

VILLA MYKONOS

AMENDED and RESTATED

DECLARATION of COVENANTS, CONDITIONS and RESTRICTIONS FOR CONCEPT IN TIME INTERVAL OWNERSHIP ASSOCIATION

This Amended & Restated DECLARATION approved on this 15th day of February, 2009 by Concept in Time Interval Owners Association, Inc. ("CIT" or "Association"), a California non-profit, mutual benefit corporation, as follows:

RECITALS

A. CIT is the timeshare owners' association for the timeshare plan for certain real property and associated improvements (the "Property") located in the county of Riverside, State of California, as more particularly described in Exhibit A attached hereto and made a part hereof. The Property, known as Concept in Time, consists of 10 dwelling units ("Units") together with related common area and associated real property, which Units are more particularly described in Exhibit B attached hereto and made a part hereof. CIT is the Owner of certain Intervals within the timeshare plan for the Property.

B. Prior to transfer of the Property to CIT, the Property and certain real property adjacent to the Subject Property (The "Adjacent Property") were owned and developed by Concept in Time Sharing, Inc., a California corporation (also referred to as "Original Developer."). Upon bankruptcy of Original Developer, CIT assumed responsibility and all rights, title and interest for the Property and the option to develop the Adjacent Property lapsed. This Amended & Restated Declaration is made to reflect the transfer of responsibility and all rights, title and interest for the Property to CIT and for the mutual benefit of CIT and the owners of the Intervals and to amend and restate in their entirety the Code, Covenants and Restrictions issued by the Original Developer. C. CIT will convey ownership in "Intervals," providing in the Original Deeds thereof that the grantee(s) named therein shall have certain defined rights to occupy a Unit and to use the "Common Areas" and the "Common Furnishings" during certain specified time periods and reserving to CIT and its respective successors and assigns the exclusive right to occupy the Property, the Units and to use the Common Areas and the Common Furnishings during all other periods of time, subject to the declarations, limitations, covenants, conditions and restrictions set forth in this Amended & Restated Declaration and in the "Rules and Regulations" (as the preceding quoted terms are hereinafter defined).

D. By this declaration, CIT intends to establish a common scheme and plan for the use, enjoyment, repair, maintenance, restoration and improvement of the Property and the interests therein conveyed or reserved, and for the payment of taxes, assessments, insurance premiums and other expenses pertaining thereto.

E. The previous Declaration, dated July 30, 1990 and recorded August 6, 1990, contained a provision allowing amendment by a vote of greater than fifty percent (50%) of Owners; the requisite Owner approval has been obtained; therefore this Amended and Restated Declaration of Covenants, Conditions and Restrictions are adopted as a result of that vote. Upon recordation of this Amended

and Restated Declaration, all prior declarations are hereby expressly revoked and replaced in their entirety by this Amended and Restated Declaration.

NOW, THEREFORE, in light of the transfer of responsibility and all rights, title and interest to the Property to CIT; to reflect other necessary changes; and in furtherance of its common intent, CIT hereby declares that the Property shall be held, conveyed, hypothecated, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the following easements, covenants, conditions and restrictions set forth in this Amended & Restated Declaration (“Declaration”), as this Declaration may amended from time to time, and subject to the Rules and Regulations, all of which easements, covenants, conditions and restrictions and the Rules and Regulations are declared to be in furtherance of a plan established for the purpose of enhancing and perfecting the value, desirability and enjoyment of the Property, and the interest or interests therein to be conveyed or reserved. All such easements, covenants, conditions and restrictions and Rules and Regulations shall constitute covenants running with the land and equitable servitudes and liens, and shall be binding upon and for the benefit of the Property, the Interval Owners, CIT and each such interest conveyed, to wit, each Interval, and shall be binding upon and for the benefit of all parties having or acquiring any right, title, interest or estate in the Property, including, but not limited to, the heirs, executors, administrators and assigns of any such parties and all subsequent owners and lessees of all or any part of the Property.

ARTICLE I

DEFINITIONS

As used herein, the following terms mean:

1.1 “Annual report” means a report to Owners comprising (a) a balance sheet relating to the Association as of the last day of a Fiscal Year, (b) an operating statement for such Fiscal Year, (c) a statement of changes in financial position for such Fiscal Year, (d) any information required to be reported under Section 8322 of the California Corporations Code and (e) a list of the names, mailing addresses and telephone numbers of the members of the Board.

1.2 “Articles” means the Articles of Incorporation of the Concept In Time Interval Owners Association, which were filed in the office of the Secretary of State of California on October 20, 1989, amended on July 26, 1990, and as said Articles may be amended from time to time.

1.3 “Assessments” means, collectively, the Basic Assessment, Tax Assessment, Special Assessment, Supplemental Tax Assessment and Reconstruction Assessment.

1.4 “Assigned Unit” means any Unit, the occupancy of which has been assigned to an Owner in accordance with the Rules and Regulations.

1.5 “Association” means the Concept In Time Interval Owners Association, Inc., a California nonprofit mutual benefit corporation, whose members consist of Owners. See also “CIT” below.

1.6 “Base Assessed Value” means the assessed valuation ascribed to the Property by the County Assessor for Riverside County as of the Lien Date next preceding the Starting Date, as such assessed valuation may be adjusted (a) by the Prop. 13 Percentage or (b) by the Association to reflect any “New Base Year Value” [the quoted term is defined in Section 75.8 of the California Revenue and Taxation Code (Chapter 498 of Statutes of 1983)] resulting from the completion of construction of improvements upon the Property.

1.7 “Basic Assessment” means, for each Interval, including CIT Intervals, an assessment levied by the Association against such Interval or CIT Interval for the Fiscal Year in an amount equal to the quotient obtained by dividing the Basic Expenses for such Fiscal Year by the product of 51 times the number of Units subject to the Declaration.

1.8 “Basic Expenses” means the estimated aggregate amount of expenses, as set forth in the Budget, to be incurred by the Association during the applicable Fiscal Year (a) to operate, manage, maintain, improve and repair the Property, including, but not limited to, the Units, and the Common Furnishings, and to administer the Interval program; (b) to provide for the collection of funds on an annual basis over the useful life of Property components in an amount sufficient to meet the Reserve Expenses; (c) to provide for a contingency fund in the event that some Assessments may not be paid on a current basis; and (d) to provide for the payment of the fees of the Managing Agent. Without limiting the generality of the foregoing, Basic Expenses shall include: (1) all charges, cost, and expenses whatsoever incurred by the Association for or in connection with the administration and operation of the Property; (2) taxes assessed against the Property or the Common Furnishings or any other interests of the Owners, including real property taxes [except as and to the extent that such taxes are separately assessed to the individual Owners]; (3) assessments and other similar governmental charges levied on or attributable to the Interval program, including, but not limited to, hotel or transient occupancy taxes or any governmental charges levied by the City in lieu of such hotels or transient occupancy taxes; (4) insurance obtained pursuant to the Declaration; (5) any liability whatsoever for loss or damage arising out of or in connection with the Interval program or any fire, accident, casualty or nuisance within or affecting the Property; (6) cost of repair, reinstatement, rebuilding and replacement of all or any portion of the Property, including, but not limited to, the Units or the Common Furnishings therein; (7) the cost of all basic utility services, including water, electricity, natural gas, garbage disposal, telephone and any other similar service attributable to the Property; (8) the unpaid share of any Assessment levied during the previous Fiscal Year against any Interval for which a default in payment thereof has occurred, to the extent that the same becomes uncollectible; and (9) wages, accounting and legal fees, management fees, maid service, and cleaning fees, and other necessary expenses of upkeep, maintenance, management and operation actually incurred with respect to the Interval program. Basic Expenses shall not include any expense constituting a Personal Charge.

1.9 “Board” means the Board of Directors of the Association.

1.10 “Bonus Use” means an Owner’s use of an Assigned Unit pursuant to the provisions of the Rules and Regulations permitting such use, which use is in addition to such Owner’s Regular Use or Holiday Use.

1.11 “Budget” means a proforma operating statement setting forth the Basic Expenses for a particular Fiscal Year or budget year.

1.12 “Bylaws” means the Bylaws of the Association as such Bylaws may be amended from time to time.

1.13 “Check-In Time” and “Check-Out Time” mean the times designated as such in the then-current Rules and Regulations.

1.14 “CIT” means Concepts in Time Interval Owners Association, Inc. a California non-profit, mutual benefit corporation, or any successor to CIT by merger or express assignment of the rights of CIT hereunder by an instrument (i) executed by CIT, (ii) recorded in the Office of the

County Recorder of Riverside County, and (iii) filed with the Secretary of the Association.

1.15 "CIT Intervals" means the Intervals owned by CIT. For purposes of this Declaration, an Interval which is conveyed to a third party by Original Deed and is subsequently reacquired by CIT through foreclosure proceedings or by acceptance by CIT of a deed-in-lieu of foreclosure shall be deemed to be a CIT Interval.

1.16 "City" means the City of Cathedral City, California, and the Redevelopment Agency of the City of Cathedral City.

1.17 "Common Area" means all of the Property, except the Units, and consisting of both the Property and the improvements thereto.

1.18 "Common Furnishings" means all furniture, furnishings, appliances, telephone system and other personal property from time to time owned, leased or held for use in common by the Association and which are located within the Property.

1.19 "Current Assessed Value" means, for each Tax Year, the assessed valuation ascribed to the Property by the County Assessor for Riverside County as of the Lien Date next preceding the commencement of such Tax Year.

1.20 "Declaration" means this Amended & Restated Declaration of Covenants, Conditions and Restrictions for Interval Ownership, as the same may be amended from time to time in the manner herein provided.

1.21 "Delinquent" means any payment due to the Association hereunder which remains unpaid more than 30 days after the due date therefor.

1.22 "Detained User" means any Owner, Permitted User, Exchange User or renter prevented from using or occupying his Assigned Unit for all or any portion of his Use Period because of the unauthorized use or occupancy, or uninhabitability of such Assigned Unit or any portion of the Common Area.

1.23 "Detaining User" means any Owner, Permitted User, Exchange User or renter who makes unauthorized use or occupancy of a Unit, or through any act or course of conduct affecting the Property or any portion thereof renders a Unit uninhabitable.

1.24 "Exchange Program" means a CIT-approved service provided by an independent organization whereby Owners and owners of time periods in other time sharing programs may exchange Use Periods in the Property for time periods in properties in other locations, or whereby Owners in the Property may obtain rights to make reservations in another interval property in exchange for the right of such other persons to make reservations, on a space available basis, in the Property, subject to Paragraph 4.2 (f), below, all as more particularly provided in subparagraph 2.5 (b) (ii), below, and in the Rules and Regulations.

1.25 "Exchange User" means an owner of a time period in another time sharing program who occupies Unit and uses the Common Areas pursuant to an Exchange Program approved by CIT.

1.26 "Fair Rental Value" means for each Unit, the cost of renting comparable accommodation located in the vicinity of the Property.

1.27 "Fiscal Year" means the one-year period commencing on the first day of July of each year which shall be the fiscal year of the Association; provided that the Fiscal Year shall be subject to change by amendment to the Bylaws.

1.28 “Fixed Holiday Owner” means an Owner whose right to occupy a Unit is limited to a Use Week during which a particular Holiday occurs, as such Holiday is more particularly described in such Owner’s Original Deed.

1.29 “Fixed Holiday Interval” means an Interval conveyed by an Original Deed designating the Holiday Season for a Fixed Holiday Owner, provided, however, that the maximum number of Fixed Holiday Intervals identifying any particular Holiday shall not exceed the number, rounded down to the nearest whole number, determined by dividing (a) the number determined by subtracting (i) the number of Floating Holiday Intervals conveyed by Original Deed from (ii) 9 times the total number of Units located in the Property by (b) 9. This restriction is expressed by the following formula:

Maximum # of Fixed Holiday Intervals Identifying a Particular Holiday =

$$\frac{(9 \times \# \text{ Units}) - \# \text{ of Floating Holiday Intervals Sold}}{9}$$

For example, if there are 10 Units at the Property and 20 Floating Holiday Intervals have been sold, the computation would be:

Maximum # of Fixed Holiday Intervals Identifying a Particular Holiday =

$$\frac{(9 \times 10) - 20}{9} = \frac{60}{9} = 7.78 = 7$$

As of July 1, 2007, no additional “Fixed Holiday Intervals” will be sold.

1.30 “Fixed Holiday Use” means a Fiscal Holiday Owner’s basic entitlement to use and occupy an Assigned Unit for a maximum of 7 nights per Interval in each Use Year during a Use Week in which a Holiday occurs, as such Holiday is specified in each such Fixed Holiday Owner’s Original Deed.

1.31 “Floating Holiday Owner” means an Owner whose right to occupy a Unit is limited to a Use Week within the Holiday Season.

1.32 “Floating Holiday Interval” means a Interval conveyed by Original Deed designating the Holiday Season for a Floating Holiday Owner; provided, however, that the maximum number of Floating Holiday Intervals available for sale at any time and from time to time shall not exceed the number determined by subtracting (a) 9 times the number which represents the largest number of Holidays of a specific date identified in Original Deeds conveying Fixed Holiday Intervals from (b) 9 times the total number of Units located at the Property. This restriction is expressed by the following formula:

Maximum # of Floating Holiday Intervals Available =

$$(9 \times \# \text{ Units}) - (9 \times \text{largest multiple of particular Holiday sold})$$

For example, if there are 10 Units at the Property and 24 Fixed Holiday Intervals have been sold naming Thanksgiving 8 times, Christmas 6 times, New Years 7 times and Labor Day 3 times, the computation would be:

Maximum # of Floating Holiday Intervals Available =

$$(9 \times 10) - (9 \times 9) = 90 - 81 = 9$$

1.33 “Floating Holiday Use” means a Floating Holiday Owner’s basic entitlement to use and occupy an Assigned Unit reserved in accordance with the Rules and Regulations for a maximum of 7 nights per Interval in each Use Year during a Use Week in the Holiday Season.

1.34 “General Account” means the separate account(s) with a bank and/or savings and loan association located within the State of California and selected by the Association into which all cash and cash equivalent receipts of the Association shall be deposited.

1.35 “Governing Instruments” means this Amended & Restated Declaration, the Articles, the Bylaws and the Rules and Regulations.

1.36 “Holiday” means each of the following:

- (a) Christmas Day
- (b) Easter Sunday
- (c) Independence Day (July 4th)
- (d) Labor Day
- (e) Memorial Day
- (f) New Years Day
- (g) President’s Day
- (h) Thanksgiving Day
- (i) LPGA (formerly “Dinah Shore”) Golf Tournament Week

1.37 “Holiday Owner” means a Fixed Holiday Owner and a Floating Holiday Owner.

1.38 “Holiday Season” means the time period in each Use Year comprising the Use Weeks during which a Holiday occurs.

1.39 “Holiday Use” means Fixed Holiday Use and Floating Holiday Use.

1.40 “Interval” means an Owner’s right to use and occupy a Unit and the Common Area during such Owner’s Use Period, as more particularly set forth in Paragraph 2.1, below, together with an undivided interest in the Subject Property. The undivided interest attributable to an Interval in the Subject Property shall be an undivided one-five hundred tenth (1/510th) interest.

1.41 “Interval Unit” or “Unit” means each Unit designated in the attached Exhibit B, incorporated by this reference.

1.42 “Lien Date” means the first day of March of each year or such other date established by the State of California under California Revenue and Taxation Code Section 2192.

1.43 “Majority of Non-CIT Owners” means the vote or written assent of Non-CIT Owners entitled to vote or so assent, and who collectively own more than 50 percent of all Intervals owned by such Non-CIT Owners.

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1.44 “Majority of Owners” means greater than fifty percent (50%) of: (a) the vote or written assent of Non-CIT Owners entitled to vote or so assent; plus (b) the vote or written assent of the Board for the CIT Intervals, taken as a block either For or Against a proposition.

1.45 “Majority of Voting Owners” means greater than fifty percent (50%) of: (a) the vote or written assent of Non-CIT Owners entitled to vote or so assent, who exercise such entitlement; plus (b) the vote or written assent of the Board for the CIT Intervals, taken as a block either For or Against a proposition.

1.46 “Managing Agent” means the agent engaged by the Board pursuant to Paragraph 4.3, below.

1.47 “Mortgage” means a mortgage or deed of trust.

1.48 “Mortgagee” means the beneficiary pursuant to a recorded Mortgage.

1.49 “Non-CIT Owners” means all Owners other than CIT.

1.50 “Original Deed” means each grant deed from CIT or Original Developer first recorded after July 30, 1990 which conveys each Interval conveyed by CIT or Original Developer excluding, however, any grant deed which conveys the entire interest in the Property then owned by CIT or Original Developer and which expressly recites that it is not an Original Deed within the meaning of this Declaration.

1.51 “Original Developer” means Concepts of Time Sharing, Inc., a California corporation.

1.52 “Owner” means and includes (a) the grantees(s) named in each Original Deed and successor(s) to such grantee(s) and (b) CIT with respect to each CIT Interval.

1.53 “Owner’s Season” means with respect to each Owner, the Season designated as such in his Original Deed or his predecessors(s)-in-interest.

1.54 “Permitted User” means any person, other than an Exchange User or renter, who occupies a Unit with the permission of an Owner, including, without limitation, members of such Owner’s family, his guests, licensees or invitees.

1.55 “Personal Charges” means any expense resulting from the act or omission of any Owner, Permitted User, Exchange User or renter, including, without limitation: the cost of long distance telephone charges or telephone message unit charges and other special services or supplies attributable to the occupancy of a Unit during such Owner’s Use Period; the cost of repair for any damage to any portion of the Property or to repair or replace any Common Furnishings on account of loss or damage caused by such Owner, Permitted User(s), Exchange User or renter; and the cost to satisfy any expense to any other Owner(s) or to the Association due to any intentional or negligent act or omission of such Owner, Permitted User, Exchange User or renter or resulting from the breach by such Owner, Permitted User, Exchange User or renter of any provisions of the Governing Instruments. In amplification of the foregoing, the act or negligence of a Permitted User shall be deemed to be the act or negligence of the Owner who permits such Permitted User to use and occupy any portion of the Property.

1.56 “Prime Season” means the Use Weeks numbered 1 through 25 and 40 through 52a, inclusive, in the Use Week Calendar, except those Use Weeks in the Holiday Season.

1.57 “Prior Mortgage” means, with respect to each Interval and with respect to CIT’s interest in the Property, any first Mortgage recorded in the office of the County Recorder of Riverside County, California and given in good faith and for value.

1.58 “Property” means the Property, including associated real property, and all structures and other improvements constructed or to be constructed thereon, as described in the attached Exhibit A and incorporated by this reference..

1.59 “Prop. 13 Percentage” means the percentage increase or decrease, if any, applied by Riverside County in any Tax Year pursuant to California Constitution, Article 13A, Section 2 and any other applicable laws, ordinances or rules and regulations, enacted, adopted or promulgated hereunder, as the same may be amended from time to time.

1.60 “Purchase Agreement” means a Purchase and Sale Agreement by and between CIT and the person or firm named therein as “Buyer” providing for the sale by CIT and the purchase by Buyer of an Interval.

1.61 “Reconstruction Assessment” means an assessment levied by the Association against the Intervals for the purpose of raising funds to rebuild, restore or replace any portion of the raising funds to rebuild, restore or replace any portion of the Property or Common Furnishings suffering material damage.

1.62 “Regular Owner” means an Owner who is not a Fixed Holiday Owner or a Floating Holiday Owner.

1.63 “Regular Use” means a Regular Owner’s basic entitlement to use and occupy an Assigned Unit reserved in accordance with the Rules and Regulations for a maximum of 7 nights per Interval in each Use Year during the Prime Season or the Summer Season as such Season is specified in each Regular Owner’s Original Deed.

1.64 “Reserve Account” means (a) one or more interest bearing accounts with one or more banks and/or savings and loan associations selected by the Association, or (b) one or more Treasury Bills and/or Certificates of Deposit, which account(s), Treasury Bills and/or Certificates of Deposit shall contain funds collected as and for Reserve Expenses.

1.65 “Reserve Expenses” means the specific capital expenditures required to be made at any time and from time to time to provide for the repair, replacement or restoration of the Property and all improvements thereto, and for such other purposes as prudent business practice requires.

1.66 “Roster” means a compilation of the names and addresses of each Owner.

1.67 “Rules and Regulations” means the Rules and Regulations in effect at any and from time to time relating to the possession, use and enjoyment of the Property

1.68 “Season” means any one of the three (3) seasons identified as such in the Use Calendar, such seasons being the “Holiday Season”, the “Prime Season”, and the “Summer Season.”

1.69 “Service Period” means, (a) with respect to each Unit, (i) a period not to exceed seven (7) nights and days each year, which shall be reserved by the Association for the cleaning, maintenance and repair thereof and the Common Furnishings therein, (ii) the period(s) of time, outside of those described in clauses (i) during which any maintenance or repair thereof or the Common Furnishings in such Unit which is requested by a Unit occupant or is reasonably necessary is performed by or on behalf of the Association, and (b) with respect to CIT Intervals, such time

periods as CIT may reasonably request. The Association shall determine which days and nights will comprise the Service Period described in clause (a)(i) for each Unit, which days and nights shall not be in the Holiday Season or prime Season and need not be consecutive or the same from year to year.

1.70 “Special Assessment” means an assessment levied against each interval to provide funds to the Association in the event the Basic Assessment proves inadequate, in an aggregate amount sufficient to provide for each inadequacy.

1.71 “Starting Date” means the date on which the first Original Deed is recorded.

1.72 “Statement of Status” means a written statement setting forth the amount of any delinquent Assessments, Personal Charges or any other amounts unpaid with respect to an Interval and the use entitlement for the remainder of the current Use Year.

1.73 “Summer Season” means the Use Weeks numbered 26 through 39, inclusive, in the Use Week Calendar, except those Use Weeks in the Holiday Season.

1.74 “Super-Majority of Owners” means the vote or written assent of at least 66 2/3rds of Owners entitled to vote or so assent (including CIT Owners/Intervals).

1.75 “Supplemental Tax Assessment” means, for each Interval, an amount determined by the Association and required to be paid pursuant to the provisions of California Revenue and Taxation Code Sections 75 through 75.80 (Chapter 498 of Statutes of 1983).

1.76 “Tax Assessment” means, for each Interval and Tax Year, an amount levied by the Association, at its option, against such Interval in an amount equal to such Interval’s prorata portion of real property taxes regularly levied by the County of Riverside.

1.77 “Tax Year” means the one-year period beginning July 1 each year and ending June 30 of the following year, or such other tax year established by the State of California for the assessment and collection of real property taxes attributable to the Property and/or the Intervals.

1.78 “Use Periods” means, with respect to each other Owner, (a) the time period(s) for which such Owner has reserved or is entitled to use and occupy the Property for the Regular use or Holiday Use and (b) the time period(s) for which such Owner has reserved the use and occupy of a Unit for the Bonus Use, all in accordance with the provisions of this Declaration and the Rules and Regulations.

1.79 “Use Week” means one of the numbered one-year periods commencing on Check-In Time on Friday and ending on Check-Out Time on the following Friday as designated in the Use Week Calendar.

1.80 “Use Week Calendar” means the calendar attached as Exhibit C hereto and made a part hereof, as such Use Week Calendar may be supplemented by the Association as provided in subparagraph 4.2(t) of the Declaration.

1.81 “Use Year” means the approximate one-year period commencing on Check-In Time on the first day of Use Week Number 1 in the Use Calendar.

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ARTICLE II

USE RIGHTS AND RESTRICTIONS

2.1 Use Rights. Subject to all the terms and conditions contained elsewhere in this Declaration, the ownership of an Interval shall entitle its respective Owner to:

(a) Fixed Holiday Use. In the Case of each Fixed Holiday Owner, the exclusive right during each Use Year, for each Fixed Holiday Interval owned, as Fixed Holiday Use, to use and occupy an Assigned Unit, and the non-exclusive right to use and enjoy the common area, for seven (7) consecutive nights during the Use Week containing the Holiday specified in such Fixed Holiday Owner's Original Deed, which Interval shall not have to be reserved by such Fixed Holiday Owner but shall be available without reservation as more particularly set forth in the Rules and Regulations;

(b) Floating Holiday Use. In the case of each Floating Holiday Owner, the exclusive right during each Use Year, for each Floating Holiday Interval owned, as Floating Holiday Use, to use and occupy an Assigned Unit, and the non-exclusive right to use and enjoy the Common area, for seven (7) consecutive nights during a Use Week in the Holiday Season, provided such Floating Holiday Owner shall have reserved such use and occupancy in accordance with the requirements and procedures for the making of reservations set forth in the Rules and Regulations;

(c) Regular Use. In the case of each Regular Owner, the exclusive right during each Use Year, for each Interval owned, as Regular Use, to use and occupy an Assigned Unit for seven (7) nights during such Owner's Season and the non-exclusive right to use and enjoy the Common Area on a daily basis, provided such Regular Owner shall have reserved such use and occupancy in accordance with the requirements and procedures for the making of reservations set forth in the Rules and Regulations and

(d) The exclusive right, as Bonus Use, to use and occupy one or more Assigned Units and the non-exclusive right to use and enjoy the Common Area provided that such Owner shall have reserved such use and occupancy in accordance with the procedures for the making of reservations set forth in the then current Rules and Regulations.

No use or occupancy by any Owner will be permitted if such Owner is delinquent in the payment of any amounts owed to the Association. The time period set forth in the Rules and Regulations within which Regular Use reservations may be requested and confirmed, the earliest such date being 270 days in advance of the first day of the Use Period sought to be reserved, and the latest such date being 24 hours in advance of the first day of the Use Period sought to be reserved, may not be changed by the Board without approval by a Majority of Non-CIT Owners.

2.2 Occupancy. No Owner shall occupy any Unit or exercise any other rights of ownership with respect to any Unit other than the rights provided to him in this Article II. Each Owner shall: vacate the Assigned Unit at the expiration of his Use Period(s); remove all persons and property there from, excluding only the Common Furnishings; keep his Assigned Unit and the Common Furnishings therein in good condition during his Use Period; leave the Assigned Unit and the Common Furnishings therein in good and sanitary condition and repair; and otherwise comply with such check-in/check-out and other procedures and regulations as may from time to time be contained in the Rules and Regulations. Any Owner may permit his assigned Unit to be occupied by other persons (not in excess of the number of occupants permitted by the Rules and Regulations) for the purposes permitted by this Declaration during his Use Period(s), but such Owner shall be responsible

for any loss, damage, destruction or violation of this Declaration or the Rules and Regulations (except on the part of an Exchange User through a CIT-approved exchange program or renter) which occurs during such occupancy as if such Owner were occupying the Assigned Unit.

2.3 Failure to Vacate. A Detaining User shall (a) be subject to immediate removal, eviction or ejection from the Unit wrongfully used or occupied; (b) be deemed to have waived any notice required by law with respect to any legal proceedings regarding removal, eviction or ejection (to the extent that such notices may be waived under California Law); (c) reimburse the Association and the Detained User for all Costs and expenses incurred as a result of such conduct, including, but not limited to, cost of alternate accommodations, travel costs, court costs and reasonable attorneys' fees incurred in connection with removing, evicting or ejecting the Detaining User from such Unit, and costs (including reasonable attorneys' fees) incurred in collecting such reimbursement(s); and (d) pay to the Detained User entitled to use and occupy the Unit during such wrongful occupancy, as liquidated damages (in addition to the costs and expenses set forth in clause 2.3 (c), above), a sum equal to 200% of the Fair Rental Value per day of the Unit for each day or portion thereof, including the day of the surrender, during which the Detaining User prevents use and occupancy of the Unit; provided, however, that if the Detaining User is an Exchange User or renter, the Owner whose Use period was used by the Exchange User through a CIT-approved exchange program shall have no liability pursuant to the provisions of clauses 2.3 (c) and 2.3(d) above. The Association shall be responsible for determining the Fair Rental Value of a Unit. The Association shall use reasonable efforts to attempt to remove such Detaining User from the Unit and/or to assist the Detained User in finding alternate accommodations during such holdover period and to secure, at the expense of the Association, alternate accommodations for any Detained User, which alternate accommodations shall be as near in value to the Detained User's Assigned Unit as possible and the cost thereof shall assessed to the Detaining User (unless the Detaining User was an Exchange User through a CIT-approved exchange program or renter) as a Personal charge. In the event that the Association, in its sole discretion, deems it necessary to contract for a period greater than the actual period for which the use is prevented in order to secure alternate accommodations as set forth above, the cost of the entire period shall be assessed to the Detaining User as a Personal Charge. By accepting any assignment or transfer of an Interval, each Owner agrees that, in the event of a wrongful occupancy or use by him or his Permitted User, damages would be impracticable or extremely difficult to ascertain and that the measure of liquidated damages provided for herein constitutes fair compensation to those who are deprived of occupancy. If an Owner or his Permitted User, by intentional or negligent act renders a Unit uninhabitable for all or any portion of any Use then: (i) such owner shall be deemed a Detaining User; (ii) the foregoing provisions of this Paragraph 2.3 shall apply; and (iii) such Owner shall be liable to the Owner(s) and/or Permitted User(s) entitled to occupy such Unit during such subsequent Use Period(s) just as if such Owner had refused to vacate the Unit at the end of his Use Period(s). For the purpose of this paragraph 2.3, the act or negligence of a Permitted User shall be deemed to be the act of the Owner.

2.4 Use Restriction. The maximum occupancy of any Unit shall be as provided in the Rules and Regulations. Except as required to prevent damage or injury to persons or property in an emergency, no Owner shall make or authorize any alterations, additions, but not limited to, the Common Area, the improvements, landscaping, or any personal property thereon, and the Common Furnishings; or paint, tile, paper, or otherwise refinish or redecorate the inner surfaces of the walls, ceilings, floors, windows or doors bounding any Unit which such Owner may from time to time occupy, or remove, alter or replace any portion of the Common Furnishings without the prior written

consent of the Association. The right to perform all of the foregoing acts has been delegated to the Association by this Declaration. The foregoing prohibitions, however, shall not modify or affect the obligation of each Owner for the prudent care and ordinary maintenance and upkeep of all property subject to his use. Each Owner by accepting the assignment or transfer of an Interval hereby covenants and agrees to abide by the Rules and Regulations. Use and occupancy of the Property is limited to private, residential use and non-residential and/or commercial use of the Property by any Owner is prohibited, except as expressly provided in this Article II.

2.5 Easements.

(a) Easements for Sales, Resales, Customer Service and Related Purposes. CIT, for itself and its successors, assigns, agents, employees, contractors, subcontractors and other authorized personnel, reserves, for a period of 10 years following the Starting Date, an exclusive easement in gross in, over and through the Property, for the purpose of: (i) marketing and selling the Intervals; (ii) maintaining customer relations and providing post service to Owners; (iii) displaying signs and erecting, maintaining and operating, for sales and administrative purposes, model units and a customer relations, customer service and sales office complex in the Property; (iv) showing the Units; and (v) reserving the Units and, during time periods not reserved by Owners, Units for occupancy by prospective buyers of Intervals at the Property; provided, however, that use of such easement shall not (A) interfere with or diminish the rights of Owners to use and occupy Units and the Common Areas for Regular Use or Floating Holiday Use reserved more than four weeks in advance of the first day of the Use Period sought to be reserved, or (B) interfere with the use and occupancy of the Units and the Common Areas by the Association as reasonably required to administer the Interval program, all as provided in this Declaration and the Rules and Regulations.

(b) Association Easement for Maintenance and Property Use.

(i) The Association, for itself, its successors and assigns, and its and their agents, employees, contractors, subcontractors and other authorized personnel, shall have the right and is hereby granted, for so long as the Association or its successors and assigns shall be required hereunder to manage and maintain the Property, an exclusive easement in gross in, over and through the Property for the repair and maintenance of the Units, the Common Area and the Common Furnishings during Service Periods; provided, however, that use of such easement shall not unreasonably interfere with or diminish the rights of Owners, Permitted Users, Exchange Users, renters, or CIT to occupy the Units and the Common Area, and to use the Common Furnishings, In amplification and not limitation thereof, the Association and its successors and assigns shall have the right, during Service Period and upon giving reasonable notice if a Unit is occupied, to enter such Unit for the purpose of cleaning, maid service, painting, maintenance and repair, and at any reasonably necessary time, whether or not in the presence of an Owner, to enter upon any Unit for the purpose of: (A) making emergency repairs therein; (B) abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit; (C) protecting property rights and welfare of any Owner, Permitted User or Exchange User; or (D) for any other purpose reasonably related to the performance by the Association of its duties and obligations under the terms of the Declaration. Such right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use and enjoyment of the rightful occupant of such Unit and shall be preceded by reasonable notice to such occupant whenever the circumstances permit.

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(ii) Subject to Article II, Paragraph 4.2(f) below, the Association, for itself, its successors and assigns, and its and their agents, employees, contractors, subcontractors and other authorized personnel, shall have the right and is hereby granted, for so long as the Association or its successors and assigns shall be required hereunder to manage and maintain the Property, a non-exclusive easement in, over and through the Property for the purpose of providing accommodations to owners of interval interests in other interval properties with which the Association may contact, which contact will permit such owners to make reservations, on a space basis equivalent to Bonus Use, in this Property and will permit Owners hereunder to make similar reservations in such other properties. In amplification and not in limitation thereof, the use of such easement shall not (A) interfere with Regular Use or Floating Holiday Use reserved more than four weeks in advance of the first day of the Use Period sought to be reserved and (B) interfere with the Association's use of the Property as necessary to perform its duties and obligations hereunder and pursuant to the Rules and Regulations.

(c) Easement for Improvements. CIT, for itself and its successors, assigns, agents, employees, contractors, subcontractors, and other authorized personnel, reserves an exclusive easement in, over and through the Property for the renovation, rehabilitation, remodeling and, refurbishment of the Units and the improvements to the Common Areas.

(d) Easement for Rental of Units by CIT. CIT shall have the exclusive right to occupy the Units which are not timely reserved by Owners, and to rent such Units to the general public. Any rentals received by CIT shall inure to the benefit of CIT. CIT, for itself and its successors, assigns, agents, employees, contractors, subcontractors and other authorized personnel reserves an exclusive easement in gross in, over and through the Property for the purpose of conducting rental activities under this subparagraph 2.5(d). The use of such easement shall not interfere with the Association's use of said areas as necessary to perform its duties and obligations pursuant to the Declaration and the Rules and Regulations.

2.6 Transfer of Interest. No Owner shall sell, assign, transfer, hypothecate or encumber less than all of his interest in his Interval; provided, however, that nothing herein contained shall restrict the manner in which title to the Interval may lawfully be held under California law (e.g. joint tenants, tenants-in-common or the like). Any sale, assignment, transfer hypothecation or encumbrance by any Owner of less than all of his interest in his Interval shall be null, void and of no effect. Except for mortgages as provided in Article 2.7 and as noted below, no Owner shall sell, assign, transfer, hypothecate or encumber his interest in his Interval without the consent of CIT. Such consent shall not be unreasonably withheld, conditioned or delayed. CIT may consider, among other things, but without limitation, such factors as the creditworthiness of the person or entity acquiring the Interval and the ability of CIT to serve process, collect assessments and enforce the Rules and Regulations with respect to the acquiring person or entity. Any sale, assignment, transfer, hypothecation or encumbrance of an Interest by any Owner not approved by CIT shall be null, void and of no effect and the Owner remains fully liable for any and all assessments, fees, and arrearages due under this Declaration and the Rules and Regulations. This restriction does not apply to transfers by operation of law, transfers to a trust for the benefit of the Owner, or any transfers upon the death of the Owner. The approved transfer of any Interval shall operate to transfer to the new owner of the Interval the interest of the prior Owner in all funds in the hands of the Association, even though not expressly mentioned or described in the instrument of transfer and without further instrument of transfer.

2.7 Separate Mortgages. Each Owner shall have the right to mortgage or otherwise to encumber all, but not less than all, of his Interval. Any Mortgage shall be subordinate to all of the provisions of this Declaration, and in the event of foreclosure, the provisions of this Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure or otherwise. Notwithstanding any other provision of this Declaration, no breach of the provisions herein contained, nor the enforcement of any lien created pursuant to the provisions hereof shall defeat or render invalid the lien of any Prior Mortgage.

2.8 Partition and Subordination of Tenancy-in-Common Attributes.

(a) It is intended that this Declaration alone shall govern all rights with respect to the use, possession, enjoyment, management and disposition of the Intervals and the Property. Accordingly, all rights with respect to the use, possession, enjoyment, management or disposition of an Interval or the Property which an Owner might otherwise have as an tenant-in-common (including, but not limited to, any common-owned property) are hereby unconditionally and irrevocably subordinated to this Declaration for so long as this Declaration shall remain in effect; provided, however, that in the event that an election to terminate this Declaration is made pursuant to Paragraph 9.2, an Owner shall have the rights specified in Paragraph 9.2.

(b) Except as provided in Paragraph 9.2, below, no Owner or other person or entity acquiring any right, lien or interest in the Property shall seek or obtain, through any legal procedures, judicial partition of the Property or the sale thereof in lieu of partition. If, however, any Interval is owned by two or more persons as tenants-in-common or as joint tenants or as community property, nothing herein contained shall prohibit a judicial sale of the Interval in lieu of partition as between such co-tenants or joint tenants.

2.9 Protection of Interest. Except as provided in Paragraph 2.7, no Owner shall permit his Interval to be subject to any lien (other than the liens of current real property taxes), claim or charge, the enforcement of which may result in a sale or threatened sale of the Interval of any other Owner or any part thereof or in any interference in the use or enjoyment thereof by any other Owner. In the event of a threatened sale of the Property or the Interval of any Owner or any part thereof or should the use and enjoyment of any portion thereof by any Owner be threatened by reason of any lien, claim or charge against the Interval of any other Owner, or should proceedings be instituted to effect any such sale or interference, any Owner acting on his own behalf of any one or more Owners (if promptly indemnified to his or its satisfaction) may, but shall not be required to, pay or compromise the lien, claim or charge without inquiry into the proper amount or validity thereof. In such event, the Owner whose interest was subjected to such lien, claim or charge shall forthwith pay the amount so paid or expended to the Owner or the Association whosoever shall have paid or compromised the lien, claim or charge, together with such reasonable attorneys' fees and related costs as he or it may have incurred. No Owner shall permit his interest in any funds from time to time in possession of the Association to be subjected to any attachment, lien, claim or charge or other legal process and each Owner shall promptly restore any funds held by the Association with respect to his Interval to the extent depleted by the reason of the assertion of any such attachment, lien, claim, charge or other legal process and shall reimburse the Association for all reasonable attorneys' fees or other costs incurred in respect thereof.

2.10 Animals. No animals, (other than dogs, cats or domestic pets approved by the Association) livestock, birds, fish or poultry of any kind shall be kept in or upon any Unit or the Property.

2.11 Offensive Activity. No noxious or offensive activity or conduct shall be carried on within any portion of the Property nor shall anything be done therein or thereon which may or would become an annoyance or nuisance to other Owners or occupants. No Unit or any other portion of the Property shall be used for any trade, business or other commercial activity or solicitation except as expressly permitted by this Declaration. No Owner shall cause or permit the display of any sign or advertising matter within any Unit or any other portion of the Property.

2.12 Compliance with Laws. No Owner or his Permitted User shall permit anything to be done or kept in his Assigned Unit or within any other portion of the Property which violates any applicable law, ordinance, statute, rule or regulation of any local, county, state or federal government or agency thereof.

2.13 No Increased Insurance. Nothing shall be done or kept in any Unit or within any other portion of the Property which will increase the rate of insurance on the Property without the prior written consent of the Board. No Owner shall permit anything to be done or kept in his Assigned Unit, or do or place anything within the Property, which could result in the cancellation of insurance for the Property, or any portion thereof.

ARTICLE III

THE ASSOCIATION

3.1 Membership in Association. Each Owner shall be a member of the Association and shall remain a member thereof until he/she ceases to be an Owner.

3.2 Transfer of Membership. The membership of each Owner in the Association is appurtenant to and inseparable from his ownership of an Interval and shall be automatically transferred upon any authorized assignment or transfer of the ownership of his Interval to any assignee or transferee and, except as provided herein, said membership shall be non-transferable whether by gift, bequest or otherwise.

3.3 Voting and Types of Memberships. Voting and types of membership shall be in accordance with the provisions of the Bylaws.

3.4 Board of Directors. The Board shall initially consist of the persons appointed by Original Developer. At the time of the first annual meeting of Owners, Owners shall elect, in accordance with the Bylaws, a Board replacing the initial Board.

ARTICLE IV

MANAGEMENT

4.1 Powers and Duties Generally. Administration of the Interval program, and operation, maintenance, repair and restoration of the Property and the Common Furnishings, and any alterations and additions thereto, shall be vested in the Association. The Association, acting alone (through the Board, its officers, or other duly authorized representatives) may, subject to the provisions of the Governing Instruments, exercise any and all rights and powers herein enumerated and, except as specifically limited herein, all the rights and powers of a non-profit mutual benefit corporation under the laws of the State of California.

4.2 Specific Powers and Duties of the Association. The management and operation of the Property and the Interval program, the acquisition (by purchase or lease), maintenance, repair and replacement of the Common Furnishings and the administration of the affairs of Owners, the use and occupancy of the Units and payment, as agent, of expenses and costs enumerated in this Declaration shall be under the direction and control of the Association. The Association shall have the duty to maintain and repair the Property, to acquire (by lease or purchase), maintain, repair and replace Common Furnishings, as needed, to administer the Interval operation as provided herein and to levy, collect and enforce the Assessments and Personal Charges enumerated in this Declaration. The Association shall have the exclusive possession of each Unit during the Service Periods for the performance of maintenance and repairs on such Unit. The Association shall have the power to do all things that are required to be done by it pursuant to this Declaration. In amplification and not limitation of the foregoing powers and duties, the Association shall, on behalf of the Owners, have the power to do any or all of the following:

(a) Bank Accounts. To deposit all funds collected from Owners by the Association in connection with its rights and duties hereunder as follows:

(i) All funds shall be deposited in the General Account. Funds deposited in the General Account(s) may be used by the Association only for the purposes for which such funds have been collected.

(ii) Within 10 days after deposit in the General Account, all amounts collected for Reserve Expenses shall be deposited in the Reserve Account. The Association shall keep accurate books and records reflecting the amount in the Reserve Account attributable to each Owner. Funds deposited in the Reserve Account shall be held in trust and may be used by the Association only for the specific purposes for which such funds have been collected.

(b) Cleaning and Maid Service. To provide for cleaning and maid service (1) upon the departure of each Owner, Permitted User, Exchange User, or renter from each Unit and (2) during Service Periods so that the Units are maintained in good order and repair. In addition to cleaning and maid service that is normally provided to each Unit, the Association may provide for such additional cleaning and maid services as shall reasonably be requested by an Owner, Permitted User, Exchange User, or renter and may charge a reasonable fee therefore.

(c) Collection of Damages. If any loss, damage or destruction to the Property or the Common Furnishings, other than by ordinary wear and tear, was caused by an intentional or negligent act, omission, or failure to act of any Exchange User or renter, the Association shall use reasonable efforts to collect from such Exchange User or renter the cost of the repair, restoration or replacement of the same regardless whether such loss, damage or destruction is covered by insurance proceeds paid to the Association.

(d) Compensating Use. If the Association or Managing Agent shall make an error which results in the unavailability of a Unit during an Owner's Use Period, the Association or Managing Agent shall compensate such Owner, at the Association's discretion, by either paying to such Owner a sum equal to 100 percent of the Fair Rental Value of an Unit during his Use Period, or procuring alternate accommodations reasonably acceptable to such Owner for the time period constituting his Use Period.

(e) Delegation. To delegate the authority and responsibilities of the Association hereunder to one or more agents, including, without limitation, the Managing Agent provided for in Paragraph 4.3 below.

(f) Exchange Program. Provided that the Managing Agent shall have a representative agent at the Property or available as a manager on a 24-hour per day basis, to enter into agreements with organizations approved by CIT to provide for participation by Owners in one or more Exchange Programs and to collect and disburse funds in connection therewith.

(g) Financial Statements. To cause to be regularly prepared financial statements for the Association and copies thereof distributed to all Owners as follows:

(i) A Budget shall be distributed to Owners not less than 45 days nor more than 60 days before the beginning of each Fiscal Year, except the first Fiscal Year with respect to which the Budget shall be distributed as soon as reasonably possible. The Budget shall contain at least the following information:

- (1) Estimated revenue and expenses on an accrual basis;
- (2) The amount of the total cash reserves of the Association currently available for replacement or major repair of common facilities and for contingencies;
- (3) An itemized estimate of the remaining life of and the method of funding to defray Reserve Expenses; and
- (4) A general statement setting forth the procedures used by the Board in the calculation and establishment of Reserve Expenses.

(ii) An annual Report shall be distributed within 120 days after the end of each Fiscal Year. The Annual Report shall be prepared by a licensee of the California Society of Certified Public Accountants in any Fiscal Year in which the gross income to the Association exceeds \$75,000.00. If the Annual Report is not prepared by such a licensee, the Annual Report shall be prepared by the Managing Agent or by an officer of the Association and shall be accompanied by the certificate of the person preparing the Annual Report that the Annual Report was prepared without audit from the books and records of the Association.

(h) Inspection of Books and Records. The books and records of the Association shall be open to inspection on the written demand of any member and by CIT's Mortgagee at any reasonable time during usual business hours and, if by a member, for a purpose reasonably related to the member's interests as a member. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

The Board of Directors of the Association shall establish reasonable rules with respect to:

- (i) Notice to given to the custodian of records by the person desiring to make the inspection;
- (ii) Hours and days of the week when such as inspection may be made; and
- (iii) Payment of the cost of reproducing copies of documents requested by a member or CIT's Mortgagee. Each director shall have the absolute right at any time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

(i) Insurance. To obtain and pay the cost of:

- (i) Insurance against loss or damage to the Property, the Common Furnishings

and any of the contents thereof including, without limitation, machinery used in the service of the Units, by fire or other risks and hazards customarily covered by an insurance policy written on an all risk basis, including, to the extent available at a reasonable cost, floods and earthquakes The stipulated amount of such insurance shall be based on the full replacement cost amount shall be updated annually by the Association to reflect the then-current estimated full replacement cost thereof, or an endorsement which provides for full reimbursement for the actual cost of repair or replacement thereof, without deduction for depreciation, shall be procured and maintained by the Association.

(ii) Insurance covering the Common Furnishings and to the extent available at a reasonable cost, the personal property on the Property owned by any Owner, Permitted User, Exchange User or renter in the possession of the Association, its agents or employees against hazards such as burglary and theft.

(iii) To the extent available at a reasonable cost, insurance against loss of earnings, continuing charges and expenses, and such other risks and hazards customarily covered by business interruption insurance policies. Such business interruption insurance shall be combined with insurance against loss due to extra expenses arising out of operating the Property and the cost of temporary quarters for Owners, Permitted Users, Exchange Users, and renters due to damage to the Units and the Common Furnishings and such other risks and hazards customarily covered by such extra expense insurance policies.

(iv) Insurance against loss for liability due to injury to, or destruction or personal property belonging to Owners, Permitted Users, Exchange Users, and renters while located within the Property, including without limitation loss due to claims for bodily injury, death and property damage with a combined single limit liability with regard thereto of not less than \$ 1,000,000.00 per occurrence. The Association shall also procure and maintain one or more umbrella liability insurance policies against loss or damage due to claims for personal injury, death and property damage with a limit with regard thereto of not less than \$5,000,000.00 per occurrence.

(v) To the extent available at a reasonable cost, directors' and officers' liability insurance, Workers' Compensation Insurance and any other insurance deemed necessary or desirable by the Association. Such other policies of insurance shall cover such risks, be written by such insurers, and be in such amounts as the Association shall deem necessary and proper under the circumstances. The Association shall cause to be covered by a fidelity bond or insurance providing for a blanket crime endorsement, any employee or agent of the Managing Agent or the Association who may have charge of funds of any Owner, Permitted User, and Exchange User or of the Association. The loss coverage under any such bond or policy shall be not less than the maximum amount of funds of the Association over which the principals under the bond or policy may reasonably be expected to have control or access at any time.

(vi) All insurance policies obtained by the Association hereunder shall name all Owners (as a class) as additional insureds. Liability insurance shall contain appropriate waivers of subrogation against any Owner or member of such Owner's household, and a provision that no act or omission by an Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or operate as a condition to recovery by any other person under such policy.

(vii) Provided that the Association has entered into a lease for the rental of Common Furnishings which so provides, the lessor of such Common Furnishings shall be given

prior notification of alteration or cancellation of, and shall be named as an additional insured under any insurance policies maintained by the Association pursuant to subparagraph 4.2(i)(i), above.

(j) Legal and Accounting. To obtain and pay the cost of legal and accounting services necessary or proper in the operation, maintenance and repair of the Property and the enforcement of the Governing Instruments.

(k) Levy and Collection of Assessments. To levy collect and enforce Assessments against the Owners in the manner provided in Articles V and VI hereof in order to pay the expenses of the Interval operation including the fee of the Managing Agent and to do all things necessary to enforce each Owner's obligations hereunder.

(l) Maintenance and Repair. To repair, maintain, repaint, furnish or refurnish the Property or any parts thereof; to establish reserves for anticipated costs, including the costs of acquisition and replacement of Common Furnishings; and to acquire and pay for materials, supplies, furniture, furnishings, labor or services which the Association deems necessary or proper for the operation, maintenance and repair of the Property and the Common Furnishings.

(m) Minutes, Agenda and Policies. To provide each Owner with: (i) a copy of the minutes of Board meetings within 60 days following the date of such meeting; (ii) a list of the orders of business to be considered at the annual meeting of members not later than 30 days prior to the date for such meeting, which list shall contain the name, address and a brief biographical sketch (if available) of each member nominated to stand for election to the Board; and (iii) within 60 days prior to the beginning of each Fiscal Year a statement of the Association's policies and practices relative to the enforcement of its remedies against Owners for defaults in the payment of any amounts due to the Association, including, without limitation, the recording and foreclosing of liens against Owner's interests in the Property.

(n) Other Necessary Acts. To do all other things or acts deemed by the Association to be necessary, desirable or appropriate for the operation and maintenance of the Property and the Interval program.

(o) Right of Entry. During Service Periods and at any other reasonable time, upon giving reasonable notice if a Unit is occupied, to enter the Unit for the purpose of cleaning, maid service, painting, maintenance and repair, and to enter upon and within any Unit, at any reasonable time, whether or not during a Service Period and whether or not in the presence of an Owner, for the purpose of: (i) making emergency repairs therein; (ii) abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit; (iii) protecting property rights and welfare of the other Owners; or (iv) for any other purpose reasonably related to the performance by the Association of its responsibilities under the terms of this Declaration. Such right of entry shall be exercised in such a manner as to avoid any unreasonable or unnecessary interference with the possession, use and/or enjoyment of the Owner, his Permitted User or other occupant of such Unit and shall be preceded by reasonable notice to the Owner, his Permitted User or other occupant thereof whenever the circumstances permit.

(p) Roster. Upon the written request of an Owner, the Association shall furnish such Owner with a copy of the Roster and may charge such Owner a reasonable fee therefor. Each Owner who requests and receives a copy of the Roster hereby agrees not to make any use of the Roster prohibited by Section 8338 of the California Corporations Code or to distribute a copy of the Roster

to any person who is not an Owner and Member. Any Owner who uses, discloses or distributes the Roster or permits the use, disclosure or distribution of the Roster by others in a manner prohibited under this subparagraph shall, in addition to all other rights, powers and remedies available to the Association under this Declaration, be subject to all of the liabilities imposed under Section 8338 of the California Corporations Code and agrees to indemnify and defend the Association, the Board and the Managing Agent against and to hold the Association, the Board and the Managing Agent harmless from any and all claims, losses, damages or harm, including reasonable attorneys' fees, arising from or related to such use, disclosure or distribution of the Roster.

(q) Rules and Regulations. To adopt, publish and enforce, from time to time, Rules and Regulations relating to the possession, use and enjoyment of the Property which Rules and Regulations shall be consistent with the provisions of this Declaration.

(r) Statements of Status; Interval and Property Documents.

(i) Within 10 days of the mailing or delivery of a request by any Owner, Mortgagee, prospective Mortgagee, purchaser or other prospective transferee of an Interval, to issue a Statement of Status to the requesting party. Such Statement of Status shall be binding upon the Association in favor of any person who may rely thereon in good faith.

(ii) Within 10 days of the mailing or delivery of a request by an Owner, to provide such Owner with a copy of the Declaration, the Articles and the Bylaws.

(iii) The Association may charge a fee for providing the Statement of Status or the requested documents, which fee shall not exceed the reasonable cost of preparation and/or reproduction thereof.

(s) Taxes and Assessments. As agent and not as principal, to pay all taxes and assessments and other costs affecting or relating to the Property or Common Furnishings including, but not limited to, any transient occupancy tax or any governmental charge levied by the City in lieu of such hotel or transient occupancy tax, and to discharge, contest or protest liens or charges affecting the Property.

(t) Use Week Calendar. Exhibit C hereto identifies the commencement day of all Use Weeks for the time periods specified therein. Not later than five (5) years prior to the expiration of such calendar, and any supplemental or replacement calendar provided by the Association pursuant to this subparagraph 4.2(t), the Association shall supplement the then-effective calendar by identifying the commencement days for all Use Weeks for an additional 15-year period.

(u) Utilities. To obtain and pay the costs of water, electrical, telephone, cable televisions gas, refuse pick garbage disposal and other utility services for the Property.

4.3 Authority and Duty to Engage Managing Agent. The Association shall have the authority to engage and the obligation to use its best efforts to engage and maintain a reputable firm or individual as the Managing Agent for the Property and the Interval operation pursuant to a Management Agreement.

4.4 Limitation on Powers of the Managing Agent. The Managing Agent shall not enter into any contract with a third person or entity whereby such person or entity will furnish goods or services for the Interval operation for a term longer than one year unless authorized by the Board or a Majority of Owners, except for:

(a) A contact with a public utility company if the rates charged for the materials or services are regulated by the California Public Utilities Commission; provided, however, that the term of the contact shall not exceed the shortest term for which the supplier will contract at the regulated rate.

(b) Prepaid casualty and/or liability insurance policies not to exceed three years duration provided that the policy permits short cancellation by the insured.

(c) A lease of Common Furnishings.

(d) Subject to Paragraph 4.2(f), above, contracts providing for the implementation of an Exchange Program at the Property.

(e) Agreements for cable television services and equipment or satellite television services and equipment having a term of not more than 5 years.

4.5 Limited Liability. Neither the Association, the Board, or Managing Agent shall be responsible for the acts, omissions or conduct of any Owner, Permitted User, Exchange User or renter, or for the breach of any of the obligations of any Owner, Permitted User, Exchange User, or renter.

ARTICLE V

ASSESSMENTS AND PERSONAL CHARGES

5.1 Creation of Personal Obligations for Assessments. From and after the Starting Date, CIT, for each CIT Interval, hereby covenants, and each Owner accepting the conveyance of an Interval, whether or not it shall be so expressed in the Original Deed, shall be deemed to have covenanted and agree, for each Interval owned, to pay to the Association the Basic Assessment, the Tax Assessment, the Supplemental Tax Assessment, all Special Assessments, and all Reconstruction Assessments, which shall be established, made and collected as hereinafter provided. Personal Charges shall not be deemed to be Assessments for any purposes hereunder. The assessments, together with interest thereon, costs and reasonable attorneys' fees shall be the personal obligation of each Owner at the time each Assessment becomes due and payable and shall be a lien and charge upon the Interval against which each Assessment is made Subject to the provisions of subparagraph 6.2(b), below, the personal obligation for delinquent Assessments shall not pass to successors-in-title unless expressly assumed. No Owner may waive or otherwise avoid liability for the Assessments by non-use of his Interval or any part thereof or any abandonment thereof.

5.2 Purpose of Assessments. Assessments shall be used exclusively to promote the recreation, health, safety and welfare of the Owners, the operation, maintenance and improvement of the Property, to pay for the administration of the Interval operation and reimbursement of expenses incurred by the Association and other expenditures incurred in the performance of the duties of the Association as set forth in this Declaration.

5.3 Limitation on Basic Expenses. Except as provided in Paragraph 5.4 below, Basic Expenses for any applicable Fiscal Year subsequent to the 1989 Fiscal Year shall not exceed 120 percent of Basic Expenses for the preceding Fiscal Year without regard for any increase or decrease made pursuant to Paragraph 5.4, below, unless authorized by a Majority of Owners. An increase in the Annual Assessment/Basic Expenses that is attributable to an increase in real property taxes shall

be excluded in determining whether the Annual Assessment/Basic Expenses is more than 120 percent greater than the Annual Assessment/Basic Expenses for the immediately preceding fiscal year.

5.4 Increase and Reduction of Budget. Each Owner hereby agrees that, in the event the Board shall determine at any time during the Fiscal Year that the Budget is, or will be, in excess of the amounts needed to meet the Basic Expenses (other than Reserve Expenses) for such Fiscal Year, the Board shall have the authority, exercisable in its sole discretion, to cause to be prepared an estimate of the amount of such excess, which excess shall then be subtracted from the previously prepared Budget for the Fiscal Year to which such excess is applicable. The Basic Expenses reflected in the reduced total Budget shall then be allocated among the Owners. No Owner shall, by reason of such reduction, be entitled to a refund of all or any portion of any Basic Assessment previously paid. Each Owner hereby agrees that any amount assessed and collected in excess of the amount required to meet the Basic Expenses (other than Reserve Expenses) shall be applied to reduce the amount assessed to meet the Basic Expenses for the next succeeding Fiscal Year. Any reduction in the Budget, as provided herein, shall not relieve any Owner from his obligation to pay any past Basic Assessment.

5.5 Basic Assessment. From and after the Starting Date, the Basic Assessment shall commence as to each Interval in the Property. The initial Basic Assessment for each Interval, other than a CIT Interval, may be prorated as more particularly provided in the Purchase Agreement. Unless otherwise provided for, the Basic Assessment shall include real property taxes and similar assessments against the Property.

5.6 Tax Assessment and Supplemental Tax Assessment. The Board may, at its discretion, impose a separate Tax Assessment and/or Supplemental Tax Assessment, rather than include such taxes in the Basic Assessment. If applicable, the Tax Assessment and Supplemental Tax Assessment shall be determined as follows:

(a) Tax Assessment. If real property taxes are not separately assessed against each Interval Owner by the County of Riverside, the Association may, at the discretion of the Board, effect a Tax Assessment as a private separate assessment against the Intervals as if the County had done so. Unless the Association shall determine that another method of calculation of the Tax Assessment is required by law or would be more equitable under the circumstances, the Association shall determine and levy the Tax Assessment in accordance with the following provisions:

(i) Interval Tax Assessment. If applicable, the Tax Assessment for each Interval shall (A) be determined by multiplying (1) the product of (ww) the assessed value times (xx) the tax rate established for the applicable Tax Year by (2) a fraction, (yy), the numerator of which is the purchase price paid for the Interval and (zz) the denominator of which is the aggregate of the purchase prices for all Intervals, or (B) be determined by multiplying (1) the assessed value attributed to such Interval by the Riverside County Assessor by (2) the tax rate established for the applicable Tax Year.

(ii) Effect of Separate Assessment. No Tax Assessment shall be levied by the Association in the event and to the extent that real property taxes are separately assessed and billed by the County Assessor for Riverside County against the Owners' Intervals. In the event the Board elects to levy a separate Tax Assessment, then the Basic Assessment shall not include any amount for the taxes separately assessed.

(b) Supplemental Tax Assessment. Upon receipt by the Association of a supplemental tax bill from the County Assessor, the Association may, at the discretion of the Board, levy a Supplemental Tax Assessment against the Owners' Intervals the conveyance(s) of which have caused the supplemental assessment producing such bill.

5.7 Payment of Basic Assessment, Tax Assessment and Supplemental Tax Assessment. The Basic Assessment and, if applicable, the Tax Assessment and Supplemental Tax Assessment shall be paid as follows:

(a) The Basic Assessment shall be paid as follows:

(i) For Fiscal Year 1989 and any subsequent Fiscal Year in which an Owner becomes such, as provided in the Purchase Agreement.

(ii) For each Fiscal Year thereafter, the Basic Assessment shall be payable with respect to Intervals other than CIT Intervals in one lump sum due on or before the date determined by the Association, or if the Association permits, in periodic installments payable no more frequently than monthly.

(iii) That portion of the Basic Assessment which is attributable to Reserve Expenses shall be deposited in the Reserve Account.

(b) The Tax Assessment, if applicable, shall be paid as follows:

(i) With respect to Intervals other than CIT Intervals, for any Tax Year in which an Owner becomes such, as provided in the Purchase Agreement.

(ii) With respect to all Intervals, including CIT Intervals and non-CIT Intervals for each Tax Year thereafter, the Tax Assessment, if applicable, shall be paid in one lump sum in July of each year or, if the Association so permits, payable in periodic installment payments no more frequently than monthly, calculated by dividing the total tax bill by the number of non-CIT Intervals.

(c) The Supplemental Tax Assessment, if applicable, shall be payable within 10 days after receipt of a statement thereof from the Association.

5.8 Special Assessments. If the Basic Assessments collected or to be collected for a particular Fiscal Year are, or will be, inadequate to meet all expenses incurred by the Association hereunder (other than for items constituting Personal Charges) for any reason, including without limitation nonpayment by any Owner of any Assessment on a current basis, the Association shall immediately determine the approximate amount of such inadequacy, prepare and distribute a supplemental budget and levy against each Interval, in accordance with the method for determining the Basic Assessment, a Special Assessment; provided, however, that without approval by a Majority of Owners, Special Assessments shall not, in the aggregate, exceed 5% of gross Basic Expenses, for the applicable Fiscal Year. Any Special Assessment shall be payable in one lump sum or periodically, as determined by the Association.

5.9 Personal Charges.

(a) Personal Charges are not Assessments and the remedies available to the Association against any Owner for nonpayment of such Owner's Personal Charges are those remedies provided in Paragraph 6.1 and subparagraph 6.2 (a), below.

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(b) Personal Charges shall be paid by each Owner as follows:

(i) if the Association is able to determine the amount of Personal Charges at Check-Out Time (for example, Personal charges constituting long distance telephone charges, optional maid service, etc.), such Personal Charges shall be payable at the termination of the Owner's Use Period.

(ii) Except as provided in Paragraph 9.4, below, Personal Charges which are not ascertainable at the time of termination of an Owner's Use Period shall be payable as determined by the Association.

ARTICLE VI

ENFORCEMENT OF RESTRICTIONS

6.1 In General. In the event that any Owner or his Permitted User(s) should fail to comply with any of the provisions of the Governing Instruments, the Association or any other Owner(s) shall have full power and authority to enforce compliance with the Governing Instruments in any manner provided for therein, by law or in equity, including, without limitation, the right to enforce the Governing Instruments by bringing an action for damages; an action to enjoin the violation or specifically enforce the provisions of the Governing Instruments; to enforce the liens provided for herein and any statutory lien provided by law, including the foreclosure of any such lien and the appointment of a receiver for an Owner; and the right to take possession of the Interval of any Owner in any lawful manner. In the event the Association or any Owner(s) shall employ an attorney to enforce the provisions of the Governing Instruments against any Owner, the party engaging the attorney shall be entitled to recover from the Owner violating any such provisions reasonable attorneys' fees and costs, in addition to any other amounts due as provided for herein. All sums payable hereunder by an Owner which become delinquent shall bear interest at the rate of twelve percent (12%) per annum or at the maximum rate permitted by law, whichever is less, commencing on the date such payment becomes Delinquent, or if advanced or incurred by the Association, or any other Owner pursuant to authorization contained in this Declaration, commencing 10 days after repayment is requested. Each Owner who becomes Delinquent in the payment of any amount due the Association shall pay to the Association a late charge of \$10.00 for each payment which is Delinquent. All enforcement powers of the Association shall be cumulative. Each Owner accepting the conveyance of an Interval shall be deemed to have covenanted and agreed that the Association shall have all of the rights, powers and remedies set forth in this Article VI and elsewhere in this Declaration.

6.2 Certain Specific Enforcement Powers. In amplification of, and not in limitation of, the general powers specified in Paragraph 6.1 above, the Association shall have the following rights and powers:

(a) Suspension of Privileges. If any Owner or his Permitted User shall be in breach of the Governing Instruments, including but not limited to the failure of such Owner to pay any Assessment or Personal Charges on or before the due date thereof, subject to the limitations hereinafter set forth in this subparagraph 6.2(a), the Board may suspend the right of such Owner to reserve or occupy any Unit and the right of such Owner to participate in any vote or other determination provided for herein and may assess monetary penalties as provided in the Bylaws. No

such suspension, except a suspension of privileges for the failure of such Owner to pay any Assessments or Personal Charges, any portion thereof or any other amount(s) due hereunder on or before the due date therefor, or the imposition of monetary penalties shall be made except after a meeting of the Board at which a quorum of the Board is present, duly called and held for such purpose in the same manner as provided in the Bylaws for the noticing, calling and holding of a meeting of the Board. Written notice of such meeting, the purpose thereof, including the reasons for the suspension sought or the monetary penalties sought to be imposed, and whether the Owner's defense shall be oral or written, shall be given to the Owner whose privileges are being sought to be suspended at least thirty (30) days prior to the holding of such meeting. Such notice shall be given as provided at Paragraph 9.3 below. Such Owner shall be entitled to appear at such meeting and present his case, either orally or in writing as designated by the Board, as to why his privileges should not be suspended or monetary penalties imposed. The decision as to whether such privileges should be suspended or monetary penalties imposed, shall be made by a majority of the members of the Board present at such meeting. Written notice of suspension or monetary penalties imposed, the reasons therefor and the length or amount thereof shall be given to the affected Owner and the suspension of privileges or imposition of monetary penalties shall become effective on the date such notice is given. If such suspension of privileges or imposition of monetary penalties is based on the failure of an Owner to pay Assessments, Personal Charges or any other amount(s) due hereunder when due, the suspended privileges of such Owner shall be reinstated automatically at such time as the Owner shall have paid to the Association, in cash or by cashier's or certified check, all amounts past due as of the date of such reinstatement and all monetary penalties imposed, together with accrued and unpaid interest and any late charges imposed. If such suspension of privileges or imposition of monetary penalties is based on any act or omission other than the failure of an Owner to pay Assessments, Personal Charges or any other amount(s) due hereunder when due, the suspended privileges shall be automatically reinstated upon the expiration of the period stated in the suspension notice or payment of the monetary penalties imposed. In amplification of the foregoing, if the suspension of privileges is based upon the failure of an Owner to pay Assessments, Personal Charges or any other amounts due hereunder when due, the Board may take such action in its discretion at any meeting of the Board without proceeding as set forth above regarding notice and hearing.

(b) Subject to Article 6.2(a) as applicable only to Owners, in the event of circumstances involving imminent threat to health, safety, persons, or property, the general manager, Managing Agent, Board, or Association shall have the discretion to immediately suspend the privileges of person(s) occupying the Unit, including, without limitation, the use of reasonable force for ejection from the Property.

(c) Enforcement by Lien. Subject to the provisions of Paragraph 6.3, there is hereby created a claim of lien, with power of sale, on each and every Interval to secure the prompt and faithful performance of each Owner's obligations under the Governing Instruments for the payment to the Association of any and all Assessments levied against any and all Intervals under this Declaration, together with interest thereon at twelve percent (12%) per annum or at the maximum rate permitted by law, whichever is less, from the date such payment becomes Delinquent, and all late charges and cost of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. At any time within 90 days after the occurrence of any default in the payment of such Assessment or performance secured, the Association or any authorized representative may, but shall not be required to, make a written demand for payment to the defaulting Owner. Said demand shall state the date and amount of the delinquency with respect

to which the Owner is in default. Each default shall constitute a separate basis for a demand or claim of lien or a lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid or default is not cured within 10 days after delivery of such demand, or within 100 days after the date of delinquency or default if no written demand is made, the

Association may elect to file and record a notice of default and claim of lien (with a copy to the Mortgagee of such defaulting Owner if such Mortgagee has requested a copy and furnished its name and address to the Association) on behalf of the Association against the Interval of the defaulting Owner in the Office of the County Recorder of Riverside County. Such a notice of default and claim of lien shall be executed and acknowledged by any officer of the Association, and shall contain substantially the following information:

A. The name of the defaulting Owner;

B. The total amount of the delinquency, interest thereon, late charges, collection costs and reasonable attorneys' fees;

C. A statement that the notice of default and claim of lien is made by the Association pursuant to this Declaration; and

D. A statement that a lien is claimed and will be foreclosed against the Interval in an amount equal to the amount stated.

The recordation of a duly executed original or copy of such a notice of default and claim of lien, and mailing a copy thereof to the defaulting Owner, shall not constitute a condition precedent to nor delay the attachment of the lien. The lien claimed in such a notice of default and claim of lien shall attach to the Interval without notice at the beginning of the first day of any period for which any Assessment is levied. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a deed of trust or by exercise of a power of sale contained therein or in the manner provided by law for the enforcement of a judgment as the laws of the State of California may from time to time be changed or amended. The Association shall have the power to bid in at any foreclosure sale, trustee's sale or judgment sale and to purchase, acquire, lease, hold, mortgage and convey any Interval acquired at such sale, subject to the Provisions of this Declaration. Reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law.

The proceeds of any foreclosure sale, trustee's sale or judgment sale provided for in this Declaration shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees, title costs and costs of the sale, and all other expenses of the proceeding and sale, and the balance of the proceeds after satisfaction of all charges, monetary penalties and unpaid Assessments hereunder or any liens, and subject to the rights of any Mortgagee, shall be paid to the defaulting Owner. The purchaser at any such sale shall obtain title to the Interval free from the sums or performance claimed (except as stated in this subparagraph) but otherwise subject to the provisions of the Governing Instruments; and no such sale or transfer shall relieve such Interval or the purchaser thereof from liability for any Assessments, other payments or performance thereafter becoming due or from the lien therefor as provided for in this subparagraph. All sums assessed hereunder but still unpaid shall remain the obligation of and shall be payable by the person foreclosed upon; but if sum should prove uncollectible, then it shall be deemed to be a Basic Expense, collectible from all of the other Owners, including the purchaser thereof at foreclosure, and shall be shared among such Owners in the same manner as other Basic Expenses are shared.

Upon the timely curing of any default for which a notice of default or claim of lien was filed by the Association, the officers of the Association are hereby authorized to record an appropriate release of such lien in the Office of the County Recorder of Riverside County.

6.3 Subordination to Certain Mortgages. The lien provided for herein shall be prior to all encumbrances made by an Owner or imposed by legal process upon any Owner except taxes, bonds, assessments and other levies which by law are prior thereto, whether the notice of lien is recorded prior or subsequent to any such encumbrances, except that the lien provided for herein shall be subordinate to the lien of any Prior Mortgage. The sale or transfer of any Interval shall not defeat or affect the lien provided for herein; provided, however, that the sale or transfer of any Interval which is subject to any Prior Mortgage pursuant to a foreclosure under such Prior Mortgage shall extinguish the lien provided for herein as to payments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Interval or the purchaser thereof from liability for any Assessment(s) thereafter becoming due or from the lien thereof.

ARTICLE VII

DAMAGE, DESTRUCTION, OR CONDEMNATION

7.1 In General. In the event of any damage or destruction, whether resulting from an insured casualty, uninsured casualty or a partial taking in eminent domain proceedings, to the Property or the Common Furnishings other than by ordinary wear and tear, the Association, subject to the provisions of Paragraph 7.2, shall cause such damage or destruction to be repaired promptly and shall use any available insurance or condemnation proceeds for such purpose. If the damage is not covered by condemnation proceeds or by insurance proceeds, or if the available insurance or condemnation proceeds are insufficient, the Association shall, subject to the provisions of Paragraph 7.2 and the next succeeding sentence, levy against all Owners a Reconstruction Assessment at a uniform rate determined in accordance with the method for calculating the Basic Assessment for the amount required to meet the cost of such repair or restoration. In the event the damage or destruction was caused by the intentional or negligent act or omission of an Owner or his Permitted User(s), the cost of such repair or the amount of such deficiency shall be a Personal Charge and paid by such Owner as provided in Paragraph 5.9 above.

7.2 Extensive Damage or Destruction or Total Taking. In the event the amount of the Reconstruction Assessment which is required to be levied pursuant to Paragraph 7.1 above, shall exceed 10 percent of the amount of the Basic Expenses for such Fiscal Year, such Reconstruction Assessment shall not be levied unless such Reconstruction Assessment is approved by a Majority of Owners. If such Reconstruction Assessment is not so approved or if no action is taken with respect to such Reconstruction Assessment within 180 days following the date of such damage or destruction, such disapproval or inaction shall be deemed to be an election to terminate this Declaration, in which even this Declaration shall terminate upon the consummation of the sale of the Property, pursuant to Paragraph 9.1, below, and the recordation of an amendment stating that the Declaration has been terminated in accordance with the provisions of this Paragraph 7.2. The proceeds arising from such sale, together with any insurance proceeds or condemnation proceeds received as a result of such damage or destruction, shall be distributed by the Association, as trustee, to all Owners, including CIT with respect to the CIT Intervals (subject to the rights of such Owners' Mortgagees), at a uniform rate in accordance with the method for calculating the Basic Assessment;

provided, however, that there shall be deducted from the amount due any Owner the amounts, if any, of all sums due to the Association from such Owner.

7.3 Excess Insurance or Condemnation Proceeds. Any insurance or condemnation proceeds available to Owners as the result of any such proceeds not utilized or required for the repair or restoration of the Property or the Common Furnishings shall be distributed by the Association as trustee, to the Owners, including CIT with respect to the CIT Intervals (subject to the rights of such Owners' Mortgagees) at a uniform rate determined in accordance with the method of calculating the Basic Assessment; provided, however, that there shall be deducted from the amount due each Owner the amount, if any, of all sums due to the Association from such Owner.

ARTICLE VIII

ARTICLE VIII RESERVED FOR FUTURE USE

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.1 Amendment. This Declaration may be amended: (a) by a Majority of Owners (including CIT Owners/Intervals); provided, however, that amendment of Paragraph 9.2(b), below, with respect to the date after which Owners may elect to terminate the Declaration may only be effected by a Super-Majority of Owners (including CIT Owners/Intervals); or (b) by the Board, if such amendment is merely corrective in nature and does not affect the substantive rights of any Owner hereunder.

An amendment to Exhibits B and C shall not be deemed to be an amendment of the Declaration for purposes of this Paragraph 9.1. Any amendment shall be binding upon every Owner and every Interval whether the burdens thereon are increased or decreased. No amendment shall require the consent or approval of any Mortgagee. Any amendment authorized hereby shall be evidenced by an instrument in writing, signed and acknowledged, in the event of an amendment pursuant to clause (a) by CIT or in the event of an amendment pursuant to clause (b) by any two officers of the Association, which amendment shall be effective upon filing in the Office of the County Recorder of Riverside County, California. Notwithstanding any other provision hereof to the contrary, clause (3) of Paragraph 1.8, Paragraph 1.27, Paragraph 2.5(b) (ii), Paragraphs 4.2(f), 4.2(s) and Paragraph 4.4(d), this clause and Paragraph 9.10 may not be amended without the prior consent of the City Attorney for the City, which consent shall not be unreasonably withheld.

9.2 Termination.

(a) Subject to the provisions of Paragraph 7.2, above, and subparagraph 9.2(b), below, this Amended & Restated Declaration shall remain in effect for a period of 50 years from July 30, 1990, the date of the original Declaration, and thereafter shall remain in effect for successive periods of 10 years each.

(b) This Amended & Restated Declaration may be terminated at any time (i) after 40 years from July 30, 1990, the date of the original Declaration, by a Super-Majority of Owners

electing to terminate the Declaration and authorizing the Association, as trustee for all Owners, to sell the Property, or (ii) if under the provisions of Paragraph 7.2, the provisions of this Paragraph 9 are applicable. In such event, CIT, for each CIT Interval, and each Non-CIT Owner, by accepting the conveyance of an Interval, whether or not it shall be so expressed in the Original Deed, hereby confers upon the Association, as trustee, the power and authority to sell, convey or otherwise transfer the Property and this Declaration shall terminate upon the consummation of such sale and the recordation of an instrument stating that this Declaration is terminated pursuant to subparagraph 9.2(b). Notwithstanding the termination of this Declaration as hereinabove provided in this

subparagraph 9.2(b) and the termination thereby of all of the covenants, conditions, restrictions, easements, rules and regulations, liens and equitable servitudes created by this Declaration, the existence of the Association shall continue for so long as reasonably required to provide for the collection and disbursement of the proceeds from the sale, conveyance or transfer of the Property.

(c) In the event that no conveyance, sale or transfer of the Property shall have been effected by the Association within nine months after the events described in either clause (i) or (ii) of subparagraph 9.2(b) have occurred, any Owner, including CIT, shall have the right to petition a court of competent jurisdiction for the sale of the Property in lieu of partition. Such court shall recognize and give effect to any agreement, document or instrument made or entered into by the Association within said nine-month period, and pursuant to which the Property shall be conveyed, sold or transferred.

(d) The proceeds from a sale of the Property (i) by the Association pursuant to the power of sale conferred upon the Association, as set forth in subparagraph 9.2(b), or (ii) by a referee appointed to do so pursuant to a decree of partition obtained pursuant to subparagraph 9.2(c) above, shall be distributed by the Association, as trustee, to each Owner, including CIT, with respect to each CIT Interval (subject to the rights of each Owner's Mortgagee) in accordance with the method for determining the Basic Assessment; provided, however, that there shall be deducted from the amount due any Owner, the amount, if any, of all sums due to the Association from such Owner.

9.3 Notices. Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given either when delivered personally at the appropriate address set forth below (in which event, such notice shall be deemed effective only upon such delivery) or 48 hours after deposit of same in any United States post office box in the state to which the notice is addressed, 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 below. Any notice to an Owner at the last address for such Owner appearing in the records of the Association or, if there be none, at the address of the Property. Notices to the Association shall be addressed to Concept In Time Interval Owners Association, 67-590 Jones Road, Cathedral City, California 92234. Notices to the Managing Agent shall be addressed to the address designated by the Managing Agent by written notice to all Owners. The addresses and addressees for purposes of this Paragraph 9.3 may be changed by giving notice of such change in the manner herein provided for giving notice. Unless and until such notice is received, the last address and addressee as stated by notice or as provided herein, if no notice of change has been sent or received, shall be deemed to continue in effect for all purposes hereunder.

9.4 Notification of Sale or Transfer of an Interval. No later than 30 days after to the permitted sale or transfer under Article II, paragraph 2.6 of any Interval under circumstances whereby the transferee becomes the Owner thereof, the transferor shall notify the Association in writing of (a) the name and address of the transferee and transferor, (b) the date on which such sale or transfer is to be

or was consummated, (c) the purchase price to be paid by the transferee for such Interval, (d) a statement, executed by the transferee, that the transferee has received, and acknowledges receipt of, from the Owner, a copy of the Governing Instruments and the Statement of Status, (e) a statement, executed by the transferee, that the transferee has received a copy of the then-effective Association budget, (f) a statement, executed by the transferee, that the transferee agrees to be bound by all of the provisions of the Governing Instruments and (g) the name and address of any Mortgagee of such transferor and transferee. Any outstanding and unpaid Assessments and Personal Charges shall be paid to the Association prior to the transfer of such Interval. Unless and until such notice is given

and any unpaid Assessments and Personal Charges have been paid to the Association on behalf of the transferor, the Association shall not be required to recognize the transferee for any purpose, and any action taken by the transferor as an Owner may be recognized by the Association. Prior to (a) receipt of any such notification by the Association or the Managing Agent, or (b) the payment of Assessments and Personal Charges by the transferor, any and all communications required or permitted to be given by the Association shall be deemed duly given and made if provided to the transferee or if provided to such transferee's transferor.

9.5 Severability and the Rule Against Perpetuities. If any provision of this Declaration, or any section, sentence, clause, phrase or word or the application thereof in any circumstance shall be held invalid, the validity of the remainder of this Declaration and of the application of such provision, sentence, clause, phrase or word under any other circumstances shall not be affected thereby. If any provision of the Declaration would violate the Rule Against Perpetuities or any other limitation on the duration of the provisions contained herein imposed by law, then such provisions shall be deemed to remain in effect only for the maximum permissible period permitted by law or until 21 years after the death of the last survivor of the now living descendants of former President Ronald W. Reagan and President H. W. Bush, whichever is later.

9.6 Successors. The provisions of this Declaration shall be binding upon all parties acquiring any Interval or having or acquiring any right, title or interest therein and shall be for the benefit of each Owner and his heirs, successors and assigns. Each Owner (including CIT) shall be fully discharged and relieved of liability on the covenants herein insofar as such covenants relate to each Interval upon ceasing to own such Interval and paying all sums and performing all obligations hereunder insofar as the same relate to each Interval up to the time his ownership interest terminated.

9.7 Violation or Nuisance. Every act or omission whereby any provision of the Governing Instruments is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated whether or not the relief sought is for negative or affirmative action, by CIT or any Non-CIT Owner.

9.8 Interpretation. The captions of the Articles, Paragraphs and subparagraphs hereof are for convenience only and shall not be considered to expand, modify or aid in the construction or interpretation of this Declaration. As used herein the singular shall include the plural and the masculine shall include the feminine and neuter.

9.9 No Waiver. The failure to enforce any provision of this Declaration shall not constitute a waiver thereof or of the right to enforce such provision thereafter.

9.10 Third Party Benefit. Each Owner accepting the conveyance of an Interval, whether or not it shall be so expressed in the Original Deed, shall be deemed to have covenanted and agreed for each Interval owned, that the City is a direct and intended third party beneficiary of the obligation of

each Owner to pay the charges contemplated under clause 3 of Paragraph 1.8, and, in the event of any failure or refusal by the Association to pay any such charges determined by a court of competent jurisdiction to be lawfully due to the City, the City may maintain an action against the Association, as agent for the Owners, to collect such charges.

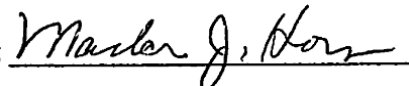
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CERTIFICATE OF SECRETARY

IN WITNESS WHEREOF, CIT has hereunto caused this Amended & Restated Declaration to be executed as of the day and year first written.

I have hereunto set my hand this 15th day of February, 2009.

By:



Marla J. Horn
Secretary
Concept In Time Interval Owners Association

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