo Bello* Street and a Green Area; to the South: in broken line 222.86 meters (two hundred twenty-two meters eighty six centimeters) bordering the Federal Maritime Zone; to the East: 190.08 meters (one hundred ninety meters eight centimeters) in broken line which borders Lot Cm-1 (Cm, indent one), Lot I-20 (I, indent, two, zero) and Lot Cm-2 (Cm, indent two) and, to the West: in broken line 210.61 (two hundred and ten meters sixty-one centimeters), bordering a Green Area, Hotel Lot I-11 (I, indent, one, one) and Lot I-15 (I, indent, one, five).

Notwithstanding the *legal* description of Lot H-1 as above reflected, it should be noted that pursuant that a limit and boundary procedure carried out by the land authorities (formalized by public instrument number 2,763, granted before Notary Public Ricardo

Cevallos Valdez, Notary Public number 18 for the State of Baja California Sur) the actual *physical* description of such lot would be as follows:

3.2 Lot H-1, area: 26,562.68 Square meters and with real estate registry number **402-044-023-003** (four, zero, two, zero, four, four, zero, two, three, zero, zero, three).

Metes and bounds: To the North: 27.011 meters (twenty seven meters and eleven millimeters) with *Plaza Calafia* in two sections of 4.301 meters (four meters three hundred one millimeters) and 22.710 meters (twenty two meters seven hundred ten millimeters) and 254 meters (two hundred fifty four meters); Northeast: in 98.621 meters (ninety eight meters six hundred twenty one millimeters) with *Paseo de Cabo Bello* Street in 1 (one) straight line and 3 (three) curved lines of 13.654 (thirteen meters six hundred fifty four millimeters), 47.238 meters (forty seven meters two hundred thirty eight millimeters), 15.529 meters (fifteen meters five hundred twenty nine millimeters) and 22.200 (twenty two meters two hundred millimeters); North bound: in 15.542 meters (fifteen meters five hundred forty two millimeters) with *Paseo de Cabo Bello* Street; Northeast: in 26.088 meters (twenty six meters eighty eight millimeters) bordering commercial condominium Lot CM-2 (C, M, indent two) in curved line; North bound: in 30.820 meters (thirty meters eight hundred twenty millimeters) bordering commercial condominium Lot CM-2 (C, M, indent two); Eastbound: in 29.200 meters (twenty nine meters two hundred millimeters) bordering Lot I-20 (I, indent, two, zero); Northbound: in 13.050 meters (thirteen meters fifty millimeters) bordering Lot I-20 (I, indent, two, zero); Eastbound: in 8.652 meters (eight meters six hundred fifty two millimeters) with *Cerrada del Arrecife* Street; Northbound: in 7.400 meters (seven meters four hundred millimeters) with *Cerrada del Arrecife* Street; Northbound: in 9.673 meters (nine meters six hundred seventy three millimeters) bordering commercial condominium Lot CM-1 (C, M, indent one); Eastbound: in 66.250 meters (sixty six meters two hundred fifty millimeters) bordering commercial condominium Lot CM-1 (C, M, indent one); Southeast bound: in 10.714 (ten meters seven hundred forty millimeters) bordering the Federal Maritime Zone; Southwest bound: in 22.358 meters (twenty two meters three hundred fifty eight millimeters) bordering the Federal Maritime Zone; Southeast bound: in 39.922 meters (thirty nine meters nine hundred twenty two millimeters) bordering the Federal Maritime Zone in two lines of 23.887 (twenty three meters eight hundred eighty seven millimeters) and 16.035 meters (sixteen meters thirty five millimeters); Eastbound: in 25.718 (twenty five meters seven hundred eighteen millimeters) bordering the Federal Maritime Zone; Southbound: in 9.785 meters (nine meters seven hundred eighty five millimeters) bordering the Federal Maritime Zone; Southwest bound: in 59.743 meters (fifty nine meters seven hundred forty three millimeters) bordering the Federal Maritime Zone in two lines of 31.780 meters (thirty one meters seven hundred eighty millimeters) and 27.963 meters (twenty seven meters nine hundred sixty three millimeters); Southbound: in 35.780 meters (thirty five meters seven hundred eighty millimeters) bordering the Federal Maritime Zone; Southeast bound: in 31.502 meters (thirty one meters five hundred two millimeters) bordering the Federal Maritime Zone; Westbound: in 15.800 meters (fifteen meters eight hundred millimeters) bordering Lot I-15 (I, indent, one, five) in two lines of 5.290 meters (five meters two hundred ninety millimeters) and 10.510 meters (ten meters five hundred ten millimeters); Southbound: in 12.880 meters (twelve meters eight hundred eighty

millimeters) bordering Lot I-15 (I, indent, one, five); Westbound: in 97.226 meters (ninety seven meters two hundred twenty six millimeters) bordering Lot I-11 (I, indent, one, one) *Playa del Rey* condominium; Northwest bound: in 14.670 meters (forty meters six hundred seventy millimeters) bordering *Plaza Calafia* condominium VIII; Southeast bound: in 15.144 meters (fifteen meters one hundred forty four millimeters) bordering *Plaza Calafia* condominium VIII; Northwest bound: in 5.954 meters (five meters nine hundred fifty four millimeters) bordering *Plaza Calafia* condominium VIII; Northwest bound: in 11.220 meters (eleven meters two hundred twenty millimeters) bordering *Plaza Calafia* condominium VIII; Westbound: in 37.269 meters (thirty seven meters two hundred sixty nine millimeters) bordering *Plaza Calafia* condominium VIII in two lines of 31.071 meters (thirty one meters seventy one millimeters) and 6.198 meters (six meters one hundred ninety eight millimeters).

2. LEGAL TITLE RESTRICTIONS APPLICABLE TO THE PREMISES

For purposes of this opinion, it should be noted that Article 27 of the Political Constitution of the United Mexican States sets forth the primary rules that regulate title to real estate in Mexico. Such constitutional provision additionally contemplates certain prohibitions or limitations regarding title to real estate, *inter alia*: foreigners may not *directly* hold legal title to any real estate in Mexico which is located within 100 kilometers from the border or 50 kilometers from the coastline (the “Restricted Zone”). It should be noted that the Premises subject matter hereof, is located within such Restricted Zone.

Notwithstanding such constitutional restriction, foreigners (individuals as well as corporate entities, i.e. Platinum) may nevertheless obtain the exclusive and absolute use and enjoyment of real estate located within the Restricted Zone, for the purpose of carrying out industrial or (as in the case at hand) tourism related activities conducted therein.

Mexico’s Foreign Investment Law further provides that the Ministry of Foreign Affairs may authorize Mexican banking institutions to acquire title over real estate located within the Restricted Zone, as trustee (*fiduciario*) of a trust agreement (*fideicomiso*) and which could have foreigners designated as absolute beneficiaries and thereby entitled to the possession, use and enjoyment of the real properties. Such real estate trusts or *fideicomisos* have a renewable fifty (50) year terms.

Consequently, Title to the Premises (which is located within the Restricted Zone) subject matter of the present title opinion is held by the Mexican trustee named HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, Trustee Division for the benefit of the designated trust beneficiaries, pursuant to an Irrevocable Guaranty Trust Agreement or *Fideicomiso Irrevocable de Garantía* No. F/234850 formalized on May 18, 2007, by way of public instrument number 22,238, granted before Notary Public Juan Jose Thomas Moreno, Notary Public number 7 in Tijuana, Baja California, which instrument was duly recorded (for third party purposes) before the Public Registry of Property and Commerce in San José del Cabo, Baja California Sur, under number 158, page 158, volume CCLXXXIX, first section, on June 5, 2007.

3. PRIOR CONVEYANCES (INCLUDING CHAIN OF TITLE), CURRENT OWNER OF RECORD AND AMENDMENTS TO THE PREMISES

3.1 Acquisition of the premises by Mr. Federico Sandoval Gómez by means of purchase agreement formalized by private instrument dated January 5, 1957 and recorded on September 23rd, 1957 before the Public Registry of Property and Commerce in La Paz, Baja California Sur, under number 53, page 37, volume II of the Private Contracts, Mr. Federico Sandoval Gómez acquired from Mr. Ramón Castro Guluarte, the rustic property known as “*La Mojonera*” in the State (then “territory”) of Baja California.

3.2 Acquisition of the premises by E.G. Salas y Compañía, S.A. de C.V. by means of purchase agreement formalized by public instrument number 12,054, dated July 30, 1972, granted before Notary Public Armando Aguila Paniagua, Notary Public number 1 for the city of La Paz, Baja California Sur (then “territory” of Baja California), which instrument was duly recorded before the Public Registry of Property and Commerce in La Paz, Baja California Sur, under number 41, page 101, volume IV of Section First, on October 26, 1972, whereby E.G. Salas y Compañía, S.A. de C.V. acquired from Federico Sandoval Gómez the rustic property known as “*La Mojonera*” in the State (then “territory”) of Baja California.

3.3 Acquisition of the premises by Mr. Manuel Burgos Monzón by means of purchase agreement formalized by public instrument number 12,334, dated October 16, 1972, also granted before Notary Public Armando Aguila Paniagua, Notary Public number 1 for the city of La Paz, Baja California Sur (then “territory” of Baja California), which instrument was duly recorded before the Public Registry of Property and Commerce in La Paz, Baja California Sur, under number 48, page 127, volume IV of Section First, on October 26, 1972, whereby Mr. Burgos acquired from E.G. Salas y Compañía, S.A. de C.V. the rustic property known as “*La Mojonera*” in the State (then “territory”) of Baja California.

3.4 Acquisition of the premises by Mr. Carlos Salgado Peñaflor by means of court decreed sales agreement formalized by public instrument number 16,023, dated April 19, 1974, granted before Notary Public Luis de Angoitia y Gaxiola, Notary Public number 109 for Mexico City, Federal District Sur, pursuant to the court order issued on February 26th, 1974 by the 26th Civil Court in Mexico City, recognizing the **sale by (the deceased) Mr. Manuel Burgos Monzón** in favor of **Mr. Carlos Salgado Peñaflor** of the rustic property known as “*La Mojonera*” in the State (then “territory”) of Baja California. Said court ordered the executor of the estate of the late Mr. Manuel Burgos Monzón to formalize in public instrument such conveyance, inasmuch as the seller had already received payment for the price provided in public instrument number 19,972, granted before attorney Humberto Hassey, Notary Public number 105 for Mexico City, but which instrument had not been executed by Mr. Burgos as he passed away on December 31st, 1972 and provided possession thereof to Mr. Salgado, thereby perfecting the respective sales agreement.

3.5 Acquisition of trust beneficiary rights by IMSALMAR, S.A. de C.V. by means of the trust agreement established for tourist development and formalized by public deed number 16,026, likewise dated April 19, 1974 and also granted before Notary Public Luis de Angoitia y Gaxiola, Notary Public number 109 for Mexico City, Federal District, which instrument was duly recorded before the Public Registry of Property and Commerce in La Paz, Baja California Sur, under number 127, page 309, volume IV, on May 21, 1974, IMSALMAR, S.A. de C.V. (then IMSALMAR, S.A.) acquired the trust beneficiary rights pertaining to a trust agreement

formalized by **Mr. Carlos Salgado Peñaflor** (with the consent of his wife, Mrs. Guadalupe Manzanares Aguilar de Salgado) and wherein HSBC (previously “Banco del Atlántico, Sociedad Anónima”) was designated as trustee. The patrimony of such trust comprising the property known as “*La Mojonera*” with a surface area of 46.80.13 acres located at Kilometer 220 of the highway from La Paz to Cabo San Lucas.

3.6 The Cabo Bello Development. By means of public instrument number 16,903, dated April 6, 1977, granted before Notary Public Armando Antonio Aguilar Ruibal, Notary Public number 1 for the State of Baja California Sur, said instrument attested, among other legal acts, the lot divisions subject matter of the above trust agreement for the tourist development known as *Cabo Bello*, and which was duly recorded before the Public Registry of Property and Commerce in La Paz, Baja California Sur, under number 50, page 478, volume VI, First section.

3.7 Further subdivision of the Cabo Bello Development. By means of public instrument number 20,590, dated August 20, 1979, also issued by Notary Public number 1’s office for the State of Baja California Sur, said instrument attested, among other legal acts, the further division of the North and South sections of the tourist development known as *Cabo Bello* in 20 blocks identified as “A”, “B”, “C”, “D”, “E”, “F”, “G”, “H”, “**I**”, “J”, “K”, “L”, “M”, “N”, “O”, “P”, “Q”, “R”, “S” and “T”. Also, block I was comprised or subdivided into 31 lots, numbered 1 to 31.

3.8 Sale to Promotora Salmario, S.A. de C.V. By means of public instrument number 29,930, dated June 13, 1986, granted before Notary Public Armando Antonio Aguilar Ruibal, Notary Public number 1 for the State of Baja California Sur, said instrument attested, among other legal acts, the sale of certain portions of the tourist development known as *Cabo Bello* to the Mexican corporation **Promotora Salmario, S.A. de C.V.**

3.9 Further subdivision of Block I. By means of public instrument number 11,604, dated January 23, 1989, granted before Héctor Castro Castro, Notary Public number 7 for the city of La Paz, State of Baja California Sur, said instrument attested, the further division of Block I of the tourist development known as Cabo Bello, including **lots 19 and 20**. Said instrument was duly recorded before the Public Registry of Property and Commerce in San Jose del Cabo, Baja California Sur, under number 121, page 301, volume XXI, of the First section on April 6, 1989.

3.10 New subdivision. By means of public instrument number 16,650, dated May 23, 1991, also granted before Héctor Castro Castro, Notary Public number 7 for the city of La Paz, State of Baja California Sur, said instrument attested, an amendment or variations to the metes and bounds of lots **19 and 20 of block I**, and setting forth the metes and bounds of **lot H-1** thereof. Said instrument was duly recorded before the Public Registry of Property and Commerce in Los Cabos, Baja California Sur, under number 2, page 4, volume XXXV, of the First section on September 26, 1991.

3.11 Acquisition of lots 19 and 20 from Promotora Salmario, S.A. de C.V. By means of public instrument number 2,306, dated November 5, 1993, granted before Notary Public Ruben Alejo Aréchiga Espinoza, Notary Public number 10 for San Jose del Cabo, State of Baja California Sur, said instrument attested, among other legal acts, the conveyance of title to lots 19 and 20 by Promotora Salmario, S.A. de C.V. in favor of the trust agreement wherein IMSALMAR, S. A. de

C.V. was the designated beneficiary and which was duly recorded before the Public Registry of Property and Commerce in Los Cabos, Baja California Sur, under number 174, page 345, volume L, First section.

3.12 Change of trustee department. By means of public instrument number 52,541, dated June 4, 2004, granted before Notary Public Carlos Flavio Orozco Perez, Notary Public number 37 for Mexico City, Federal District, said instrument attested the substitution of Banco del Atlantico, Sociedad Anónima's trustee department by HSBC as acting trustee with respect to the trust agreement wherein IMSALMAR, S. A. de C.V. was the designated beneficiary.

3.13 Amendment to the term of the trust agreement. By means of public instrument number 8,478, dated October 4, 2004, granted before Notary Public Ruben Alejo Aréchiga Espinoza, Notary Public number 10 for San Jose del Cabo, State of Baja California Sur, said instrument attested the broadening of the duration term of the trust agreement wherein IMSALMAR, S. A. de C.V. was the designated beneficiary, for six additional months.

3.14 Second amendment to the term of the trust agreement. By means of public instrument number 8,682, dated April 4, 2005, also granted before Notary Public Ruben Alejo Aréchiga Espinoza, Notary Public number 10 for San Jose del Cabo, State of Baja California Sur, said instrument attested a second broadening of the duration term of the trust agreement wherein IMSALMAR, S. A. de C.V. was the designated beneficiary, by six additional months.

3.15 Third amendment to the term of the trust agreement. By means of public instrument number 9,091, dated October 4, 2005, also granted before Notary Public Ruben Alejo Aréchiga Espinoza, Notary Public number 10 for San Jose del Cabo, State of Baja California Sur, said instrument attested a third broadening of the duration term of the trust agreement wherein IMSALMAR, S. A. de C.V. was the designated beneficiary, by six additional months.

3.16 Purchase by Caide (from IMSALMAR, S. A. de C.V.). By means of a purchase agreement and partial termination of the trust agreement referenced in item 3.1. above, formalized by public deed number 53,740, dated November 1, 2005, granted before Notary Public Armando Antonio Aguilar Ruibal, Notary Public number 1 for the State of Baja California Sur, which instrument was duly recorded before the Public Registry of Property and Commerce in San José del Cabo, Baja California Sur, under number 47, page 478, volume 234, first section, on December 2, 2005, Caide acquired lawful title to the Premises, including the constructions erected thereon by IMSALMAR, S. A. de C.V.

3.17 Limit and Boundaries Procedure with respect to **lot H-1** of the Premises. A limit and boundaries procedure was formalized deriving from the voluntary procedure commenced with regard to the limit and boundaries of **lot H-1**, with real estate registry number 402-044-023-003, resulting in an amendment to the metes and bounds of said lot. Said procedure was formalized via public instrument 2,763, volume 65, dated September 8th, of 2006, authorized by notary public, attorney Ricardo Cevallos Valdez;

3.18 No. F/234850 Irrevocable Guaranty Trust Agreement. On May 18, 2007, an Irrevocable Guaranty Trust Agreement identified with No. F/234850 (*Fideicomiso Irrevocable de Garantía*)

was executed into by and between Caide, as settlor and as second beneficiary, Welk Cabo, as settlor and second beneficiary, and the Trustee, as trustee, (the “**Trust Agreement**”), duly formalized by means of public instrument number 22,238, granted before Notary Public Juan Jose Thomas Moreno, Notary Public number 7 in Tijuana, Baja California, and was recorded before the Public Registry of Property and Commerce in San José del Cabo, Baja California Sur, under number 158, page 158, volume CCLXXXIX, first section, on June 5, 2007. As a result of the execution of the Original Trust Agreement, Trustee became the holder of title with respect to the Premises, including the constructions erected thereon.

3.19 First Amendment to the Trust Agreement. An initial amendment to the Trust Agreement was formalized on May 14, 2008 through public instrument number 105,808, volume 1,288, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México;

3.20 Limit and Boundaries Procedure with respect to Lot 20 of the Premises. A limit and boundaries procedure was formalized deriving from the voluntary procedure commenced with regard to the limit and boundaries of lot 20, in block “I”, with real estate registry number 402-044-025-002, resulting in an amendment to the metes and bounds of said lot. Said procedure was formalized via public instrument 77,531, volume 1,256, dated October 28th, of 2008, authorized by José Alberto Castro Salazar, assistant to Notary Public Seven in La Paz, Baja California Sur, in which the Notary Public is Mr. Hector Castro Castro, and recorded with the Public Registry of Property and Commerce in San José del Cabo, Baja California Sur, under marginal note in number 158, page 158, volume CCLXXXIX;

3.21 Assignment by Caide to Platinum and Second Amendment to the Trust Agreement. An assignment of trust beneficiary rights by Caide in favor of Platinum and a second amendment to the Trust Agreement were formalized on February 13, 2009, pursuant to public instrument number 106,239, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which instrument was duly registered with the Public Registry of Property for San José del Cabo, B.C.S., under entry number 57, page 57, on April 6, 2009. It should be noted that copies of the **Cabo Resort Declaration** and of the **WRPP Dedication** were attached and duly incorporated to the Second Amendment to the Trust Agreement as Exhibits “A” and Exhibit “B” thereof, respectively. Also, a copy of the **Master Declaration** was additionally attached and duly incorporated to the Second Amendment to the Trust Agreement as Exhibit “C” thereof;

3.22 Notarial clarification pertaining to the Second Amendment to the Trust Agreement. Per public instrument number 106,306, dated March 17, 2009, also passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, said notary public attested and rectified the content of public instrument number 106,239 (referenced in item 3.21 above) in order to therein provide certain data pertaining to **lot H-1** which stemmed, in turn, from the Limit and Boundaries procedure contained in notarial instrument number 2,763, book 65, dated September 8, 2006 (referenced in item 3.17 above),

3.23 Third Amendment to the Trust Agreement. A third amendment to the Trust Agreement was formalized on July 5, 2010 through public instrument number 107,446, volume 1,354, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which instrument was duly registered with the Public Registry of Property for San José del Cabo, B.C.S.;

3.24 Fourth Amendment to the Trust Agreement. A fourth amendment to the Trust Agreement was formalized on March 18, 2011 through public instrument number 108,061, volume 1,383, dated passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which instrument was duly registered with the Public Registry of Property for San José del Cabo, B.C.S. It should be noted that copies of the **WRVP Phase II Dedication** and of the of **Declaration of Dedication, Welk Resorts Platinum Program Phase 28** were attached and duly incorporated to the Fifth Amendment to the Trust Agreement as Exhibits “A” and Exhibit “B” thereof, respectively; and,

3.25 Fifth Amendment to the Trust Agreement. A fifth amendment to the Trust Agreement was formalized on May 22nd, 2014 through public instrument number 111,083 volume 1,503, dated May 22, 2014, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which instrument was duly registered with the Public Registry of Property for San José del Cabo, B.C.S. It should be noted that copies of the **WRVP Phase III Dedication** and of the of **Declaration of Dedication, Welk Resorts Platinum Program Phase 39** were attached and duly incorporated to the Fifth Amendment to the Trust Agreement as Exhibits “A” and Exhibit “B” thereof, respectively.

3.26 Notarial clarification pertaining to the Fifth Amendment to the Trust Agreement. Per public instrument number 111,173 volume 1,508, dated June 10, 2014, additionally passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, the beneficiaries rectified the recitals included within public instrument number 111,083, (referenced in item 3.25 above) in order to therein provide anew certain data pertaining to **lot H-1** which stemmed, in turn, from the Limit and Boundaries procedure contained in notarial instrument number 2,763, book 65, dated September 8, 2006 (referenced in item 3.17 above),

4. LIENS AND ENCUMBRANCES.

In accordance with our review of records at the PRP in San José del Cabo, Baja California Sur, the Premises (reflected as Lot 19, Block 1 *Clave Catastral*: 402-044-023-011, Lot 20, Block 1 *Clave Catastral*: 402-044-025-002 and Lot H-1, *Clave Catastral*: 402-044-023-003), are free of any liens, conditions, limitations or restrictions of ownership or any other options or preemptive rights of any kind, except for guarantees afforded the terms of the Trust Agreement, as further evidenced by the Certificates of no Liens (*certificados de libertad de gravámenes*) issued by the PRP, with respect to each of the Properties on January 9th, 2017.

Copies of the receipts (Nos. 695574, 695570 and 695580) for the 2017 property taxes paid by Welk Villas to the Municipal Treasury Department of Los Cabos, B.C.S. on January 16th, 2017, evidencing that the Premises are up to date in the payment all such applicable taxes.

5. CONCLUSIONS.

For purposes of this opinion, we have reviewed executed copies of each of the following (collectively, the “Opinion Documents”):

- (a) Public instrument number 12,054, dated July 31, 1972, granted before Notary Public Armando Aguilar Paniagua, then Notary Public number 1 for the State of Baja California Sur, which instrument was duly recorded before the Public Registry of Property and Commerce in La Paz, Baja California Sur, under number 41, page 101, volume IV.
- (b) Public instrument number 12,334, dated October 16, 1972, granted before Notary Public Armando Aguilar Paniagua, then Notary Public number 1 for the State of Baja California Sur, which instrument was duly recorded before the Public Registry of Property and Commerce in La Paz, Baja California Sur, under number 48, page 117, volume IV.
- (c) Public instrument number 16,026, dated April 19, 1974, granted before Notary Public Luis de Angoitia y Gaxiola, Notary Public number 109 for Mexico City, Federal District Sur, which instrument was duly recorded before the Public Registry of Property and Commerce in La Paz, Baja California Sur, under number 127, page 309, volume IV, on May 21, 1974.
- (d) Public instrument number 53,740, dated November 1, 2005, granted before Notary Public Armando Antonio Aguilar Ruibal, Notary Public number 1 for the State of Baja California Sur, which instrument was duly recorded before the Public Registry of Property and Commerce in San José del Cabo, Baja California Sur, under number 47, page 478, volume 234, first section, on December 2, 2005.
- (e) Public deed No. 1,013, dated May 10, 2005, granted before Mr. Francisco Javier Mazoy Cámara, Public Broker number 2, for the State of Baja California Sur, which contains the establishment of Caide, in the form of a limited liability partnership with variable capital (*sociedad de responsabilidad limitada de capital variable*), duly registered in the Public Registry of Property and Commerce of San Jose del Cabo, State of Baja California Sur, under the commercial entry number 8,695.
- (f) Public deed No. 2,763, volume 65, dated September 8th, of 2006, authorized by notary public, attorney Ricardo Cevallos Valdez which contains the a Limit and Boundaries Procedure with respect to lot H-1 of the Premises.
- (g) Public Instrument No. 22,238 dated May 18, 2007, passed before the protocol of attorney Juan Jose Thomas Moreno, Notary Public Number 7 for the city of Tijuana, Baja California México, which contains the establishment of an Irrevocable Guaranty Trust Agreement identified with No. F/234850 (*Fideicomiso Irrevocable de Garantía*) entered into by and between Caide, acting as trustor, HSBC acting as

Trustee, Welk Villas and Platinum, both U.S. corporate entities acting as Second Beneficiaries, duly recorded before the Public Registry of Property and Commerce in San José del Cabo, Baja California Sur, under number 158, page 158, volume CCLXXXIX, first section, on June 5, 2007.

- (h) Public Instrument No. 105,808, volume 1,288, dated May 14, 2008, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which contains a First Amendment to the Guaranty Trust Agreement identified with No. F/234850;
- (i) Public Instrument No. 106,239 dated February 13, 2009, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which contains an assignment of trust beneficiary rights made by Caide in favor of Platinum with respect to the Trust Agreement and a Second Amendment to the Trust Agreement, which instrument was duly registered with the Public Registry of Property for San José del Cabo, B.C.S., under entry number 57, page 57, on April 6, 2009;
- (j) Public Instrument No. 106,306 dated March 17 2009, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which contains a rectification regarding the metes and bounds of Lot H-1 in the *Cabo Bello* development, in San José del Cabo, Baja California Sur, México, which instrument was duly registered with the Public Registry of Property for San José del Cabo, B.C.S., under entry number 57, page 57, on April 6, 2009;
- (k) Public Instrument 107,446, volume 1,354, dated July 5, 2010, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which contains a Third Amendment to the Guaranty Trust Agreement identified with No. F/234850;
- (l) Public Instrument 108,061, volume 1,383, dated March 18, 2011, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which contains a Fourth Amendment to the Guaranty Trust Agreement identified with No. F/234850;
- (m) Public Instrument 111,083 volume 1,503, dated May 22, 2014, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which contains a Fifth Amendment to the Guaranty Trust Agreement identified with No. F/234850 which instrument was duly registered with the Public Registry of Property for San José del Cabo, B.C.S., under entry number 57, page 57, on June 20th, 2014;
- (n) Public Instrument No. 111,173 volume 1,508, dated June 10, 2014, passed before the protocol of attorney Rodrigo Armada Osorio, Notary Public Number 3 for the city of Ensenada, Baja California México, which contains a second rectification

regarding the metes and bounds of Lot H-1 in the *Cabo Bello* development, in San José del Cabo, Baja California Sur, México, which instrument was duly registered with the Public Registry of Property for San José del Cabo, B.C.S., under entry number 57, page 57, on June 20th, 2014. It should be noted that the formalization of this second instrument, which reproduced certain background information, was necessary, per the request of the Head Registrar in San José del Cabo, in order to process and complete the registration of notarial instrument number 111,083 containing the Fifth Amendment to the Trust Agreement.

- (o) Receipts (Nos. 695574, 695570 and 695580) for the applicable 2017 Property Tax Payments issued on January 16th, 2017 by the Municipal Treasury Department of Los Cabos, B.C.S.; and,
- (p) Certificates of no Liens (*certificados de libertad de gravámenes*) issued by the PRP, with respect to each of the Properties on January 9th, 2017.

Based on the Opinion Documents, on our findings and interpretation thereof, including: (i) the records in the PRP; and (ii) information provided by Platinum and gathered by IE&A, we are of the opinion that:

- 5.1 HSBC, in its capacity as Trustee pursuant to the terms of the Trust Agreement, holds Title to the Premises subject matter of this title report.
- 5.2 Platinum and Welk Villas are the current beneficiaries of record with respect to the Premises and, per the terms of the Trust Agreement executed with HSBC as trustee, they are legally entitled to the use, possession, benefit and/or enjoyment over such Premises.
- 5.3 The Trust Agreement (as amended to date), complies with the Foreign Investment Law (*Ley de Inversión Extranjera*) and all permits and authorization necessary for its execution have been secured and obtained.
- 5.4 HSBC, acting per the written instructions of the trust beneficiaries, is entitled to sell or otherwise convey Title to the Premises to any third party.
- 5.5 The Premises, as above described, are duly registered with the Public Registry of Property and Commerce for the city of San José del Cabo, Baja California Sur.
- 5.6 Aside from those limitations of domain provided under the Trust Agreement, the Premises have no attachments, liens, easements, encumbrances, burdens, mortgages whatsoever, and they are up to date in the payment of its property taxes as of December 31, 2013, which was confirmed by our office.
- 5.7 Our firm's members have not physically inspected the Premises but only reviewed the legal documents and official records and paperwork provided hereinabove.

We express no opinion, unless requested as to:

- 1) Compliance with foreign ownership matters imposed by Article 27 of the Mexican Federal Constitution.
- 2) Compliance with law, regulation or decree of the Federal, State or Municipal Government, including construction, land, land use, and zoning laws that restrict, regulate prohibit or as related to:
 - The occupation or enjoyment of the Premises.
 - The characteristics, dimensions or location of any construction and/or improvement on the Premises.
 - The segregation or separation in the possession of the Premises that may cause a change in its dimensions.

The opinions set forth above are further subject to the following additional limitations:

Our opinion is based and limited exclusively to the Opinion Documents as herein defined and therefore we express no opinion regarding any documents not expressly referenced herein, the opinions expressed in this letter are as of the date hereof, and we are not undertaking nor is it our intention to supplement this opinion to reflect any facts of circumstances which may hereafter come to our attention or any changes in law which may occur after delivery of this letter.

With respect to the Opinion Documents as herein defined, it should be noted that we do not herein express any opinion whatsoever as to the validity or terms of the same under the laws of any other jurisdiction.

The foregoing opinions of IE&A are limited to matters involving the laws of Mexico as in effect as of the date hereof, and we do not express any opinion as to the laws of any other jurisdiction. In particular we have made no independent investigation of the laws of the United States or any state thereof in particular or any other relevant jurisdiction outside Mexico as a basis for the opinions stated herein and we do not express or imply any opinion on or based on the criteria of standard provided for in any such laws.

This letter is solely for your exclusive benefit and may not be distributed to, or relied upon by, any other person without our prior written consent.

Very truly yours,

ISHINO, ESQUER Y ARMADA, S.C.

A handwritten signature in blue ink, consisting of several loops and a final flourish, positioned above the printed name.

Lic. Armando L. Esquer