

RESCISSION RIGHTS (Time-Share)

RE 615 (Rev. 5/05)

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 §11239 of the Business and Professions Code.

Election to Cancel the Sale of a Time-Share Interest(s)		
1. NAME OF DEVELOPER Welk Resort Group, Inc.	FAX NUMBER 760-651-3248	
2. ADDRESS OF DEVELOPER 8860 Lawrence Welk Drive, Escondido, CA 92026		
3. NAME OF TIME-SHARE PLAN Welk Resorts Platinum Program	DRE REGISTRATION FILE # 123147HF-A100	
<i>I hereby elect to cancel my purchase of the time-share interest(s) in the above named time-share plan.</i>		
SIGNATURE ✓	PRINTED NAME	DATE
SIGNATURE ✓	PRINTED NAME	DATE

Note:

- Lines 1, 2, and 3 must be completed by the Developer prior to attaching this notice to the public report.
- This notice must be attached to the front of each Time-Share Public Report given to a prospective purchaser.

*Bureau 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-A100

ISSUED: JULY 3, 2006

AMENDED: AUGUST 26, 2016

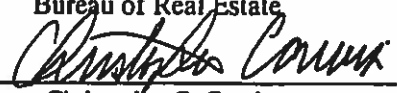
For a Final Time-Share Plan Public Report on

EXPIRES: DECEMBER 3, 2018

Welk Resorts Platinum Program

Bureau of Real Estate

by


Christopher G. Carvin

CONSUMER INFORMATION

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

GENERAL INFORMATION
(Time Share Subdivision)RE 646A (New 3/90)

The project described in this **Subdivision Public Report** (or **Permit** if this project is located outside California) is known as a time share subdivision. Read the Public Report carefully for more information about the type of subdivision. The subdivision includes common areas and facilities which will be owned and/or operated by an owners' association and, in most cases, includes a beneficial interest in the areas and facilities. Since membership in the association is mandatory, you should be aware of the following information before you purchase:

Governing instruments ...

Your interest in this development and your rights and remedies as a member of its association will be controlled by governing instruments which generally include a Declaration of Restrictions (also known as CC&R's), Articles of Incorporation (or association) and Bylaws. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law. Study these documents carefully before entering into a contract to purchase a subdivision interest.

Assessments ...

In order to provide funds for operation and maintenance of the common facilities, the association will levy assessments against your time share interest. If you are delinquent in the payment of assessments, the association may enforce payment through court proceedings or your interest may be liened and sold through the exercise of a power of sale. The anticipated income and expenses of the association, including the amount that you may expect to pay through assessments, are outlined in the proposed budget. Ask to see a copy of the budget if the subdivider has not already made it available for your examination.

Owners' association ...

A time share owners' association provides a vehicle for the ownership and use of recreational and other common facilities which were designed to attract you to buy in this subdivision. The association will also, through its Board of Directors, employ an agent to manage the day-to-day

operation of the time share subdivision. You should consider taking an active part in the affairs of the association to insure that the integrity of your time share interest is maintained. You can accomplish this by being elected to and serving as a member of the Board of Directors. Otherwise, your control over the operation of the time share program is limited to your vote as a member of the association. There are actions that can be taken by the governing body with a vote of the members of the association which can have a significant impact upon the operation of the time share program.

Association control ...

Until there is sufficient number of purchasers of interest in a time share subdivision to elect a majority of the governing body, it is likely that the sponsor will effectively control the affairs of the association. It is frequently necessary and equitable that the sponsor do so during the early stages of the project. It is vitally important to the owners of individual subdivision interests that the transition from sponsor to interest-owner control be accomplished in an orderly manner and in a spirit of cooperation.

Overall consideration ...

When contemplating the purchase of an interest in a time share subdivision, you should consider factors beyond the attractiveness of the dwelling units themselves. Study the governing instruments and give careful thought to your costs as well as the operation and management of the project.

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TIME-SHARE PLAN DISCLOSURES
PART I

GENERAL DISCLOSURES.

1. This time-share plan is registered with the California Bureau of Real Estate as required by law. Registration does not constitute an endorsement of the time-share plan and the California Bureau of Real Estate has not passed on the merits of the time-share property being offered for sale.
2. You may cancel the purchase 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.
4. You are urged to visit and inspect the time-share property before entering into an agreement to purchase. 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 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 result in a lien on your interest. In the event of any other breach by a time-share owner of any of the project's governing documents, the time-share association may, after notifying the time-share owner, suspend such owner's right to occupy his 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. 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.

8. You have a duty to pay assessments even if you are unsuccessful in reserving an accommodation.
9. A one-to-one purchaser to accommodation ratio must be maintained. This means the ratio of the number of purchasers 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 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 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 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 use of any accommodation of the time-share plan.
 - c) A statement that the purchaser'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 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 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 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 Bureau of Real Estate laws and regulations. Therefore, the Bureau 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 Bureau recommends prospective purchasers use discretion in evaluating exchange programs offered in conjunction with time-share offerings.

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

LAWRENCE WELK DESERT OASIS
34567 Cathedral Canyon Drive
Cathedral City, California 92234

THE VILLAS AT WELK RESORT
a/k/a VILLAS ON THE GREEN
8860 Lawrence Welk Drive
Escondido, California 92026

WELK RESORTS CABO VILLAS
Km. 4.5 Transpeninsular Highway
San Jose del Cabo
Baja California Sur, CP 23410 Mexico

WELK RESORTS BRANSON VILLAS
1984 State Highway 165
Branson, Missouri

WELK RESORTS NORTHSTAR
970 Northstar Drive
Truckee, California 96161

WELK RESORTS MOUNTAIN VILLAS
8860 Lawrence Welk Drive
Escondido, California 92026

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. The Association owns fee title to each of the interests in the locations listed above, except for the Lawrence Welk Desert Oasis location which is a leasehold interest expiring September 13, 2061, and except for Welk Resorts Cabo Villas, 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. The Association, as the owner of timeshare interests at each resort, has voting rights in the Underlying Associations.

The developer is authorized under this Public Report to offer for sale both time-share interests having terms in perpetuity and time-share leasehold interests that have terms of varying lengths (e.g., 5, 10, or 15 years) under the 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 1000 Points purchased (rounded down). On January 1 of each year (or every other year, if you are a Biennial Owner, or every third year, if you are a Triennial Owner), you will be credited with the number of Points purchased, and you have one year from that date to redeem your 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 you wish to reserve, 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.

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, "Platinum Premier Owners" are Owners who have purchased a minimum of 540,000 Annual Points from the developer; "Platinum Select Owners" are Owners who have purchased a minimum of 780,000 Annual Points from the developer; "Platinum Elite Owners" are Owners who have purchased a minimum of 1,020,000 Annual Points from the developer; and "Platinum Pinnacle Owners" are Owners who have purchased a minimum of 1,500,000 Annual Points from the developer.

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

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

Anything less than 4 months prior to check-in, Owners have the right to make a reservation, subject to space availability, for periods less than a week, or for periods more than a week that do not equal 7-day increments, with a 2-night minimum stay (excluding "Holiday Weeks", which are any weeks containing New Year's Eve, New Year's Day, Easter, Memorial Day, Fourth of July, Labor Day, Thanksgiving, and Christmas).

From 60 days prior to check-in, Owners 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 90 days for Platinum Elite Owners and 120 days for Platinum Pinnacle Owners. From 60 days prior to check-in, the Owner'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 the Resort 60 days prior to check-in for Platinum Owners, 75 days prior to check-in for Platinum Select Owners, 90 days prior to check-in for Platinum Elite Owners, and 120 days prior to check-in for Platinum Pinnacle Owners), 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 either 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)..

Points Borrowing: If you purchase a perpetual membership, you may "borrow" Points from the next Use Term, only: (i) 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; (ii) within 150 days or less prior to check-in for Platinum Pinnacle Owners, 120 days or less prior to check-in for Platinum Elite and Select Owners, 90 days or less prior to check-in for Platinum Premier

Owners, and 60 days or less prior to check-in for all other Owners; and (iii) if you pay the estimated Basic Assessment for the following year for the Points borrowed.

"Platinum Rewards Program" is a package of benefits provided by the developer to Platinum Premier Owners, Platinum Select Owners, Platinum Elite Owners, and Platinum Pinnacle Owners. 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 a prescribed amount of developer-owned Points ("Bonus Points") in order to make a reservation, or to upgrade to a larger Unit Type.

If you purchase a leasehold term membership (e.g., 5, 10, or 15 years), you may "borrow" against future use year's entitlement, up to fifteen (15) months beyond the current use year, upon pre-payment of the monthly rental amount and the estimated Association dues for the future use period.

Purchasers of leasehold interests will be Platinum Owners and will have the reservation rights of Flex Ownerships as described above.

Points Accrual: You may accrue (carry over) unutilized Points credited during one Use Term to the next successive calendar year. 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. Utilization of Points which have been accrued may only be reserved 150 days or less prior to check-in for Platinum Pinnacle Owners, 120 days or less prior to check-in for Platinum Select and Platinum Elite Owners, and 60 days or less prior to check-in for all other Owners.

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>
8936	2-bedroom/Fixed Week	240,000	2,144,640,000

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.

THE VILLAS AT WELK RESORT (VILLAS ON THE GREEN)

<u>Quantity</u>	<u>Timeshare Interests</u>	<u>Points ea.</u>	<u>Total Points</u>
3077	2-bedroom Deluxe Annual	300,000	923,100,000
435	2-bedroom Deluxe Even	150,000	65,250,000
379	2-bedroom Deluxe Odd	150,000	56,850,000

1105	1-bedroom Villa Annual	180,000	198,900,000
526	1-bedroom Villa Even	90,000	47,340,000
604	1-bedroom Villa Odd	90,000	54,360,000
975	1-bedroom Suite Annual	120,000	117,000,000
545	1-bedroom Suite Even	60,000	32,700,000
<u>532</u>	1-bedroom Suite Odd	60,000	<u>31,920,000</u>
8178			1,527,420,000

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.

WELK RESORTS BRANSON VILLAS

<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.

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.

LAWRENCE WELK DESERT OASIS

<u>Quantity</u>	<u>Timeshare Interests</u>	<u>Points ea.</u>	<u>Total Points</u>
340	1-bedroom/Blue Season	120,000	40,800,000
1174	1-bedroom/White Season	120,000	140,880,000
<u>1039</u>	1-bedroom/Red Season	120,000	<u>124,680,000</u>
2553			306,360,000

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 Lawrence Welk Desert Oasis 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.

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.

WELK RESORTS NORTHSTAR**41 Whole Units or 2132 Week Equivalents**

<u>Quantity</u>	<u>Unit Type</u>	<u>Points ea.</u>	<u>Total</u>
5 whole units (7 weeks Low)	2 bedroom large	240,000/wk	8,400,000
5 whole units (45 weeks High)	2 bedroom large	450,000/wk	101,250,000
1 whole unit (7 weeks Low)	2 bedroom ADA	210,000/wk	1,470,000
1 whole unit (45 weeks High)	2 bedroom ADA	420,000/wk	18,900,000
19 whole units (7 weeks Low)	2 bedroom standard	210,000/wk	27,930,000
19 whole units (45 weeks High)	2 bedroom standard	420,000/wk	359,100,000
7 whole units (7 weeks Low)	3 bedroom lockoff	300,000/wk	14,700,000
7 whole units (45 weeks High)	3 bedroom lockoff	540,000/wk	170,100,000
9 whole units (ea. 7 weeks Low)	3 bedroom	270,000/wk	17,010,000
9 whole units (ea. 45 weeks High)	3 bedroom	480,000/wk	<u>194,400,000</u>

913,260,000

**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</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	<u>66,240,000</u>
			<u>134,070,000</u>
TOTAL			1,047,330,000

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.

All facilities at all locations are complete, except for Buildings #8 and 9 of Welk Resorts Branson, which is scheduled for completion by May 31, 2017.

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.

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

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

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

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

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

WELK RESORTS NORTHSTAR - 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 8,272,020,000

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. Only the Branson project and the Mountain Villas project are currently subject to a blanket encumbrance, and therefore that is the only inventory that could potentially be deannexed by the holder of the blanket encumbrance.

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, and recreation building with restrooms. All amenities are complete.

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

WELK RESORTS BRANSON VILLAS - 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, and landscaped areas. All amenities are complete.

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

LAWRENCE WELK DESERT OASIS – 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.

WELK RESORTS CABO VILLAS – 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.

WELK RESORTS NORTHSTAR – 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.

Shared facilities at Escondido Resorts. Guests at the Lawrence Welk Resort Villas, The Villas at Welk Resort, and Welk Resorts Mountain Villas will 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.

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

The developer has posted a surety bond of \$18,004,888 to assure completion of Buildings 8 and 9 at Welk Resorts Branson.

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 memberships, and leasehold memberships with varying durations. The Master Declaration of Restrictions and Bylaws for Welk Resorts Platinum Program 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. 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.

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).

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 2016 Budget are a base assessment of \$630 per membership, plus \$2.75 per 1000 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 \$5,518,666 with Chicago Title Company, 316 W. Mission Ave. #121, Escondido 92025, 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 an escrow and sales document preparation and processing fee, which currently ranges from \$595 (\$795 if the purchase is made in Cabo San Lucas) to \$1590, depending on the type of membership purchased.

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 timeshare interests.

There are no blanket encumbrances on the inventory owned by the Association, except for a blanket encumbrance on the Branson units, the Mountain Villas units and the Cabo Villas units, each of which are subject to a subordination and nondisturbance agreement. Each time resort accommodations are dedicated to the Program, the Association receives an owners 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 Welk Resort Cabo Villas 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 a member 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.

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, 316 W. Mission Ave. #119, Escondido, California 92025 until expiration of the purchaser's right to cancel the contract. Any deposit shall be returned to the purchaser 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 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 Interval International at 6262 Sunset Drive, Miami, Florida 33145. An exchange program member may access the exchange either online at www.intervalworld.com, or by calling Interval International's reservation line at (800) 634-3415.

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

EXHIBIT A

Resort	Welk Resort Occupancy by Month											
	2015 July	2015 August	2015 September	2015 October	2015 November	2015 December	2016 January	2016 February	2016 March	2016 April	2016 May	2016 June
Lawrence Welk Resort Villas	81.8	86.5	78.4	81.6	78.4	79.0	71.2	69.4	73.6	66.3	73.0	72.9
Villas on the Greens	66.6	72.9	66.5	67.3	68.9	73.1	72.4	74.1	75.9	69.3	67.9	63.0
Welk Mountain Villas	65.1	83.7	83.0	86.0	83.4	84.4	73.4	75.8	78.3	63.5	70.9	74.1
Lawrence Welk's Desert Oasis	67.0	67.4	70.0	71.1	70.6	68.4	69.8	73.1	69.9	70.2	78.8	73.6
Welk Resort Branson - Timber Ridge Lodges	64.8	70.8	74.1	71.6	63.0	61.3	32.1	27.5	53.2	60.8	61.0	56.0
Sirena del Mar - Cabo San Lucas, MX	52.3	52.4	43.7	40.5	40.4	50.5	54.2	58.0	58.6	40.1	41.6	53.2
Welk Resorts Northstar	69.1	62.8	63.8	64.4	46.5	57.9	62.7	45.2	43.5	42.2	43.3	56.4

8/1/2016

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

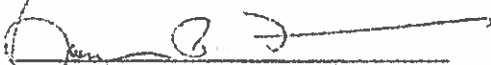
(iv) Take immediate action to effect changes in the names of the documents of the Association reflecting the "Welk" name to eliminate the use of such name from and after the end of the thirty (30) day period referred to above.

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



**Welk Resorts Platinum Owners Association
Summary Budget 2016**

Account Title	Budgeted	Average	Budgeted	Average
	2016	Per 10,000 Points 735,824	2015	Per 10,000 Points 722,395
REVENUES:				
Maintenance Assessments	\$38,105,211	\$ 51.79	\$34,830,599	\$ 48.22
Late Fees & Other Income	703,263	0.96	445,555	0.62
Interest Income	3,869	0.01	0	0.00
Net Quarterly pmt election fees	39,654	0.05	41,901	0.06
Subtotal	38,851,997	52.80	35,318,055	48.89
Inventory Costs:				
Maintenance Fees Paid	32,683,272	44.42	28,426,660	39.35
Property Taxes**	1,416,841	1.93	1,024,342	1.42
Split Week Fees	829,650	1.13	694,667	0.96
Other	0	0.00	0	0.00
Subtotal	34,929,763	47.47	30,145,669	41.73
Owner Services	4,328,703	5.88	3,607,388	4.99
Information Technology	310,153	0.42	0	0.00
Human Resources	187,836	0.26	0	0.00
Payroll & Related:				
Salaries & Wages Accounting	662,047	0.90	546,416	0.76
Salaries & Wages Billed In	18,053	0.02	245,409	0.34
Subtotal	680,100	0.92	791,825	1.10
Admin Other Expense:				
Bad Debt	1,165,679	1.58	971,247	1.34
Bank Charges	8,079	0.01	4,278	0.01
Contingency Expense	13,000	0.02	13,000	0.02
Contracted Services	3,906	0.01	1,968	0.00
Credit and Collections	27,300	0.04	27,299	0.04
Credit Card Processing	501,458	0.68	424,687	0.59
Data Processing	0	0.00	175,844	0.24
Employee Relations	5,751	0.01	2,246	0.00
Insurance	89,179	0.12	20,108	0.03
Office Supplies	11,420	0.02	11,420	0.02
Guest Relations	3,376	0.00	3,376	0.00
Postage	56,928	0.08	56,928	0.08
Printing & Graphics	80,000	0.11	40,000	0.06
Professional Fees & Legal	23,800	0.03	16,300	0.02
Rent	51,806	0.07	84,250	0.12
Taxes & Licenses	2,686	0.00	2,686	0.00
Telephone	2,966	0.00	1,200	0.00
Welk Resolution Center	16,339	0.02	8,004	0.01
Other	948	0.00	0	0.00
Subtotal	2,064,621	2.81	1,864,841	2.58
Expenses Billed In	11,952	0.02	84,091	0.12
Management Fee	758,733	1.03	634,815	0.88
Developer Subsidy	4,419,864	6.01	1,810,574	2.51
Total Excess Revenue Over Expenses	0	0.00	0	0.00

2016 Maintenance fee calculation:

Base Fee	\$ 630
Per Point	\$ 0.00275

SCHEDULE B

At the date hereof, items to be considered and exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

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.
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

SCHEDULE B
(continued)

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
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. 2226691

SCHEDULE B
(continued)

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.
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

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

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 WELKS 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.

SCHEDULE B
(continued)

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.
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. A SUBLEASE AGREEMENT DATED MAY 6, 2008 BY AND BETWEEN WELK RESORT GROUP, INC. AS LESSOR AND WELK RESORTS PLATINUM OWNERS ASSOCIATION, A CALIFORNIA NONPROFIT, MUTUAL BENEFIT CORPORATION AS LESSEE, APPROVED BY THE PALM SPRINGS OFFICE OF THE BUREAU OF INDIAN AFFAIRS ON JULY 31, 2008, AND RECORDED ON AUGUST 29, 2008 AS INSTRUMENT NO. 2008-478769, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

END OF SCHEDULE B

At the date hereof, items to be considered and exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. PROPERTY TAXES, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2013 – 2014.
2. DELINQUENT PROPERTY TAXES, SECURED OR UNSECURED INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, FOR ANY PREVIOUS YEARS.
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. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SHOWN OR AS OFFERED FOR DEDICATION ON THE RECORDED MAP SHOWN BELOW.

MAP NO.: 11014

EASEMENT

PURPOSE: PERPETUAL EASEMENT AND RIGHT OF WAY FOR THE FLOWAGE OF WATER, PROPOSED PRIVATE DRAINAGE EASEMENT AND OPEN SPACE EASEMENT:

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

GRANTED TO: STATE OF CALIFORNIA

PURPOSE: AS DISCLOSED BY TRACT MAP

RECORDED: JULY 16, 1942 IN BOOK 1381 PAGE 25; APRIL 13, 1949 IN BOOK 3170 PAGE 88 AND JANUARY 23, 1952 IN BOOK 4351 PAGE 571

AFFECTS: SAID LAND

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

GRANTED TO: SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITY
RECORDED: MARCH 11, 1952 IN BOOK 4399 PAGE 311, NOVEMBER 23 1962 AS INSTRUMENT NO. 200216 AND DECEMBER 11, 1967 AS INSTRUMENT NO. 194448.
AFFECTS: SAID LAND

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

GRANTED TO: VALLEY CENTER MUNICIPAL WATER DISTRICT
PURPOSE: PUBLIC UTILITY
RECORDED: JANUARY 23, 1963 AS INSTRUMENT NO. 13947, AUGUST 30 1973 AS INSTRUMENT NO. 114725, FEBRUARY 13, 1980 AS INSTRUMENT NO. 50826 AND JANUARY 2, 1981 AS INSTRUMENT NO. 599
AFFECTS: SAID LAND

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

GRANTED TO: COUNTY OF SAN DIEGO
PURPOSE: PER TRACT MAP
RECORDED: AUGUST 31, 1967 AS INSTRUMENT NO. 132565, MAY 11, 1978 AS INSTRUMENT NO. 192577 AND MARCH 31, 1982 AS INSTRUMENT NO. 82-087417.
AFFECTS: SAID LAND

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

GRANTED TO: LOMA LINDA UNIVERSITY
PURPOSE: PER TRACT MAP
RECORDED: NOVEMBER 22, 1974 AS INSTRUMENT NO. 308394
AFFECTS: SAID LAND

10. AN AGREEMENT REGARDING PRIVATE EMERGENCY ACCESS ROAD MAINTENANCE, MADE BY AND BETWEEN WELK PARK NORTH, A JOINT VENTURE AND THE COUNTY OF SAND DIEGO RECORDED JULY 25, 1984 AS FILE NO. 84-262351, OFFICIAL RECORDS.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

11. THE TERMS, CONDITIONS AND EASEMENTS, IF ANY, SET FORTH IN A ROAD MAINTENANCE AGREEMENT RECORDED JULY 17, 1984 AS FILE NO. 84-269343, OF OFFICIAL RECORDS.

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

GRANTED TO: VALLEY CENTER MUNICIPAL WATER DISTRICT
PURPOSE: SEWER AND WATER EASEMENT
RECORDED: MAY 15, 1984 AS FILE NO. 84-180298 AND 84-180299 BOTH OF OFFICIAL RECORDS
AFFECTS: SAID LAND

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

GRANTED TO: VALLEY CENTER MUNICIPAL WATER DISTRICT
PURPOSE: SEWER AND WATER EASEMENT
RECORDED: MAY 15, 1984 AS FILE NO. 84-180300 OF OFFICIAL RECORDS
AFFECTS: SAID LAND

14. 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: SEPTEMBER 19, 1984 AS DOCUMENT NO. 84-355510
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.

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

RECORDED: MARCH 7, 1986 AS DOCUMENT NO. 86-090942

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

RECORDED: OCTOBER 30, 1986 AS DOCUMENT NO. 86-494535

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

RECORDED: OCTOBER 19, 1987 AS DOCUMENT NO. 87-585289

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

RECORDED: OCTOBER 26, 1988 AS DOCUMENT NO 88-546412

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

RECORDED: NOVEMBER 1, 1988 AS DOCUMENT NO. 878-556997

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

RECORDED: MARCH 29, 1990 AS DOCUMENT NO 90-167493

MODIFICATION(S) OF SAID COVENANTS, CONDITIONS AND RESTRICTIONS

RECORDED: DECEMBER 18, 1996 AS FILE NUMBER 632423 OF OFFICIAL RECORDS

SAID COVENANTS, CONDITIONS AND RESTRICTIONS PROVIDE THAT A VIOLATION THEREOF SHALL NOT DEFEAT THE LIEN OF ANY MORTGAGE OR DEED OF TRUST MADE IN GOOD FAITH AND FOR VALUE.

15. 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: SEPTEMBER 19, 1984 AS FILE NO. 84-355511, 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.

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

RECORDED: MARCH 7, 1986 AS DOCUMENT NO. 86-090943

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

RECORDED: OCTOBER 30, 1986 AS DOCUMENT NO. 86-494536

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

RECORDED: OCTOBER 19, 1987 AS DOCUMENT NO. 87-585290

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

RECORDED: OCTOBER 26, 1988 AS DOCUMENT NO. 88-546413

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

RECORDED: NOVEMBER 1, 1988 AS DOCUMENT NO. 88-556998

SAID COVENANTS, CONDITIONS AND RESTRICTIONS PROVIDE THAT A VIOLATION THEREOF SHALL NOT DEFEAT THE LIEN OF ANY MORTGAGE OR DEED OF TRUST MADE IN GOOD FAITH AND FOR VALUE.

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

RECORDED: MARCH 29, 1990 AS DOCUMENT NO. 90-167492

MODIFICATION(S) OF SAID COVENANTS, CONDITIONS AND RESTRICTIONS

RECORDED: DECEMBER 18, 1996 AS FILE NO. 632423 OF OFFICIAL RECORDS

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

GRANTED TO: SAN DIEGO GAS & ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITY
RECORDED: OCTOBER 25, 1984 AS DOCUMENT NO. 84-403360
AFFECTS: A PORTION OF THE LAND DESCRIBED HEREIN.

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

GRANTED TO: SAN DIEGO GAS & ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITY
RECORDED: JULY 8, 1985 AS DOCUMENT NO. 85-242801
AFFECTS: A PORTION OF THE LAND DESCRIBED HEREIN.
AFFECTS PARCELS B-1 AND B2, C-1 AND C2

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

GRANTED TO: SAN DIEGO GAS & ELECTRIC COMPANY, A CORPORATION
PURPOSE: UNDERGROUND FACILITIES AND APPURTENANCES FOR THE TRANSMISSION AND DISTRIBUTION OF ELECTRICITY; PIPELINES AND APPURTENANCES FOR ANY AND ALL PURPOSES, AND COMMUNICATION FACILITIES AND APPURTENANCES
RECORDED: JULY 1, 1986 AS FILE NO. 86-272027 OF OFFICIAL RECORDS
AFFECTS: PARCELS D1, D2, E1 AND E2

19. AN AGREEMENT REGARDING FACILITIES FOR DISTRIBUTION AND USE OF RECLAIMED WATER FOR IRRIGATION PURPOSES, MADE BY AND BETWEEN VALLEY CENTER MUNICIPAL WATER DISTRICT AND TELEKLEW PRODUCTIONS, INC A CALIFORNIA CORPORATION RECORDED FEBRUARY 3, 1987 AS FILE NO. 87-060694, OFFICIAL RECORDS.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

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

GRANTED TO: SAN DIEGO GAS & ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITY
RECORDED: APRIL 10, 1987 AS DOCUMENT NO. 87-194639
AFFECTS: A PORTION OF THE LAND DESCRIBED HEREIN.

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

PURPOSE: PUBLIC UTILITY
RECORDED: APRIL 10, 1987 AS INSTRUMENT NO. 87-194676
AFFECTS: SAID LAND

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

GRANTED TO: VALLEY CENTER MUNICIPAL WATER DISTRICT
PURPOSE: A PIPELINE OR PIPELINES
RECORDED: JULY 9, 1987, AS DOCUMENT NO. 87-384950
AFFECTS: REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS

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

GRANTED TO: VALLEY CENTER MUNICIPAL WATER DISTRICT
PURPOSE: A PIPELINE OR PIPELINES
RECORDED: JULY 9, 1987, AS DOCUMENT NO. 87-384951
AFFECTS: REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS

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

GRANTED TO: TELEKEW PRODUCTIONS, INC., A CALIFORNIA CORPORATION
PURPOSE: PRIVATE ROAD
RECORDED: SEPTEMBER 23, 1987, AS DOCUMENT NO. 87-539980
AFFECTS: SAID LAND

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

GRANTED TO: TELEKEW PRODUCTIONS, INC., A CALIFORNIA CORPORATION
PURPOSE: PRIVATE ROADS
RECORDED: OCTOBER 26, 1987, AS DOCUMENT NO. 87-601658
AFFECTS: SAID LAND

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

GRANTED TO: VALLEY CENTER MUNICIPAL WATER DISTRICT
PURPOSE: PIPELINES AND ALL FIXTURES
RECORDED: FEBRUARY 14, 1989, AS DOCUMENT NO. 89-076621
AFFECTS: SAID LAND

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

GRANTED TO: SAN DIEGO GAS & ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITY
RECORDED: JANUARY 23, 1990, AS DOCUMENT NO. 90-38261
AFFECTS: SAID LAND

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

GRANTED TO: SAN DIEGO GAS & ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITY
RECORDED: JULY 8, 1985, AS DOCUMENT NO. 85-242801
AFFECTS: SAID LAND

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

GRANTED TO: RIMROCK HOMEOWNER'S ASSOCIATION
PURPOSE: INGRESS & EGRESS
RECORDED: AUGUST 28, 1991, AS DOCUMENT NO. 91-442727
AFFECTS: PRIVATE STREETS WITHIN
(AFFECTS PARCELS K1, K2, M1 AND M2)

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

GRANTED TO: THE WELK GROUP, INC., A CALIFORNIA CORPORATION
PURPOSE: RECREATION, BUILDING AND APPURTENANCES
RECORDED: FEBRUARY 9, 1994 AS FILE 92053 OFFICIAL RECORDS
AFFECTS: PARCELS D1 AND D2 AND PHASE 4

31. AN AGREEMENT, AND THE TERMS AND CONDITIONS AS CONTAINED THEREIN

DATED: OCTOBER 4, 1999
BY AND BETWEEN: THE WELK GROUP, INC., A CALIFORNIA CORPORATION
("DEVELOPER"), LAWRENCE WELK RESORT VILLAS
VACATION OWNERS ASSOCIATION, A CALIFORNIA
NONPROFIT MUTUAL BENEFIT CORPORATION (THE
"ORIGINAL ASSOCIATION"), AND THE VILLAS AT THE
WELK RESORT VACATION OWNERS ASSOCIATION, A
CALIFORNIA NONPROFIT MUTUAL BENEFIT
CORPORATION (THE "NEW ASSOCIATION")
RECORDED: JANUARY 25, 2000 AS INSTRUMENT NUMBER 2000-37303
REGARDING: CROSS-USE EASEMENT AND LICENSES

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

A FIRST AMENDED & RESTATED AGREEMENT CROSS-USE EASEMENT AND
LICENSES RECORDED JANUARY 12, 2006 AS FILE NO.2006-0024863 OF OFFICIAL
RECORDS.

A SECOND AMENDED & RESTATED AGREEMENT CROSS-USE EASEMENT AND
LICENSES RECORDED APRIL 13, 2007 AS FILE NO.2007-0249745 OF OFFICIAL
RECORDS.

A FIRST AMENDMENT TO SECOND AMENDED & RESTATED AGREEMENT CROSS-USE
EASEMENT AND LICENSES RECORDED AUGUST 15, 2007 AS FILE NO.2007-545691 OF
OFFICIAL RECORDS.

END OF SCHEDULE B

SCHEDULE B

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. PROPERTY TAXES, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, FOR THE FISCAL YEAR 2013-2014
2. DELINQUENT PROPERTY TAXES, SECURED OR UNSECURED INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, FOR ANY PREVIOUS YEARS.
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. AN EASEMENT FOR THE PURPOSE OF OPERATING, MAINTAINING, REPAIRING AND REPLACING WATER DISTRIBUTION LINES AND THEIR APPURTENANCES, TOGETHER WITH RIGHT OF INGRESS AND EGRESS AND INCIDENTAL PURPOSES IN FAVOR OF VALLEY CENTER MUNICIPAL WATER DISTRICT, A MUNICIPAL WATER DISTRICT, RECORDED JANUARY 23, 1963 AS FILE NO. 13947 OF OFFICIAL RECORDS, LOCATED WITHIN PORTIONS OF THE HEREIN DESCRIBED PROPERTY AND AS SHOW ON MAP 13950.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

5. AN EASEMENT FOR THE PURPOSE OF LOCATING, RELOCATING, CONSTRUCTING, RECONSTRUCTING, MAINTAINING, OPERATING, INSPECTING AND REPAIRING A PIPE LINE OR PIPELINES AND ALL FIXTURES APPURTENANCES INCIDENTAL THERETO FOR USE IN CONNECTION THEREWITH FOR THE TRANSMISSION AND DISTRIBUTION OF WATER AND ALL USES AND PURPOSES INCIDENTAL THERETO, TOGETHER WITH THE RIGHT OF INGRESS THERETO AND EGRESS THEREFROM AND INCIDENTAL PURPOSES IN FAVOR OF VALLEY CENTER MUNICIPAL WATER DISTRICT, RECORDED OCTOBER 27, 1967 AS FILE NO. 167748 OF OFFICIAL RECORDS, LOCATED WITHIN PORTIONS OF LOTS 1 AND 13 AS SHOWN ON MAP NO 13950..

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

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

GRANTED TO:	SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE:	TRANSFORMER PADS AND TERMINATOR PADS
RECORDED:	DECEMBER 11, 1967 AS INSTRUMENT NO. 67-194447
AFFECTS:	NO LOCATION SET FORTH

SCHEDULE B
(continued)

7. AN EASEMENT FOR THE PURPOSE OF LOCATING, RELOCATING, CONSTRUCTING, RECONSTRUCTING, MAINTAINING, OPERATING, INSPECTING AND REPAIRING A PIPE LINE OR PIPELINES AND ALL FIXTURES APPURTENANCES INCIDENTAL THERETO FOR USE IN CONNECTION THEREWITH FOR THE TRANSMISSION AND DISTRIBUTION OF WATER AND ALL USES AND PURPOSES INCIDENTAL THERETO, TOGETHER WITH THE RIGHT OF INGRESS THERETO AND EGRESS THEREFROM AND INCIDENTAL PURPOSES IN FAVOR OF VALLEY CENTER MUNICIPAL WATER DISTRICT, RECORDED NOVEMBER 13, 1970 AS FILE NO. 208110 OF OFFICIAL RECORDS, LOCATED WITHIN PORTIONS OF LOT 1 AS SHOWN ON MAP NO 13950..
8. AN EASEMENT FOR PIPELINES AND INCIDENTAL PURPOSES IN FAVOR OF VALLEY CENTER MUNICIPAL WATER DISTRICT, RECORDED APRIL 12, 1978 AS FILE NO. 78-144942 OF OFFICIAL RECORDS, LOCATED WITHIN A PORTION OF LOT 1 AS SHOWN ON MAP NO. 13950.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

9. AN EASEMENT FOR AN ENCLOSED OR UNENCLOSED FLOOD DRAINAGE CHANNEL AND INCIDENTAL PURPOSES IN FAVOR OF SAN DIEGO COUNTY, RECORDED MAY, 11 1978 AS FILE NO. 78-192577 OF OFFICIAL RECORDS, LOCATED WITHIN A PORTION OF LOT 1 AS SHOWN ON MAP NO. 13950.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

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

GRANTED TO:	SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE:	UNDERGROUND FACILITIES AND APPURTENANCES FOR THE TRANSMISSION AND DISTRIBUTION OF ELECTRICITY, PIPELINES AND APPURTENANCES FOR ANY AND ALL PURPOSES, COMMUNICATION FACILITIES AND APPURTENANCES
RECORDED:	NOVEMBER 29, 1978 AS INSTRUMENT NO 78-512340
AFFECTS:	NO LOCATION SET FORTH

11. AN EASEMENT FOR PIPELINES AND INCIDENTAL PURPOSES IN FAVOR OF VALLEY CENTER MUNICIPAL WATER DISTRICT, RECORDED FEBRUARY 13, 1980 AS FILE NO. 80-050827 OF OFFICIAL RECORDS, LOCATED WITHIN A PORTION OF LOT 13 AS SHOWN ON MAP NO. 13950.

SCHEDULE B
(continued)

THE ROUTE OF SAID EASEMENT IS SET OUT IN SAID DOCUMENT AND AFFECTS A PORTION OF THE HEREIN DESCRIBED PROPERTY.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

12. AN EASEMENT FOR A STREET LIGHTING SYSTEM AND INCIDENTAL PURPOSES IN FAVOR OF THE COUNTY OF SAN DIEGO, RECORDED MARCH 31, 1982 AS FILE NO. 82-087417 OF OFFICIAL RECORDS.

THE ROUTE OF SAID EASEMENT IS SET OUT IN SAID DOCUMENT AND AFFECTS A PORTION OF LOT 1 AS SHOWN ON MAP NO. 13950.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

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

GRANTED TO:	SAN DIEGO GAS & ELECTRIC COMPANY
PURPOSE:	UNDERGROUND FACILITIES AND APPURTENANCES FROM THE TRANSMISSION AND DISTRIBUTION OF ELECTRICITY, PIPELINES AND APPURTENANCES FOR ANY AND ALL PURPOSES, COMMUNICATION FACILITIES, AND APPURTENANCES
RECORDED:	MAY 18, 1984 AS INSTRUMENT NUMBR84-185718 OF OFFICIAL RECORDS
AFFECTS:	AS SET FORTH IN SAID DOCUMENT

14. A DOCUMENT ENTITLED "PRIVATE EMERGENCY ACCESS ROAD MAINTENANCE AGREEMENT", DATED, MAY 3, 1984, EXECUTED BY WELK PARK NORTH, A JOINT VENTURE AND COUNTY OF SAN DIEGO, SUBJECT TO ALL THE TERMS, PROVISIONS AND CONDITIONS THEREIN CONTAINED, RECORDED JULY 12, 1984 AS FILE NO. 84-262351 OF OFFICIAL RECORDS

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

15. THE TERMS, CONDITIONS AND EASEMENTS, IF ANY, SET FORTH IN A ROAD MAINTENANCE AGREEMENT RECORDED JULY 17, 1984 AS FILE NO. 84-269343 OF OFFICIAL RECORDS.
16. AN EASEMENT FOR PURPOSED PRIVATE DRAINAGE EASEMENT AND INCIDENTAL PURPOSES AS DELINEATED AND DESIGNATED ON MAP 11014, SUBJECT TO ANY TERMS AND CONDITIONS CONTAINED THEREIN.

THE EFFECT OF THE NOTATION OF MAP NO. 11014: "PROPOSED PRIVATE DRAINAGE EASEMENTS WITHIN LOTS 37 THROUGH 46 WILL BE MAINTAINED BY WELK PARK NORTH AND THEIR SUCCESSORS-IN-INTEREST".

SCHEDULE B
(continued)

17. THE SUBDIVISION MAP REFERRED TO IN THE LEGAL DESCRIPTION HEREIN CONTAINS VARIOUS RESTRICTIONS IN IMPROVING OR DEVELOPING THE PROPERTY HEREIN DESCRIBED.
REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

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

GRANTED TO:	SAN DIEGO GAS & ELECTRIC COMPANY
PURPOSE:	PIPELINES, COMMUNICATION FACILITIES AND APPURTENANCES
RECORDED:	DECEMBER 6, 1984 AS INSTRUMENT NUMBER 84-455751
AFFECTS:	PORTIONS OF LOTS 4 AND 5 OF MAP NO. 8875

19. SOLAR NOTE: ALL LOTS WITHIN THIS SUBDIVISION HAVE A MINIMUM OF 100 SQUARE FEET OF SOLAR ACCESS FOR EACH EXISTING AND/OR PROPOSED DWELLING UNIT AS REQUIRED BY SECTION 81.401 (N) OF THE SUBDIVISION ORDINANCE.

AFFECTS MAP NO. 13950

20. AN EASEMENT. FOR PIPELINE OR PIPELINES AND INCIDENTAL PURPOSES IN FAVOR OF VALLEY CENTER MUNICIPAL WATER DISTRICT, RECORDED OCTOBER 12, 1984 AS FILE NO. 84-387568 OF OFFICIAL RECORDS, LOCATED WITHIN PORTIONS OF LOTS 1 AND 13 OF MAP NO. 13950.

THE ROUTE OF SAID EASEMENT IS SET OUT IN SAID DOCUMENT AND AFFECTS A PORTION OF THE HEREIN DESCRIBED PROPERTY.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

21. THE FOLLOWING RECITAL CONTAINED IN RESOLUTION OF VACATION OF A COUNTY STREET, HIGHWAY OR PUBLIC SERVICE EASEMENT: RECORDED DECEMBER 18, 1984 AS FILE NO. 84-471327 OF OFFICIAL RECORDS.

RESERVING AND EXCEPTING FROM VACATION AND ABANDONMENT EASEMENTS AND RIGHTS PURSUANT TO ANY EXISTING FRANCHISE OR RENEWALS THEREOF, OR OTHERWISE AT ANY TIME OR FROM TIME TO TIME, TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE, REMOVE, RENEW AND ENLARGE LINES OF PIPE, CONDUITS, CABLES, WIRES, POLES AND OTHER STRUCTURES, EQUIPMENT AND FIXTURES FOR THE OPERATION OF GAS PIPE LINES, TELEGRAPHIC AND TELEPHONE LINES AND FOR THE TRANSPORTATION OR DISTRIBUTION OF ELECTRICAL ENERGY AND WATER AND FOR THE INCIDENTAL PURPOSES INCLUDING ACCESS TO PROTECT THE PROPERTY FROM ALL HAZARDS IN, UPON OVER AND ACROSS THE ABOVE DESCRIBED PORTIONS OF HIGHWAYS PROPOSED TO BE VACATED AND ABANDONED; AND

SCHEDULE B
(continued)

RESERVING AND EXCEPTING FROM VACATION AND ABANDONMENT EASEMENTS AND RIGHTS AT ANY TIME AND FROM TIME TO TIME TO CONSTRUCT, MAINTAIN, OPERATE, REPLACE, REMOVE AND RENEW SANITARY SEWERS, STORM DRAINS AND APPURTENANT STRUCTURES INCLUDING ACCESS TO PROTECT THE PROPERTY FROM ALL HAZARDS IN, UPON, OVER AND ACROSS THE ABOVE DESCRIBED PORTIONS OF HIGHWAYS PROPOSED TO BE VACATED AND ABANDONED.

22. AN AGREEMENT INCLUDING THE TERMS AND CONDITIONS AS CONTAINED THEREIN,

DATED: DECEMBER 6, 1984
BY AND BETWEEN: VERNON WILLIAM PAYNE, JR., A CLAIRE PAYNE AND
TELEKLEW PRODUCTIONS, INC., A CALIFORNIA
CORPORATION
RECORDED: MARCH 25, 1985 AS FILE NO. 85-098870 OF OFFICIAL
RECORDS
REGARDING: RECLAIMED WATER DISTRIBUTION SYSTEM

23. AN AGREEMENT, AND THE TERMS AND CONDITIONS AS CONTAINED THEREIN

BY AND BETWEEN: VALLEY CENTER MUNICIPAL WATER DISTRICT, A PUBLIC
AGENCY OF THE STATE OF CALIFORNIA ("DISTRICT") AND
TELEKLEW PRODUCTIONS, INC., A CORPORATION
("TELEKLEW")
RECORDED: FEBRUARY 3, 1987 AS FILE NO. 87-060694 OF OFFICIAL
RECORDS
REGARDING: RECLAIMED WATER DISTRIBUTION SYSTEM,

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

24. EASEMENT FOR UNDERGROUND COMMUNICATION FACILITIES LAND INCIDENTAL PURPOSES IN FAVOR OF PACIFIC BELL, A CALIFORNIA CORPORATION, RECORDED JULY 28, 1987 AS FILE NO. 87-424118 OF OFFICIAL RECORDS, LOCATED WITHIN A PORTION OF LOT 1 AS SHOWN ON MAP NO. 13950.

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

SCHEDULE B
(continued)

25. 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: MAY 2, 1988 AS INSTRUMENT NO. 96258 OF OFFICIAL RECORDS

AN ASSIGNMENT OF DELRAN'S RIGHTS RECORDED SEPTEMBER 22, 2000 AS INSTRUMENT NO. 509822 OF OFFICIAL RECORDS.

26. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN DOCUMENT ABOVE MENTIONED..

FOR: DRAINAGE AND SLOPE
AFFECTS: SAID LAND

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

GRANTED TO: ADC CABLE
PURPOSE: CABLE TELEVISION FACILITIES
RECORDED: MARCH 19, 1991 AS INSTRUMENT NUMBER 91-0121055
AFFECTS: NO LOCATION SET FORTH

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

GRANTED TO: ADC CABLE
PURPOSE: CABLE TELEVISION FACILITIES
RECORDED: MARCH 19, 1991 AS INSTRUMENT NUMBER 91-0121056
AFFECTS: NO LOCATION SET FORTH

SCHEDULE B
(continued)

29. AN UNRECORDED GREEN FEE AGREEMENT, DATED MARCH 25, 1997, UPON THE TERMS AND CONDITIONS AS CONTAINED THEREIN AS DISCLOSED BY MEMORANDUM

BY AND BETWEEN: THE WELK GROUP, INC., A CALIFORNIA CORPORATION
AND CRESTA VERDE, INC., A CALIFORNIA CORPORATION
RECORDED: APRIL 14, 1997 AS FILE NO. 1997-0170981 OF OFFICIAL
RECORDS

A FIRST AMENDMENT TO MEMORANDUM OF GREEN FEE AGREEMENT WHICH
RECORDED JULY 27, 1998 AS FILE NO. 1998-0467315 OF OFFICIAL RECORDS

30. AN AGREEMENT, AND THE TERMS AND CONDITIONS AS CONTAINED THEREIN

DATED: OCTOBER 4, 1999
BY AND BETWEEN: THE WELK GROUP, INC., A CALIFORNIA CORPORATION
("DEVELOPER"), LAWRENCE WELK RESORT VILLAS
VACATION OWNERS ASSOCIATION, A CALIFORNIA
NONPROFIT MUTUAL BENEFIT CORPORATION (THE
"ORIGINAL ASSOCIATION"), AND THE VILLAS AT THE
WELK RESORT VACATION OWNERS ASSOCIATION, A
CALIFORNIA NONPROFIT MUTUAL BENEFIT
CORPORATION (THE "NEW ASSOCIATION")
RECORDED: JANUARY 25, 2000 AS INSTRUMENT NUMBER 2000-37303
REGARDING: CROSS-USE EASEMENT AND LICENSES

REFERENCE IS HEREBY MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

A FIRST AMENDED & RESTATED AGREEMENT CROSS-USE EASEMENT AND
LICENSES RECORDED JANUARY 12, 2006 AS FILE NO.2006-0024863 OF OFFICIAL
RECORDS.

A SECOND AMENDED & RESTATED AGREEMENT CROSS-USE EASEMENT AND
LICENSES RECORDED APRIL 13, 2007 AS FILE NO.2007-0249745 OF OFFICIAL
RECORDS.

A FIRST AMENDMENT TO SECOND AMENDED & RESTATED AGREEMENT CROSS-USE
EASEMENT AND LICENSES RECORDED AUGUST 15, 2007 AS FILE NO.2007-545691 OF
OFFICIAL RECORDS.

31. A PRIVATE ROAD MAINTENANCE AGREEMENT, AND THE TERMS AND CONDITIONS
AS CONTAINED THEREIN

DATED: JANUARY 25, 2000
BY AND BETWEEN: THE WELK GROUP, INC., A CALIFORNIA CORPORATION
FORMERLY KNOWN AS TELEKLEW PRODUCTION, INC., A
CORPORATION, AND THE COUNTY OF SAND DIEGO
RECORDED: FEBRUARY 4, 2000 AS INSTRUMENT NUMBER 2000-60026

SCHEDULE B
(continued)

32. THE RECITAL ON MAP NO. 13950 WHICH DESIGNATES A PORTION OF LOT AND ALL OF LOT 13 AS "PRIVATE STREETS".

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

GRANTED TO: VALLEY CENTER MUNICIPAL WATER DISTRICT
PURPOSE: PIPELINES
RECORDED: FEBRUARY 28, 2000 AS INSTRUMENT NO. 2000-0098002
AFFECTS: SOUTHWESTERLY 3 FEET OF SAID LAND

34. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SHOWN OR AS OFFERED FOR DEDICATION ON THE RECORDED MAP SHOWN BELOW.

MAP NO.: 13950
EASEMENT
PURPOSE: PROPOSED PRIVATE DRAINAGE

35. 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: APRIL 26, 2000 AS INSTRUMENT NO. 2000-0214205
PROVISIONS FOR RIGHT OF FIRST REFUSAL CONTAINED
HEREWITH

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

RECORDED: SEPTEMBER 8, 2000 AS INSTRUMENT NO. 2000-484329,
OFFICIAL RECORDS

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

RECORDED: MAY 22, 2002, AS INSTRUMENT NO. 2002-432570, OFFICIAL
RECORDS

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

SCHEDULE B
(continued)

RECORDED: JANUARY 13, 2003, AS INSTRUMENT NO. 2003-042867,
OFFICIAL RECORDS

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

RECORDED: OCTOBER 24, 2003, AS INSTRUMENT NO. 2003-1300418,
OFFICIAL RECORDS

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

RECORDED: OCTOBER 18, 2004, AS INSTRUMENT NO. 2004-0984398,
OFFICIAL RECORDS

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED MAY 22, 2002 AS INSTRUMENT NO. 2002-432571, OFFICIAL RECORDS.

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED JANUARY 13, 2003 AS INSTRUMENT NO. 2003-042868, OFFICIAL RECORDS.

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED JUNE 4, 2003 AS INSTRUMENT NO. 2003-657210, OFFICIAL RECORDS.

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED SEPTEMBER 13, 2003 AS INSTRUMENT NO. 2003-1132297, OFFICIAL
RECORDS.

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED OCTOBER 24, 2003 AS INSTRUMENT NO. 2003-1300419, OFFICIAL
RECORDS.

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED JANUARY 16, 2004 AS INSTRUMENT NO. 2004-0033588, OFFICIAL
RECORDS.

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED JUNE 21, 2004 AS INSTRUMENT NO. 2004-577519, OFFICIAL RECORDS.

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED AUGUST 30, 2004 AS INSTRUMENT NO. 2004-821659, OFFICIAL RECORDS.

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED OCTOBER 18, 2004 AS INSTRUMENT NO. 2004-984399, OFFICIAL RECORDS.

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED NOVEMBER 10, 2004 AS INSTRUMENT NO. 2004-1066990, OFFICIAL
RECORDS.

SCHEDULE B
(continued)

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
RECORDED AUGUST 10, 2005 AS INSTRUMENT NO. 2005-733255, OFFICIAL RECORDS.

36. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL
THERE TO AS SET FORTH IN A DOCUMENT.

GRANTED TO: THE VILLAS AT THE WELK RESORT VACATION OWNERS
ASSOCIATION
PURPOSE: INGRESS, EGRESS AND ACCESS FOR PARKING
RECORDED: APRIL 26, 2000 AS INSTRUMENT NO. 2000-214207
AFFECTS: SAID LAND

37. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL
THERE TO AS SET FORTH IN A DOCUMENT.

GRANTED TO: SAN DIEGO GAS & ELECTRIC COMPANY, A CORPORATION
PURPOSE: PUBLIC UTILITIES
RECORDED: APRIL 26, 2000 AS INSTRUMENT NO. 2000-0213571
AFFECTS: SAID LAND

38. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL
THERE TO AS SET FORTH IN A DOCUMENT.

GRANTED TO: SAN DIEGO GAS & ELECTRIC COMPANY, A CORPORATION
PURPOSE: PUBLIC UTILITIES
RECORDED: AUGUST 1, 2000 AS INSTRUMENT NO. 2000-0407173 OF
OFFICIAL RECORDS
AFFECTS: SAID LAND

39. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL
THERE TO AS SET FORTH IN A DOCUMENT.

GRANTED TO: SAN DIEGO GAS & ELECTRIC COMPANY, A CORPORATION
PURPOSE: PUBLIC UTILITIES
RECORDED: JANUARY 13, 2003 AS INSTRUMENT NO. 2003-040014
OFFICIAL RECORDS
AFFECTS: SAID LAND

SCHEDULE B
(continued)

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

GRANTED TO: VALLEY CENTER MUNICIPAL WATER DISTRICT
PURPOSE: PUBLIC UTILITIES, INGRESS, EGRESS
RECORDED: JANUARY 16, 2004 AS INSTRUMENT NO. 2004-0034042
OFFICIAL RECORDS
AFFECTS: SAID LAND

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

GRANTED TO: SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITIES, INGRESS, EGRESS
RECORDED: JUNE 24, 2005 AS INSTRUMENT NO. 2005-0532470 OFFICIAL
RECORDS
AFFECTS: SAID LAND

END OF SCHEDULE B

SCHEDULE B

Case Number 0608067

Policy Number: 1312-701517

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. **Standard Exceptions:**
 - (a) Rights or claims of parties in possession not shown by the public records.
 - (b) Easements, or claims of easements, not shown by the public records.
 - (c) Encroachments, overlaps, boundary line disputes or other matters which would be disclosed by an accurate surveyor inspection of the premises.
 - (d) 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.
2. All assessments and taxes for the year 2006 and all subsequent years. (none now due and payable)

Tax ID# 18-6.0-14-003-001-006.000;	VI: \$3,153,300.00	Tx: \$137,335.14 (Parcel 1)
Tax ID# 18-6.0-14-002-003-018.000;	VI: \$360.00	Tx: \$14.77 (Parcel 2)
3. All Rights-of-Way, Easements, and Setback Lines as shown on the recorded plat of Phase 1 Welk Resort Branson Villas, in Plat Slide I, at Page 34, Recorder's Office, TANEY County, Missouri.
4. All Rights-of-Way, Easements, and Setback Lines as shown on the recorded plat of Phase 2 Welk Resort Branson Villas, in Plat Slide I, at Page 35, Recorder's Office, TANEY County, Missouri.
5. Transmission Right-of-Way, as set out in Book 171, at Page 117, Recorder's Office, Taney County, Missouri. (Parcel 2)
6. Right-of-Way, as set out in Book 82, at Page 249, Recorder's Office, Taney County, Missouri. (Parcel 2)
7. Declaration of Covenants, Conditions and Restrictions for Welk Resorts Branson Villas, as set out in Book 495, at Page 4933, Recorder's Office, TANEY County, Missouri.
8. Declaration of Dedication Welk Resorts Platinum Program Phase II - Welk Resorts Branson Villas I, as set out in Book 495, at Page 5012, Recorder's Office, TANEY County, Missouri.
9. Deed of Trust executed by THE WELK GROUP RESORT, INC. to SAN DIEGO NATIONAL BANK, a National Banking Association filed in Record Book 495, at Page 5907 securing payment of a Promissory note in the amount of \$14,500,000.00, and filed of record in TANEY County, Missouri.
10. Subordination Agreement as set out in Book 495, at Page 5944, Recorder's Office, TANEY County, Missouri.

Hogan Land Title Company
1605 E. Sunshine Street
Springfield, MO 65804
www.hogantitle.com

(0608067.pfd/0608067/13)

ALTA Owner's/Leasehold Owner's
Schedule B (10/17/92)

EXHIBIT D - LIENS AND ENCUMBRANCES - WELK RESORTS BRANSON VILLAS

FIDELITY NATIONAL TITLE DE MÉXICO, S.A. DE C.V.
Issued at
Mexico, Federal District

SCHEDULE "B" OF THE OWNER'S POLICY OF TITLE INSURANCE

EXCEPTIONS FROM COVERAGE

File No. FNTMX09-000230

Policy No. FNTMX09-000230

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. 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, none now showing as due and payable.
2. Discrepancies, shortages in area, conflicts in boundary lines, encroachments or any other facts which a correct survey would disclose, as to Lot I-19 only.
3. No insurance is afforded as to the exact area or quantity of land (square meters and/or acreage) contained in the land described herein.
4. Survey prepared by Ing. Ignacio Lopez Arreola titled "Plano: Deslinde Topografico; Ubicacion: Lotes "I-19", "I-20" y "H-1" Desarrollo "Cabo Bello", Cabo San Lucas, B.C.S." dated Abril del 2007 discloses the following:
 - a. Garage encroaches an undisclosed distance onto the easterly portion of the land.
 - b. Machine Room (Cuatro de Calderas) and two Bodegas are located partially on Lot H-1 and partially on Paseo Cabo Bello.
 - c. Fence (Cerca de Malla Ciclonica) is located north of the northerly record line of title. Title is not insured to any land located north of the northerly record line of title.
 - d. Jacuzzis and other improvements along the southerly portion of the premises encroach an undetermined distance onto abutting land to the south.
 - e. Jacuzzis and other improvements encroach into the Federal Maritime Zone as established by a line labeled Federal Maritimo Terrestre Oct-1991.
 - f. 7 foot tall Wall located an undetermining distance west of the easterly record line of title of Lote H-1. Owner may be out of possession of that portion of the land located to the east of said 7 foot tall wall.
 - g. Variations between a 7 foot tall Wall and the easterly record line of title of Lote I-20 and Lote I-201.
 - h. Variations between a 2 foot tall Retaining Wall and the northerly and easterly record lines of title of Lote H-1.
 - i. Variations between a 2 foot tall Retaining Stone Wall and a portion of the easterly record line of title of Lote H-1.

Owner's Policy of Title Insurance
(Schedule "B")
MEX0000023.doc

EXHIBIT "D" – LIENS AND ENCUMBRANCES – WELK RESORTS CABO VILLAS

FIDELITY NATIONAL TITLE DE MÉXICO, S.A. DE C.V.

*Issued at
Mexico, Federal District*

SCHEDULE "B"

(Continued)

- j. Variations between the "recognized bdy [boundary] line" and the northerly portions of the westerly record lines of title of Lote H-1. Owner may be out of possession of those lands located to the west of the "recognized bdy line".
- k. Passageway or path (Pasillo), stairs and other facilities encroach undetermined distances from "Villa Fernanda" onto a portion of Lote H-1. Policy takes exception to rights of the owner of Lote I-15 (Villa Fernando), its guests and invitees to cross those portions of Lote H-1 encumbered by the passageway or path (Pasillo), stairs and other facilities described above.
- l. Variations between cliffs or other changes in grade and the southerly record line of title.
- m. Any matters which a survey would disclose, first occurring after June 5, 2007 which would be disclosed by an accurate survey of the premises.

5. Terms and conditions of an Irrevocable Guaranty Trust Agreement made by and among Calde Desarrollos, S. de R.L. de C.V., as Settlor and Beneficiary in Second Place, Welk Cabo Villas, LLC, as Settlor and Beneficiary in Second Place, Textron Financial Corporation, as Beneficiary in First Place and HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria, as Trustee under Public Instrument Number 22,238 within Volume 1,211 issued May 18, 2007 by Notary Public Number 7, namely, Lic. Juan José Thomas Morgno. Said Public Instrument is to be registered in the Public Registry of Property and Commerce of San José del Cabo, Baja California Sur as Entry Number 158, Page 158, Volume CCLXXXIX of The First Section.

The above Guaranty Trust Agreement was amended by an unrecorded First Amendment to Irrevocable Guaranty Trust dated May 14, 2008 under Public Instrument Number 105,803, Volume 1,288 granted before Notary Public Number 3 of Ensenada, Baja California, namely, Lic. Rodrigo Armada Osorio.

The above mentioned Guaranty Trust Agreement was amended by Second Amendment to the Irrevocable Guaranty Trust Agreement and First Restatement of the Irrevocable Guaranty Trust Agreement F/234850 made by and among Calde Desarrollos S. De R.L. de C.V., as Assignor and Settlor, Welk Cabo Villas, LLC, as Settlor, Beneficiary in Second Place and Assignee, Welk Resorts Platinum Owners Association, as Assignee, Settlor and Beneficiary in Second Place, Textron Financial Corporation, as First Beneficiary and HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria, as Trustee under Public Instrument Number 106,239 within Volume 1,302 executed before Notary Public Number 3 of the City of Tijuana, State of Baja California, namely, Lic. Rodrigo Armada Osorio. Said Public Instrument was recorded April 6, 2009 as Entry No. 57, Page 57, Volume CDIV-EP of the First Section of the Public Registry of Property and Commerce of San Jose del Cabo, BCS.

- 6. Rights of the public to gain access to the beach or ocean adjoining the premises.
- 7. No title is insured to any portion of the Land lying within the Federal Maritime Zone.
- 8. Covenants, conditions and restrictions contained in Declaration of Covenants, Conditions and Restrictions for Resort Cabo Villas made by and between Welk Resort Group, Inc., Calde Desarrollos S. de R.L. de C.V., HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC, División Fiduciaria and Welk Cabo Villas, LLC as Exhibit A to Public Instrument Number 106,239 within Volume 1,302 executed before Notary Public Number 3 of Ensenada, State of Baja California, namely, Lic. Rodrigo Armada Osorio.

Owner's Policy of Title Insurance
(Schedule "B")
MEXC000023.doc

FIDELITY NATIONAL TITLE DE MÉXICO, S.A. DE C.V.

***Issued at
Mexico, Federal District***

SCHEDULE "B"

(Continued)

9. Terms and conditions of the Declaration of Dedication Welk Resorts Platinum Program Phase XX Welk Resorts Cabo Villas I under Public Instrument Number 106,239 within Volume 1,302 executed before Notary Public Number 3 of Ensenada, State of Baja California, namely, Lic. Rodrigo Armada Osorio.
10. Terms and conditions of Master Declaration of Restrictions and Bylaws for Welk Resorts Platinum Program dated May 1, 2006. Recorded as an exhibit to Public Instrument Number 106,239.
11. Any cost, loss or damage arising from the fact that a 104.00sq. mts. parcel sometimes identified as Lot 1- 201 is included within the metes and boundaries description of both Lot H-I and Lot 20 Bock I.

Owner's Policy of Title Insurance
(Schedule "B")
MEX0000023.doc

EXHIBIT "D" – LIENS AND ENCUMBRANCES – WELK RESORTS CABO VILLAS

SCHEDULE B

At the date hereof, items to be considered and exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2012 - 2013
2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the revenue and taxation code of the State of California
3. The rights of the public in and to that portion of the herein described land lying within Welk View Drive.
4. 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: March 15, 1946 in Book 2071, Page 324, of Official Records

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.

5. A document entitled "**Private Emergency Access Road Maintenance Agreement**", executed by Welk Park North, a joint venture and the County of San Diego, subject to all the terms, provisions and conditions therein contained, recorded July 12, 1984 as Instrument No. 84-262351, of Official Records.
6. A document entitled "**Private Road Maintenance Agreement**", executed by Welk Park North, a joint venture and the County of San Diego, subject to all the terms, provisions and conditions therein contained, recorded July 12, 1984 as Instrument No. 84-269343, of Official Records

SCHEDULE B
(continued)

7. A document entitled **"Agreement Regarding Restrictions"**, executed by Vernon William Payne, Jr., and Claire Payne, husband and wife, as joint tenants and Telekew Productions, Inc., a California corporation, subject to all the terms, provisions and conditions therein contained, recorded March 25, 1985 as Instrument No. 85-098870, of Official Records.
8. A document entitled **"Waiver and Release"**, executed by Welk Park North, a joint venture, subject to all the terms, provisions and conditions therein contained, recorded September 19, 1986 as Instrument No. 86-415540, of Official Records.

Affects: APN: 172-092-03

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

Granted To:	AOC Cable, a corporation
Purpose:	cable television facilities and incidental purposes
Recorded:	March 19, 1991 as Instrument No. 1991-0121055, of Official Records
Affects:	The exact location and extent of said easement is not disclosed of record

10. A document entitled **"Agreement Regarding Valley Center Municipal Water District Encroachment Permit No. 074"**, executed by Valley Center Municipal Water District, Organized and existing pursuant to the Municipal Water District Act of 1911, California Water Code, 71,000 et. seq and Telekew Productions, Inc., a California corporation, subject to all the terms, provisions and conditions therein contained, recorded April 6, 1993 as Instrument No. 1993-0211703, of Official Records.

Reference is hereby made to said document for full particulars.

11. A document entitled **"Agreement Regarding Cross-Use Easements and Licenses (The Welk Resort)"**, executed by The Welk Group, Inc., a California corporation (Developer), Lawrence Welk Resort Villas Vacation Owners Association, a California nonprofit mutual benefit corporation (The "Original Association"), and the Villas at the Welk Resort Vacation Owners Association, a California nonprofit mutual benefit corporation (The "New Association"), subject to all the terms, provisions and conditions therein contained, recorded January 25, 2000 as Instrument No. 2000-037303, of Official Records.

12. An Agreement, and the terms and conditions as contained therein

Dated:	November 8, 2006
By and Between:	Welk Garden Villas, Inc. and the County of San Diego
Recorded:	November 8, 2006 as File No. 2006-0797645, Official Records
Regarding:	Private road maintenance

Reference is hereby made to said document for full particulars.

SCHEDULE B
(continued)

13. Easement for the purpose shown below and rights incidental thereto as shown or as offered for dedication on the recorded Map shown below.

Map of : 15493

Easement

Purpose: Proposed Private Drainage

Affects: Lots 1, 3, 5, 6, and 10 as shown on said map

Easement

Purpose: Proposed Private Road and Utility

Affects: Lots 5, 6, and 10 as shown on said map

14. Provisions, herein recited, of the dedication statement on the

Map of: 15493

Provisions: As follows:

"This subdivision is for a Timeshare Project, as regulated under the California Business and Professions Code section 11210 et seq. and is not a condominium subdivision within the meaning of the Davis-Stirling Common Interest Development Act. The Owner's Statement, on Sheet 1 of Map No. 15493, states that this subdivision is a Condominium Project, which statement is incorrect. The County of San Diego processed said map as a Condominium Project, as there being no provisions for Timeshare Projects under the Subdivision Map Act. The County of San Diego acknowledged, from the date of application, that this subdivision was a Timeshare Project, a major use permit under the County Zoning Ordinance for a Timeshare Project, was included as a part of the project application. County Planning Reports to the Planning Commission, which approved the Tentative Map, as well as the Environment Impact Report, written under the California Environmental Quality Act, made reference to the Timeshare nature of this project".

It is the subdivider's responsibility to provide insurable access and utility easements to all lots created by this map

Onsite and offsite Proposed Private Drainage easements over Lots 1, 3, 5, 6, and 10, to be maintained by a Homeowners Association.

Private Streets (Lot 8) of this map will be vested in fee title to a Homeowners Association and a Non-exclusive easement will be granted over the streets with each lot created by this map.

Private Drainage facilities will be maintained by the Garden Villas Vacation Owner's Association.

15. A Waiver and Release (Grading to Increase Flow) recorded December 22, 2006 as File No. 2006-0908703 of Official Records.

SCHEDULE B
(continued)

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

Granted To: County of San Diego
Purpose: Open space
Recorded: February 15, 2007 as File No. 2007-0106907 of Official Records
Affects: The route thereof affects a portion of said land and is more fully described in said document.

17. A document entitled "Second Amended and Restated Agreement Regarding Cross-Use Easements and Licenses (The Welk Resorts, Escondido)", dated April 3, 2007 executed by the Welk Group, Inc., etal subject to all the terms, provisions and conditions therein contained, recorded April 13, 2007 as File No. 2007-0249745 of Official Records.

First Amendment to Second Amended and Restated Agreement Regarding Cross-Use Easements and Licenses recorded August 15, 2007 as File No. 2007-0545691, Official Records.

18. 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: April 13, 2007 as File No. 2007-0249747 of Official Records

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.

The effect of a Notice of Deannexation recorded March 4, 2010 as File No. 2010-0106525, Official Records.

19. A document subject to all the terms, provisions and conditions therein contained.

Entitled: Declaration of Dedication
Recorded: April 13, 2007 as File No. 2007-0249748 of Official Records

Reference is hereby made to said document for full particulars.

SCHEDULE B
(continued)

20. A document subject to all the terms, provisions and conditions therein contained.

Entitled: Declaration of Dedication
Recorded: September 21, 2012 as File No. 2012-0573059 , 2012-0573060 and
2012-0573061 of Official Records

Reference is hereby made to said documents for full particulars.

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

Granted To: San Diego Gas and Electric Company
Purpose: Public utilities, ingress, egress
Recorded: June 21, 2007 as File No. 2007-0418283 of Official Records
Affects: The exact location and extent of said easement is not disclosed of
record

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

Granted To: San Diego Gas and Electric Company
Purpose: Public utilities, ingress, egress
Recorded: June 21, 2007 as File No. 2007-0418284 of Official Records
Affects: The exact location and extent of said easement is not disclosed of
record

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

Granted To: San Diego Gas and Electric Company
Purpose: Public utilities, ingress, egress
Recorded: July 19, 2007 as File No. 2007-0484929 of Official Records
Affects: The exact location and extent of said easement is not disclosed of
record

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

Granted To: Valley Center Municipal Water District
Purpose: Pipelines
Recorded: July 30, 2007 as File No. 2007-0507230 of Official Records
Affects: The route thereof affects a portion of said land and is more fully
described in said document.

SCHEDULE B
(continued)

25. A document subject to all the terms, provisions and conditions therein contained.

Entitled: Road Maintenance Agreement
Recorded: October 26, 2007 as File No. 2007-0687606, Official Records

Reference is hereby made to said document for full particulars.

26. A document subject to all the terms, provisions and conditions therein contained.

Entitled: Agreement for Access to Biological Open Space Easement
Recorded: January 15, 2008 as File No. 2008-0019840, Official Records

Reference is hereby made to said document for full particulars.

27. A document subject to all the terms, provisions and conditions therein contained.

Entitled: Assignment of Declarant Rights
Recorded: November 21, 2012 as File No. 2012-0727878, 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:

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 personal property taxes and any assessments collected with taxes, for the fiscal year 2013 – 2014, a lien not yet delinquent.

1 st Installment:	\$ 8,486.74
2 nd Installment:	\$ 8,486.74
Penalty and Cost:	\$ 0.00(Due after December 10)
Homeowners Exemption:	\$ 0.00
Code Area:	091-012

Assessors Parcel Number: 705-103-000-000

SCHEDULE B
(continued)

2. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2013 - 2014, a lien not yet delinquent.

1st Installment: \$ 6,693.77
 2nd Installment: \$ 6,693.77
 Penalty and Cost: \$ 0.00(Due after December 10)
 Homeowners Exemption: \$ 0.00
 Code Area: 091-012

Assessors Parcel Number: 705-205-000-000

3. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2013 - 2014, a lien not yet delinquent.

1st Installment: \$ 8,146.57
 2nd Installment: \$ 8,146.57
 Penalty and Cost: \$ 0.00(Due after December 10)
 Homeowners Exemption: \$ 0.00
 Code Area: 091-012

Assessors Parcel Number: 705-206-000-000

4. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2013 - 2014, a lien not yet delinquent.

1st Installment: \$ 7,566.73
 2nd Installment: \$ 7,566.73
 Penalty and Cost: \$ 0.00(Due after December 10)
 Homeowners Exemption: \$ 0.00
 Code Area: 091-012

Assessors Parcel Number: 705-308-000-000

SCHEDULE B
(continued)

5. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2013 - 2014, a lien not yet delinquent.

1st Installment: \$ 7,853.22
 2nd Installment: \$ 7,853.22
 Penalty and Cost: \$ 0.00(Due after December 10)
 Homeowners Exemption: \$ 0.00
 Code Area: 091-012

Assessors Parcel Number: 705-310-000-000

6. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2013 - 2014, a lien not yet delinquent.

1st Installment: \$ 6,265.89
 2nd Installment: \$ 6,265.89
 Penalty and Cost: \$ 0.00(Due after December 10)
 Homeowners Exemption: \$ 0.00
 Code Area: 091-012

Assessors Parcel Number: 705-409-000-000

7. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2013 - 2014, a lien not yet delinquent.

1st Installment: \$ 20,071.69
 2nd Installment: \$ 20,271.69
 Penalty and Cost: \$ 0.00(Due after December 10)
 Homeowners Exemption: \$ 0.00
 Code Area: 091-012

Assessors Parcel Number: 113-020-004-000

SCHEDULE B

(continued)

8. Property taxes, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2013 - 2014, a lien not yet delinquent.

1st Installment: \$ 108,153.82
 2nd Installment: \$ 108,153.82
 Penalty and Cost: \$ 0.00(Due after December 10)
 Homeowners Exemption: \$ 0.00
 Code Area: 091-012

Assessors Parcel Number: 113-020-011-000

9. 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.
10. The herein described property lies within the boundaries of a Mello-Roos Community Facilities District ("CFD"), as follows:

CFD No.: 1
 Recorded: 2005-0059107-00

This property along with all other parcels in the CFD, is liable for an annual special tax, and is payable with the general and special taxes, a lien not yet delinquent. The tax may not be prepaid.

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

Purpose: Public highways, forest protection roads and trails, municipal pipelines, railroad rights, telephone and electric power lines and incidental purposes
 Recorded: April 4, 1947 as Book 496, Page 130 of Official Records

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

Granted To: County of Placer, a political subdivision of the State of California
 Purpose: Construction and maintenance of gravity of pressure sewer lines and incidental purposes
 Recorded: July 10, 1998 as document no. 1998-0053467-00

Modification(s) of the terms and provisions of said document as therein provided.

Recorded: May 24, 2007 as document no. 2007-052423-00 of Official Records

SCHEDULE B

(continued)

13. A reservation of water rights, claims or title to water, ditches and ditch rights, reservoir and reservoir rights, well and well rights, springs and spring rights as granted in the document executed by Trimont Land Company, a corporation organized under the laws of the State of California and Trimont Land Holdings, Inc., a Delaware corporation recorded October 18, 2000 as document no. 2000-077972 of Official Records.

Modification(s) of the terms and provisions of said document as therein provided.

Recorded: September 11, 2007 as document no. 2007-0088416-00 of Official Records

14. The terms and provisions contained in the document entitled "Easement Agreement,"

Executed by and between: Trimont Land Holdings, Inc., a Delaware corporation and Trimont Land Company, a California corporation

Recorded: October 18, 2000 as Document No. 2000-0077973-00 of Official Records

The above instrument was modified by document entitled, "First Amendment to Easement Agreement"

Recorded: June 6, 2003 as Document No. 2003-0091104-00 of Official Records

The above instrument was modified by document entitled, "Second Amendment to Easement Agreement"

Recorded: December 31, 2003 as Document No. 2003-0213806-00 of Official Records

The above instrument was modified by document entitled, "Third Amendment to Easement Agreement"

Recorded: December 31, 2003 as Document No. 2003-0213816-00 of Official Records

The above instrument was modified by document entitled "Fourth Amendment to Easement Agreement"

Recorded: June 6, 2003 as Document No. 2003-0213824-00 of Official Records

The above instrument was modified by document entitled, "Fifth Amendment to Easement Agreement"

Recorded: December 31, 2003 as Document No. 2003-0213833-00 of Official Records

The above instrument was modified by document entitled, "Sixth Amendment to Easement Agreement"

SCHEDULE B
(continued)

Recorded: January 15, 2005 as Document No. 2005-0005696-00 of Official Records

The above instrument was modified by document entitled, "Seventh Amendment to Easement Agreement"

Recorded: December 21, 2005 as Document No. 2005-0170446-00 of Official Records

The above instrument was modified by document entitled, "Eighth Amendment to Easement Agreement"

Recorded: July 14, 2006 as Document No. 2006-0075418-00 of Official Records

The above instrument was modified by document entitled, "Ninth Amendment to Easement Agreement"

Recorded: September 21, 2006 as Document No. 2006-0100897-00 of Official Records

The above instrument was modified by document entitled, "Tenth Amendment to Easement Agreement"

Recorded: May 11, 2007 as Document No. 2007-0047959-00 of Official Records

The above instrument was modified by document entitled, "Supplement to Tenth Amendment to Easement Agreement"

Recorded: June 21, 2007 as Document No. 2007-0062274-00 of Official Records

The above instrument was modified by document entitled, "Eleventh Amendment to Easement Agreement"

Recorded: September 11, 2007 as Document No. 2007-0088421-00 of Official Records

The above instrument was modified by document entitled, "Twelfth Amendment to Easement Agreement"

Recorded: February 27, 2008 as Document No. 2008-0014748-00 of Official Records

The above instrument was modified by document entitled, "Supplement to Eleventh Amendment to

SCHEDULE B
(continued)

Easement Agreement"

Recorded: January 21, 2010 as Document No. 2010-0005314-00 of Official Records

The above instrument was modified by document entitled, "Supplement to Eleventh Amendment to Easement Agreement"

Recorded: January 21, 2010 as Document No. 2010-0005315-00 of Official Records

15. A reservation of all water, water rights, ditches and ditch rights, reservoir and reservoir rights, well and well rights, springs and springs rights as granted in the document entitled, "Corporation Grant Deed"

Executed By and Between: Trimont Land Holdings, Inc., a Delaware corporation and Northstar Mountain Properties, LLC, a Delaware limited liability company

Recorded: October 18, 2000 as Document No. 2000-0077980-00 of Official Records

The above instrument was modified by document entitled, "Quitclaim Deed"

Recorded: September 11, 2007 as Document No. 2007-0088419-00 of Official Records

16. The terms and provisions contained in the document entitled, "Community Benefit Fee Agreement (Northstar)"

Executed By and Between: Northstar Community Foundation, a California nonprofit public benefit corporation and Northstar Mountain Properties, LLC, a Delaware limited liability company

Recorded: December 31, 2003 as Document No. 2003-0212927-00 of Official Records

The above instrument was modified by document entitled, "First Amendment to Community Benefit Fee Agreement (Northstar)"

Recorded: December 31, 2003 as Document No. 2003-0213839-00 of Official Records

Please Note: The above document provides for the payment of a Benefit Fee in connection with each transfer. Each Owner of a Residential Lot or Condominium by acceptance of a deed or other conveyance is deemed to covenant and agree to pay the fee. Such fee, together with interest thereon, late charges, attorney's fees, court costs and other costs or collections thereof, shall be a lien and charge upon the lot or condominium the transfer of which gives rise to the fee.

17. The terms and provisions contained in the document entitled, "Community Benefit Fee Agreement (Northstar)"

SCHEDULE B
(continued)

Executed By and Between: Tahoe Mountain Resorts Foundation and Northstar Mountain Properties, LLC, a Delaware limited liability company
Recorded: December 31, 2003 as Document No. 2003-0212928-00 of Official Records

The above instrument was modified by document entitled, "First Amendment to Community Benefit Fee Agreement (Northstar)"

Recorded: December 31, 2003 as Document No. 2003-0213840-00 of Official Records

The above instrument was modified by document entitled, "Memorandum of Assignment of Rights Agreement (Portion of Community Benefit Fee) – Northstar Village"

Recorded: September 1, 2006 as Document No. 2006-0094502-00 of Official Records

The above instrument was modified by document entitled, "Second Amendment to Community Benefit Fee Agreement (Northstar)"

Recorded: June 7, 2007 as Document No. 2007-0057527-00 of Official Records

The above instrument was modified by document entitled, "Third Amendment to Community Benefit Fee Agreement (Northstar)"

Recorded: June 7, 2007 as Document No. 2007-0057530-00 of Official Records

The above instrument was modified by document entitled, "Fourth Amendment to Community Benefit Fee Agreement (Northstar)"

Recorded: October 5, 2007 as Document No. 2007-0096444-00 of Official Records

Please Note: The above document provides for the payment of a Benefit Fee in connection with each transfer. Each Owner of a Residential Lot or Condominium by acceptance of a deed or other conveyance is deemed to covenant and agree to pay the fee. Such fee, together with interest thereon, late charges, attorney's fees, court costs and other costs or collections thereof, shall be a lien and charge upon the lot or condominium the transfer of which gives rise to the fee.

SCHEDULE B
(continued)

18. The terms and provisions contained in the document entitled "Community Benefit Fee Agreement (Northstar)"

Executed By and Between: Tahoe Mountain Resorts Environmental Fund and Northstar Mountain Properties, LLC, a Delaware limited liability company
Recorded: December 31, 2003 as Document No. 2003-0212929-00 of Official Records

Please Note: The above document provides for the payment of a Benefit Fee in connection with each transfer. Each Owner of a Residential Lot or Condominium by acceptance of a deed or other conveyance is deemed to covenant and agree to pay the fee. Such fee, together with interest thereon, late charges, attorney's fees, court costs and other costs or collections thereof, shall be a lien and charge upon the lot or condominium the transfer of which gives rise to the fee.

19. The terms and provisions contained in the document entitled, "Timberland Conversion Permit No. 28"

Executed by: The California Department of Forestry and Fire Protection
Recorded: April 9, 2004 as Document No. 2004-0041630-00 of Official Records

20. The terms and provisions contained in the document entitled, "Covenants, Conditions and Restrictions"

Executed by: Northstar Mountain Properties, LLC, a Delaware limited liability company
Recorded: August 3, 2004 as Document No. 2004-0101858-00 of Official Records

21. The covenants, conditions, restrictions and easements in the document entitled, "Amended and Restated Declaration of Construction Covenants, Conditions and Restrictions for Northstar at Tahoe, Placer County, California,"

Executed by: Trimont Land Holdings, Inc., a Delaware corporation
Recorded: October 29, 2004 as Document No. 2004-0144905-00 of Official Records

Which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California 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.

SCHEDULE B
(continued)

The above instrument was modified by document entitled "First Amendment to Amended and Restated Declaration of Construction Covenants, Conditions and Restrictions for Northstar at Tahoe, Placer County, California"

Recorded: January 18, 2005 as Document No. 2005-0005697-00 of Official Records

The above instrument was modified by document entitled "Second Amendment to Amended and Restated Declaration of Construction Covenants, Conditions and Restrictions for Northstar at Tahoe, Placer County, California"

Recorded: December 21, 2005 as Document No. 2005-0170447-00 of Official Records

22. The terms and provisions contained in the document entitled, "Multipurpose Easement"

Executed By: Northstar Mountain Properties, LLC, a Delaware limited liability company

Recorded: December 30, 2004 as Document No. 2004-0175757-00 of Official Records

The above instrument was modified by document entitled, "A Resolution Abandoning Portions of a Multipurpose Sewer and Snow Storage Easement"

Recorded: May 24, 2007 as Document No. 2007-0052423-00 of Official Records

SCHEDULE B
(continued)

23. The terms and provisions contained in the document entitled, "Snow Storage Easement"

Executed By: Northstar Mountain Properties, LLC, a Delaware limited liability company
Recorded: December 30, 2004 as Document No. 2004-0175758-00 of Official Records

The above instrument was modified by document entitled, "A Resolution Abandoning Portions of a Multipurpose Sewer and Snow Storage Easement"

Recorded: May 24, 2007 as Document No. 2007-0052423-00 of Official Records

24. The terms and provisions contained in the document entitled, "Placer County Parcel Review Committee – A Resolution to Approve a Minor Boundary Line Adjustment"

Executed By: The Placer County Parcel Review Committee
Recorded: August 3, 2006 as Document No. 2006-0083181-00 of Official Records

25. The terms and provisions contained in the document entitled, "Density Cap Agreement (The Northside)"

Executed By and Between: Northstar Mountain Properties, LLC, a Delaware limited liability company and Sierra Watch, a California non-profit public benefit corporation
Recorded: September 5, 2006 as Document No. 2006-0095076-00 of Official Records

26. The terms and provisions contained in the document entitled, "Community Benefit Fee Agreement (The Northside)"

Executed By and Between: Truckee Donner Land Trust, a California non-profit public benefit corporation and Northstar Mountain Properties, LLC, a Delaware limited liability company
Recorded: June 7, 2007 as Document No. 2007-0057526-00 of Official Records

Please Note: The above document provides for payment of a Benefit Fee in connection with each transfer. Each Owner of a Residential Lot or Condominium by acceptance of a deed or other conveyance is deemed to covenant and agree to pay the fee. Such fee, together with interest thereon, late charges, attorney's fees, court costs and other costs or collections thereof, shall be a lien and charge upon the lot or condominium the transfer of which gives rise to the fee.

27. The terms and provisions contained in the document entitled, "Best Management Practices Agreement (The Northside)"

SCHEDULE B
(continued)

Executed By and Between: Northstar Mountain Properties, LLC, a Delaware limited liability company, Mountain Area Preservation Foundation, a California non-profit public benefit corporation and Sierra Watch, a California non-profit public benefit corporation

Recorded: June 7, 2007 as Document No. 2007-0057528-00 of Official Records

28. The covenants, conditions, restrictions and easements in the document entitled, "Amended and Restated Master Declaration of Covenants, Conditions and Restrictions for the Northstar Master Development"

Executed By: Northstar Iron Horse, LLC, a Delaware limited liability company
Recorded: October 27, 2005 as Document No. 2005-0144937-00 of Official Records

Which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California 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.

The right to levy certain charges or assessments against said land which shall become a lien if not paid as set forth in the above document is conferred upon the Northstar Mountain Association, a California non-profit mutual benefit corporation, including any unpaid delinquent assessment as provided therein.

The above instrument was modified by document entitled, "Declaration of Annexation and Supplemental Declaration (Northstar Lodge Condominiums)"

Recorded: October 3, 2008 as Document NO. 2008-0078400-00 of Official Records

29. The terms and provisions contained in the document entitled "Grant Deed"

Executed By and Between: Northstar Mountain Properties, LLC, a Delaware limited liability company and East West Resort Development XII, L.P., L.L.L.P., a Delaware limited partnership
Recorded: September 11, 2007 as Document No. 2007-0088415-00 of Official Records

Please Note: the above document contains specific reservations, restrictions, rights, covenants, limitations and agreements burdening the herein referenced property accepted by the Grantee.

SCHEDULE B
(continued)

30. The terms and provisions contained in the document entitled, "Resolution No. 2007-285"

Executed By: The County of Placer
Recorded: September 11, 2007 as Document No. 2007-0088529-00 of Official Records

31. The terms and provisions contained in the document entitled, "Resolution No. 2007-286"

Executed By: County of Placer
Recorded: September 11, 2007 as Document No. 2007-0088530-00 of Official Records

32. The terms and provisions contained in the document entitled, "Mountain Operator Easement and Agreement for Northstar-at-Tahoe Resort (Grant of Easements)"

Executed By and Between: CNL Income Northstar, LLC, a Delaware limited liability company and Northstar Big Horn, LLC, a Delaware limited liability company
Recorded: December 5, 2007 as Document No. 2007-0114611-00 of Official Records

33. The terms and provisions contained in the document entitled, "Civic Fee Covenant – Northstar Highlands and Village Northstar Properties"

Executed By and Between: Northstar Village Townhomes, LLC, a Delaware limited liability company, NHJV-Tahoe-Phase 1, G.P., a Delaware general partnership, Northstar Trailside Townhomes, LLC, a Delaware limited liability company, Highlands Hotel Company, LLC, a Delaware limited liability company and Northstar Mountain Properties, LLC, a Delaware limited liability company
Recorded: December 12, 2007 as Document No. 2007-0116726-00 of Official Records

The right to levy certain charges or assessments against said land which shall become a lien if not paid as set forth in the above document is conferred upon Northstar Mountain Association, a California nonprofit mutual benefit corporation, including any unpaid delinquent assessment as provided therein.

34. The terms and provisions contained in the document entitled, "Grant Deed"

Executed By and Between: East West Resort Development XII, L.P., L.L.L.P., a Delaware limited partnership and NHJV-Tahoe-Phase 1, G.P., a Delaware general partnership
Recorded: December 18, 2007 as Document No. 2007-0118423-00 of Official Records

Please Note: The above document contains specific reservations, restrictions, rights, covenants, limitations and agreements burdening the herein referenced property accepted by the Grantee.

SCHEDULE B
(continued)

35. The terms and provisions contained in the document entitled, "Subdivision Improvement Agreement"

Executed By and Between: The County of Placer and NHJV-Tahoe-Phase I, G.P., a Delaware general partnership
Recorded: July 3, 2008 as Document No. 2008-0054589-00 of Official Records

36. The covenants, conditions, restrictions and easements in the document entitled, "Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Northstar Lodge"

Executed By: NHJV-Tahoe-Phase I, G.P., a Delaware general partnership
Recorded: July 3, 2008 as Document No. 2008-0054590-00 of Official Records

But deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California 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.

The right of levy certain charges or assessments against said land which shall become a lien if not paid as set forth in the above document is conferred upon the Northstar Lodge Condominium Association, a California non-profit mutual benefit corporation, including any unpaid delinquent assessment as provided therein.

The above instrument was modified by document entitled, "First Amendment to Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Northstar Lodge"

Recorded: February 17, 2009 as Document No. 2009-0011199-00 of Official Records

The above instrument was modified by document entitled, "Second Amendment to Declaration of Covenants, Conditions, Restrictions and Reservation of Easements for Northstar Lodge"

Recorded: January 8, 2010 as Document No. 2010-0001494-00 of Official Records

A document subject to all the terms, provisions and conditions therein contained.

Entitled: ASSIGNMENT OF DECLARANT'S RIGHTS
Recorded: March 6, 2013 as Document No. 2013-22085 of Official Records

Reference is hereby made to said document for full particulars.

SCHEDULE B
(continued)

A document subject to all the terms, provisions and conditions therein contained.

Entitled: ASSIGNMENT OF DECLARANT'S RIGHTS
Recorded: March 11, 2013 as Document No. 2013-23201 of Official Records

Reference is hereby made to said document for full particulars.

37. Any and all offers of dedication, conditions, restrictions, easements, fenceline/boundary discrepancies, notes and/or provisions shown or disclosed by the filed or recorded map entitled, "The Northside – Phase 2 – Tract 965 – Northstar Lodge"

Recorded: July 3, 2008 in Book "BB" of Maps, Page 99 of Official Records

Reference made to Document on said map Recorded: May 12, 2006 as Document No. 2006-051740 of Official Records

38. Any and all offers of dedication, conditions, restrictions, easements, fenceline/boundary discrepancies, notes and/or provisions shown or disclosed by the filed or recorded map entitled, "Condominium Plan – The Northside – Phase 2 – Northside Lodge, Lots 1 & 2 of Tract 965"

Recorded: July 3, 2008 as Document No. 2008-0054591-00 of Official Records

The above instrument was modified by document entitled, "Certificate of Correction and Amendment of Condominium Plan – The Northside – Phase 2 – Northstar Lodge, Lots 1 & 2 of Tract 965"

Recorded: July 24, 2008 as Document No. 2008-0060273-00 of Official Records

39. The terms and provisions contained in the document entitled, "Supplemental Declaration Regarding General Common Areas on Parking Level on the Northstar Lodge Condominiums"

Executed By: NHJV-Tahoe-Phase I, G.P., a Delaware general partnership
Recorded: October 17, 2008 as Document No. 2008-0081758-00 of Official Records

40. The covenants, conditions, restrictions, easements, assessments, liens, charges, terms and provisions in the document entitled, "Declaration of Fractional Ownership Plan for Northstar Lodge"

Executed By: NHJV-Tahoe-Phase I, G.P., a Delaware general partnership
Recorded: October 31, 2008 as Document No. 2008-0085079-00 of Official Records

SCHEDULE B
(continued)

Which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes. 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.

The above document contains among other things a right of first refusal from NHJR-Tahoe-Phase I, G.P., a Delaware general partnership ("Declarant").

The right to levy certain charges or assessments against said land which shall become a lien if not paid as set forth in the above document is conferred upon Nortstar Lodge Condominium Association, Inc., a California non-profit mutual benefit corporation, including any unpaid delinquent assessment as provided therein.

The above instrument was modified by document entitled, "First Amendment of Declaration of Fractional Ownership Plan for Northstar Lodge"

Recorded: February 17, 2009 as Document No. 2009-0011200-00 of Official Records

The above instrument was modified by document entitled, "Notice of Deletion of Condominium Units from Fractional Ownership Plan for Northstar Lodge"

Recorded: December 31, 2009 as Document No. 2009-0111215-00 of Official Records

41. An easement for installation, construction, completion, repair, maintenance, operation and removal of a fire service line, water facility and sewer facility and incidental purposes granted to Northstar Community Services District, a public agency in the document recorded October 6, 2009 as Document No. 2009-0086092-00 of Official Records.
42. The terms and provisions contained in the document entitled, "Request for Notice under Civil Code §2924b"

Executed By: Northstar Property Owners Association aka Northstar-at-Tahoe Association

Recorded: February 2, 2012 as Document No. 2012-0009273-00 of Official Records

SCHEDULE B
(continued)

43. A Deed of Trust to secure an indebtedness in the original amount shown below.

Amount: \$7,000,000.00
Dated: March 5, 2013
Trustor: Welk Resorts Northstar, LLC, a California limited liability company

Trustee: Chicago Title Company, a California corporation
Beneficiary: Capitalsource Bank, a California industrial bank
Recorded: March 06, 2013 as file no. 2013-22086 official records

By the provisions of an agreement

Dated: September 9, 2013
Executed by: Capitalsource bank a California industrial bank
Recorded: October 22, 2013 as instrument no. 2013-100311

Said instrument was made subordinate to the lien of the document or interest

Shown: declaration of covenants, conditions, restrictions and reservation of easements for northstar lodge recorded july 3, 2008 as document no. 2008-0054590-00 of official records and declaration of covenants, conditions and restrictions for welk resorts northstar recorded october 22, 2013 as instrument no. 2013-100308 of official records and declaration of dedication recorded as october 22, 2013 as instrument number 2013-100309 of official records

44. A document subject to all the terms, provisions and conditions therein contained.

Entitled: Notice of Deletion of Condominium Unit from Declaration of Fractional Ownership Plan for Northstar Lodge
Recorded: October 22, 2013 as instrument number 2013-100307 of official records

Reference is hereby made to said document for full particulars.

45. 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

Document entitled: Declaration of Covenants, Conditions and Restrictions for Welk Resorts Northstar

SCHEDULE B
(continued)

Recorded: October 22, 2013 as instrument no. 2013-100308

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.

46. A document subject to all the terms, provisions and conditions therein contained.

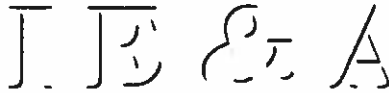
Entitled: Declaration of Dedication
Recorded: October 22, 2013 as instrument number 2013-100309 of official records

Reference is hereby made to said document for full particulars.

END OF SCHEDULE B

Exhibit "E"

Legal Opinion RE: Title Welk Resort Cabo Villas



ISHINO, ESQUER Y ARMADA, S.C.
ABOGADOS

June 25, 2014

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 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 April 2nd, 2014.

Indebtedness certificates were additionally issued by the Municipal Treasury Department of Los Cabos, B.C.S. on March 27th 2014. In said regard, we have also been informed by Platinum that the Premises are up to date in the payment all applicable taxes (including, without limitation, *impuesto predial*), assessments, contributions, governmental duties or other related fiscal responsibilities, including water use quotas, electricity fees and, in its case, condominium maintenance fees.

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) Indebtedness certificate issued on March 27th, 2014 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 April 2nd, 2014.

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.

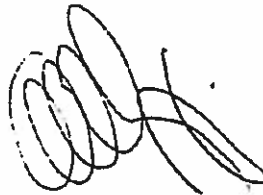
The foregoing opinions of IE&A are limited to matters involving the laws of Mexico as in effect as of the date hereof, and we do not express any opinion as to the laws of any other jurisdiction. In particular we have made no independent investigation of the laws of the United States or any state thereof 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.

ISHINO, ESQUER Y ARMADA, S.C.
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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 black ink, consisting of several loops and a final flourish.

Lic. Armando L. Esquer