

63
✓ Perennial Vacation Club
1625 Highway 88, Suite 104
Minden, Nevada 89423-4620

Bylaws of
Perennial Vacation Club, Inc.
A Nevada Not-for-Profit Corporation

These Bylaws of Perennial Vacation Club, Inc., a Nevada Not-For-Profit Corporation, hereinafter referred to as the "Club", were adopted June 26, 1999 with reference to the following facts, and are as follows:

RECITALS

- A. The Club is the legal owner of the fee simple title of real property hereinafter referred to as Resort Properties (as defined below).
- B. The Club has been formed for the purpose of exercising the powers and performing the duties of the Club as set forth in these Bylaws and the Articles of Incorporation of the Club for the mutual benefit of its Members (as defined below).
- C. By these Bylaws, the Club intends to establish a common scheme and general plan of covenants, conditions, restrictions and provisions for the benefit of all Members relating to the ownership, use, occupancy, enjoyment, restoration, improvement, maintenance, management, and operation of the Resort Properties and operation and administration of the Club.

NOW, therefore, in furtherance of such intent, the Club hereby declares the Resort Properties shall be held, conveyed, hypothecated, mortgaged, encumbered, operated, managed, leased, rented, used, occupied, and improved and Club shall be managed and operated subject to the covenants, conditions, restrictions and provisions of these Bylaws, as amended from time to time, and Rules and Regulations (as defined below) made pursuant to these Bylaws.

All such covenants, conditions, restrictions and provisions of these Bylaws, as amended from time to time, and Rules and Regulations are declared to be in furtherance of a common scheme and general plan established for enhancing and perfecting the value, desirability, and enjoyment of the Resort Properties, and the Memberships (as defined below) within the Club. All such covenants, conditions, restrictions and provisions of these Bylaws, as amended from time to time, and the Rules and Regulations, whether or not they be recorded as a matter of title against the Resort Properties, are hereby made for the direct benefit of the Resort Properties and Memberships, shall be binding upon the Resort Properties and Memberships, and shall constitute covenants running with the land and equitable servitudes and liens thereon, and shall be enforceable by the Club, to inure to the benefit of, the Club and all the Members of, and Memberships within, the Club, including without limitation any heirs, executors, administrators, successors, assigns, including lessees, of any such parties.

Each Member, by accepting a conveyance of a Membership, shall be deemed to have covenanted and agreed to faithfully perform each and every obligation required to be performed by Members under these Bylaws and Rules and Regulations made pursuant to these Bylaws, including without limitation,

the payment to the Club of any and all Assessments (as defined below) hereunder and other moneys owing to the Club, and further shall be deemed to have covenanted and agreed that the Club shall have all the rights, powers, duties, and remedies set forth in these Bylaws.

ARTICLE 1 GENERAL PROVISIONS

- Section 1.1 Name. The name of the Club is Perennial Vacation Club, Inc., a Nevada not-For-Profit Corporation.
- Section 1.2 Principal Office. The principal office of the Club shall be at such place as the Board of Directors may designate from time to time.
- Section 1.3 Purpose. The Club has been formed for the purpose of exercising the powers and performing the duties of the Club as set forth in these Bylaws and the Articles of the Club.
- Section 1.4 Definitions. Unless expressly indicated to the contrary, the terms herein shall have the following meanings:
- a. "Articles" shall mean the Articles of Incorporation of Perennial Vacataion Club, Inc., which Articles are filed with the office of the Nevada Secretary of State, as same may be amended from time to time.
 - b. "Assessment(s)" shall mean:
 - (1) "Dues Assessment" shall mean an annual amount payable to the Club by each Member according to the provisions of Article 9 of these Bylaws.
 - (2) "Special Assessment" shall mean an amount which may become payable to the Club by each Member pursuant to the provisions of Article 9 of these Bylaws.
 - c. "Board of Directors" shall mean the individuals elected pursuant to the provisions of Article 4 of these Bylaws as Directors of the Club to manage the affairs of the Club.
 - d. "Budget" shall mean the annual pro forma statement prepared by the Club for each fiscal year upon which dues Assessments are based.
 - e. "Club" shall mean Perennial Vacataion Club, Inc., a Nevada not-for-Profit Corporation. The Club holds the vested title to the Resort Property(ies) real estate and its appurtenant usage rights required to support the Memberships owned by the Members of the Club.

- f. "Exchange Program" shall mean a service, whereby a Member may exchange Use Weeks reserved by the Member for occupancy rights in other vacation projects.
- g. "Exchange User" shall mean an owner of an occupancy right in another vacation project who occupies a unit owned by the Club pursuant to an Exchange Program.
- h. "Furnishings" shall mean all furniture, furnishings, appliances, fixtures and all other personal property from time to time owned by the Club or held for use by the Members.
- i. "Lien" shall mean the first priority Lien, with power of sale, granted to the Club by the acceptance of a Membership by a Member against his membership to secure the payment of the purchase price and annual or special assessments imposed upon the membership pursuant to the Bylaws. Said lien may be enforced in any manner prescribed by law and may result in the loss of right to use the accommodations of the Club or termination of the Club membership.
- j. "Maintenance Period" shall mean seven (7) days (not necessarily consecutive) during each calendar year to be used by the Club for the purpose of maintaining, refurbishing and repairing the Units as may be required from time to time. The equivalent of one (1) Use Week per year, per unit is set aside for maintenance, resulting in fifty-one (51) Use Weeks remaining in a unit for usage by the Members.
- k. "Managing Agents" shall mean those persons or entities that may be employed from time to time by the Board of Directors to manage the affairs of the Club pursuant to and in the manner provided for in these Bylaws.
- l. "Member" shall mean and include:
- (1) Any person or entity who owns a Membership in the Club.
 - (2) Any person or entity who acquires a Membership in any lawful manner whatsoever, from the original Member, his successor-in-interest or assignees.
- m. "Member Rental" is created by the vacancy in Units that have not been reserved by the Members pursuant to the Club's reservation procedures. Such vacancy may be rented by the Members at the Member Rental Rate in addition to the Members' Membership use.
- n. "Member Rental Rate" is a special discounted rental rate available to Members.

o. "Membership" shall mean a Personal Property Interest in the Club in perpetuity. A Membership grants the Member specific usage rights in the Resort Properties as further defined by Membership Uses and Unit Type below:

(1) "Membership Uses" (current and former) are identified as follows:

(a) "Annual Regular Membership Use Week(s)" (formerly red season) are for use during the full calendar year, every year, at all Resort Properties except for Annual Golden Prime Season Membership Use Week(s).

(b) "Biennial Regular Membership Use Week(s)" is for use during the full calendar year, every other year, at all Resort Properties except for Biennial Golden Prime Season Membership Use Week(s). Biennial Membership is further defined as:

1) Biennial Membership "Odd" have usage rights in years ending in a "1" - "3" - "5" - "7" and "9".

2) Biennial Membership "Even" have usage rights in years ending in a "2" - "4" - "6" - "8" and "0".

(c) "Annual White Low Season Membership Use Week(s)" are for use during low season weeks as identified, from time to time, by the major exchange companies {i.e. Resort Condominiums International (RCI) and Interval International (II)}. This former Membership use is not currently being created by the Club but may be created in the future, at the discretion of the Board of Directors.

(d) "Annual/Biennial Golden Prime Season Membership Use Week(s)" are for use during all calendar year Use Weeks at all resorts. Annual/Biennial Golden Prime Season Memberships are also given priority in either Christmas or New Year's weeks at South Lake Tahoe (Stateline), Nevada. This former Membership Use is not currently being created by the Club but may be created in the future, at the discretion of the Board of Directors.

(2) "Unit Type" shall be defined as the type of Membership accommodations to which a Member has usage rights consisting of either a:

(a) "Studio Unit Type". Sleeps 2-4 people.

(b) "One Bedroom Unit Type". Sleeps 4 people.

(c) "Two Bedroom Unit Type". Sleeps 6 people.

(d) "Three Bedroom Unit Type". Sleeps 8 people.

- p. "Membership Certificate" shall mean that certificate issued by the Club in the name of the Member, to signify and acknowledge the Member's ownership of the Membership.
- q. "Membership Numbers" shall mean a unique number assigned by the Club to each Membership at the time the Membership is created, which shall be used by the Member to identify the Membership he owns.
- r. "Minors" shall mean anyone under the age of eighteen (18) years.
- s. "Permitted User" shall mean any person other than an Exchange User, who occupies a unit, along with, or independently of, the Member, but in all cases by the express authority of the Member entitled to such occupancy, but not limited to, members of the Member's family, his guests, tenants, servants, licensees, and invitees.
- t. "Personal Charges" shall mean expenses to the Club (but which are outside of the Budget and, therefore, are not recovered by the dues Assessments) which are incurred as a direct result of occupancy of a unit by a Member and/or his Permitted User.
- u. "Personal Property Interest" shall mean a Membership in the Club, which is personal property (not real property).
- v. "Reservation System" shall mean the method, arrangement, or procedure adopted by the Board of Directors, from time to time, by which the Members compete with other Members to reserve the use and occupancy of the Club's accommodations.
- w. "Reserve Account" shall mean the Club account for receipts and disbursements attributable to the creation and maintenance of reserves for capital improvements and components of the maintenance, repair and replacement of the Resort Properties owned by the Club that cannot be reasonably expected to recur on an annual or more frequent basis.
- x. "Resort Locations" shall mean the physical locations of the real property or leasehold interests that are owned by the Club.
- y. "Resort Property(ies)" shall mean all the real property interests and its appurtenant rights that are owned or leased by the Club from time to time.
- z. "Rules and Regulations" shall mean the Rules and Regulations adopted, amended and promulgated, from time to time, by the Club or managing agent pursuant to the provisions of these Bylaws.
- aa. "Shall" is mandatory and not merely directory.

- bb. "Sponsor" shall mean a Developer or Marketer, authorized by the Board of Directors in a separate contractual agreement and subject to the terms of these Bylaws, to sell Memberships within the Club.
- cc. "Unit(s)" shall mean a dwelling accommodation, typically a condominium, within one of the Resort Properties, the fee simple title or leasehold estate which is owned by the Club. Units are further defined by Unit Type.
- dd. "Use Week(s)" shall mean a period of seven (7) consecutive nights that may be reserved for the Members' use in a Unit.
- ee. "Votes" shall mean the owner's or owners', of a Membership, right to vote on matters involving the Club that are presented to the Members for a vote according to the provisions of these Bylaws.

(1) "Total Votes" shall mean the total number of Votes in the Club.

(2) "Net Total Votes" shall mean that number of Votes that is equal to the difference between the Total Votes in the Club and number of Votes as to which voting rights are suspended. Said Net Total Votes shall be fixed as of the date of record which for all noticed meetings required by these Bylaws shall be the close of business on the day preceding the day of notice given for said meeting. Sponsors shall not be entitled to vote the Memberships to which they have been granted the right to sell.

ARTICLE 2 MEMBERSHIP AND VOTING RIGHTS

Section 2.1 Member's Rights and Obligations. Each Member shall have the rights, duties and obligations set forth in these Bylaws and the Articles of Incorporation, as the same may be amended from time to time.

Section 2.2 Qualifications. Each owner of a Membership shall be deemed a Member of the Club. If a Membership is owned by more than one Member, all such owners shall become Members of the Club. Ownership of a Membership shall be the sole qualification to be a Member of the Club.

Section 2.3 Voting Rights.

- a. The owner or owners of any Annual Membership Use Week shall be entitled to one (1) vote for each Annual Membership Use Week owned. In the event that more than one person shall own an interest in any Membership, all such persons shall be Members, but the Membership shall be entitled to only one vote. The vote for such Membership shall be

exercised as the co-owners among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Annual Member Use Membership.

- b. The owner or owners of any Biennial Membership Use Week shall be entitled to one-half (1/2) vote for each Biennial Membership Use Week owned. In the event that more than one person shall own an interest in any Biennial Membership Use Week, all such persons shall be Members, but the Membership shall be entitled to only one-half (1/2) vote. The one-half (1/2) vote for such Membership shall be exercised as the co-owners among themselves determine, but in no event shall more than one-half (1/2) vote be cast with respect to any Biennial Membership Use Week.
- c. Joint Owner Disputes. The vote for each Membership owned may be cast only as a Unit, and fractional Votes shall not be allowed. In the event that joint Members are unable to agree among themselves as to how their vote shall be cast, they shall lose their right to vote on the matter in question. If any co-owner of a Membership casts a vote representing a Membership owned, it will thereafter be conclusively presumed for all purposes that the co-owner was acting with the authority and consent of all other co-owners owning that particular Membership.
- d. Sponsors shall not be entitled to vote the Memberships to which they own the right to sell.

ARTICLE 3 MEETING OF MEMBERS

Section 3.1 Place of Meeting. All meetings of the Members shall be held in Douglas County, Nevada or at such other place as may be designated by the Board of Directors.

Section 3.2 Annual Meeting of Members. The Club shall hold an annual Membership meeting during each and every corporate fiscal year at a time and place designated by the Board of Directors. At the annual Membership meeting, if required, there shall be elected, by secret written ballot of the Members, a Board of Directors in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Club as may properly come before them at such annual meetings. Written notice of each annual meeting shall be given to each Member by the Secretary in the manner provided in these Bylaws for giving of notice to Members. All such notices of the annual meeting shall be sent to each Member not less than thirty (30) days before and not more than ninety (90) days of the date of such meeting, and shall specify the place, the day and hour of such meeting, and the general nature of the business to be transacted.

Section 3.3

Special Meetings. Special meetings of Members for any purpose or purposes whatsoever, may be called at any time by the President of the Club or by the Board of Directors, or by any two or more members of the Board of Directors, or by Members representing fifteen percent (15%) or more of the Net Total Votes of all Members. Except in special cases where other express provision is made by statute or these Bylaws, notice of such special meetings shall be given in the same manner as for annual Membership meetings and may be given by any person or persons entitled to call such meeting. Notices of any special meetings shall specify in addition to the place, day and hour of such meeting, the general nature of the business to be transacted.

Section 3.4

Adjourned Meetings and Notice Thereof. Any Membership meeting, organization, annual or special, whether or not a quorum is present, may be adjourned from time to time by the affirmative vote of a majority of the Votes entitled to be cast and represented at such meeting in person or by proxy. However, in the absence of a quorum, no other business may be transacted at any such meeting unless these Bylaws otherwise provide. When any Membership meeting, either annual or special, is adjourned for thirty (30) days or more, notice of the reconvening of the adjourned meeting shall be given as in the case of the original meeting so adjourned. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting, other than by an announcement at the meeting at which such adjournment is taken.

Section 3.5

Quorum. The presence at a meeting of the Club, either in person or by proxy, of Members representing and entitled to cast at least fifteen percent (15%) of the Net Total Votes at the time of the subject meeting, shall constitute a quorum for any action required by the Members. However, if the number of Membership in attendance at such a meeting in person or by proxy, representing and entitled to cast Votes, is less than one third (33 1/3%) of Net Total Votes, then only those matters of business, the general nature of which was given in the notice of the meeting, may be voted upon by the Members. Subject to the provisions of Article 3 and unless otherwise expressly authorized by these Bylaws, all action required or permitted to be taken by the Members may be taken only at a duly called and properly noticed annual or special meeting at which a quorum is present. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members so that less than a quorum is present, and the Members then remaining and entitled to cast Votes at such meeting shall constitute a quorum in connection with the conducting of such business prior to adjournment. If any meeting cannot be held because a quorum is not present, a majority of the Members present either in person or by proxy and entitled to vote, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be fifteen percent (15%) of the Net Total Votes.

Section 3.6

Proxies. Every person entitled to vote or execute consents shall have the right to do so either in person or by any agent or agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the Secretary of the Club. A proxy shall remain in effect until revoked. Every proxy shall be revocable by the person granting it by announcing its revocation to the Secretary of the meeting at which it would otherwise be exercised prior to the exercise thereof, or by written notification to the Secretary of the Club at any time after its execution. A proxy shall automatically be revoked upon sale or conveyance of the Membership by the person granting the proxy of his Membership or upon the death of such person granting the proxy.

Section 3.7

Action Without a Meeting. Any action that may be taken by the vote of Members at a regular or special meeting may be taken without a meeting if the following requirements are met:

- a. A written ballot must be distributed to every Member entitled to vote on the matter, setting forth the proposed action, providing an opportunity to specify an approval or disapproval of the proposal and providing a reasonable time within which to return the ballot to the Club.
- b. Approval by written ballot pursuant to this section shall be valid only when the number of Votes cast by ballot, within the time period specified, equals or exceeds, the quorum required to be present at a meeting authorizing the same action and the number of written assenting Votes equals or exceeds the number of Votes that would be required to approve the same action at a meeting.
- c. The form of written ballot distributed to the Members of the Club shall afford an opportunity on the ballot to specify a choice between approval and disapproval of each matter and each order of business proposed to be acted upon by the Club and the ballot shall further provide that the vote of the Member shall be cast in accordance with the choice specified.

ARTICLE 4
BOARD OF DIRECTORS

Section 4.1

Number, Qualifications, Term of Office. The affairs of the Club shall be managed by a Board of Directors numbering not less than three (3) nor more than five (5), all of whom shall be Members of the Club. The Board of Directors presently consists of four (4) Members who shall be elected by a majority vote of the Membership for a term of three (3) years beginning at the annual meeting following February 19, 1994. Subsequent Board of Director elections shall be held at every third annual Membership meeting thereafter. The expiring three (3) year term shall end and the new three (3) year term shall begin immediately upon election at the annual Membership meeting. The number of members of the Board of Directors may be increased or decreased from

time to time by an amendment of these Bylaws but in no event shall the number of members of the Board of Directors be less than three (3). The notice required under Article 3, paragraph 3.2 of these Bylaws shall include a form of ballot for the election of the Board of Directors.

Section 4.2

Removal and Vacancies. The entire Board of Directors or any individual member of the Board of Directors may be removed from office, with or without cause, at any duly called, noticed and held annual or special meeting of the Members, at which a quorum is present, by a majority of the Total Votes present at such meeting either in person or by proxy, and entitled to vote. A vacancy or vacancies shall be deemed to exist in case of the death, resignation, removal of any member of the Board of Directors or should the Members increase the authorized number of members of the Board of Directors but fail at the meeting at which such increase is authorized or any adjournment thereof to elect the additional members of the Board of Directors so provided for. Further, a vacancy exists if the Members fail at any time to elect the full number of authorized members to the Board of Directors as provided in these Bylaws. Vacancies on the Board of Directors may be filled by a majority vote of the remaining members of the Board of Directors. Each member of the Board of Directors so appointed shall hold office for the duration of the term that member of the Board of Directors was appointed to fill. If the Board of Directors accepts the resignation of a member of the Board of Directors tendered to take effect at a future date, the Board of Directors shall have the power to proceed upon acceptance of the resignation to appoint a successor to take office on the effective date of the resignation.

Section 4.3

Nominating Committee. When vacancies exist on the Board of Directors that are required to be filled by an election at the annual Membership meeting, the Board of Directors, at either a duly called meeting or a special meeting of the Board of Directors, shall act as a nominating committee to review candidates for election to the Board of Directors and submit their recommended candidates for the Board of Directors to the general Membership for election. Nominations may also be made from the floor at the annual Membership meeting.

Section 4.4

Organization Meeting of the Board of Directors. Immediately following each third annual Membership meeting and Board of Directors election, the newly elected Board of Directors shall hold a regular meeting at the same place for the purpose of organization, election of officers, and the transaction of other business. Notice of such meeting is hereby dispensed with.

Section 4.5

Regular Meeting of the Board of Directors. The regular meeting of the Board of Directors shall be held quarterly at the corporate offices of the Club, or such other place the President shall designate either within or outside the state of Nevada. Notice of the regular meeting shall be given to each member of the Board of Directors at least thirty (30) days prior to the date of the meeting.

Section 4.6

Special Meetings of the Board of Directors. Special meetings of the Board of Directors for any purpose or purposes shall be called by written notice at any time by

the President, or if he is absent or unable or refuses to act, by the Vice President or by any two members of the Board of Directors. Written notice of the time and place of special meetings and of the nature of any special business to be considered shall be given to each member of the Board of Directors at least fifteen (15) days prior to the scheduled time of such meeting provided that notice of the meeting need not be given to any member of the Board of Directors who signed a waiver of notice or a written consent to the holding of the meeting. The notice shall be delivered personally to the Board of Directors or sent to each member of the Board of Directors by letter addressed to him at his address as it is shown upon the records of the Club. In case such notice is mailed, it shall be deemed given and received twenty-four (24) hours after being so deposited in the United States Mail. Whenever any member of the Board of Directors has been absent from any special meeting of the Board of Directors and notice of any such meeting has been duly given to such member of the Board of Directors, an entry in the minutes to the effect that notice has been duly given, shall be made.

- Section 4.7 Meetings by Teleconference. The members of the Board of Directors may participate in any meeting of the Board of Directors by means of a teleconference network, by which all persons participating in the meeting can hear each other.
- Section 4.8 Quorum requirement, Waiver of Notice. The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present unless a quorum is expressly not required pursuant to these Bylaws, and if, either before or after the meeting, each of the members of the Board of Directors not present signs a written waiver or notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.
- Section 4.9 Quorum. A majority of the Board of Directors shall constitute a quorum thereof. Every act or decision done or made by a majority of the Board of Directors present at a meeting duly held at which a quorum is present, in person or by proxy, shall be regarded as the act of the Board of Directors, unless the provisions of these Bylaws or Articles of Incorporation shall require or permit the particular action involved to be taken by the Board of Directors under other circumstances.
- Section 4.10 Notice of Adjournment. Notice of adjournment of any Board of Directors' meeting, either regular or special, need not be given to absent members of the Board of Directors, if the time and place are fixed at the meeting adjourned.
- Section 4.11 Adjournment. A quorum of the Board of Directors may adjourn any Board of Directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum, a majority of the Board of Directors present at the Board of Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors.

Section 4.12 Open Meetings.

- a. Annual, regular, and special meetings of the Board of Directors shall be open to all Members of the Club; provided, however, that Members who are not on the Board of Directors may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board of Directors.
- b. The Board of Directors may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Club is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 4.13

Compensation. The Board of Directors of the Club shall as a group be entitled to an annual honorarium not to exceed \$2.00 for each Annual Membership and \$1.00 for each Biennial Membership in the Club, subject to approval by the Board of Directors. Also, the Board of Directors and officers shall be reimbursed for expenses incurred in connection with the business of the Club and authorized by the Board of Directors. Nothing in these Bylaws shall preclude any member of the Board of Directors from serving the Club in any capacity other than as an Officer or a member of the Board of Directors and receiving compensation for such service, as authorized and approved by the Board of Directors. Any member of the Board of Directors receiving any special compensation for services in such other capacity shall be excluded from deliberations and voting by the Board of Directors relative to the authorization thereof and fixing compensation with regard thereto.

Section 4.14

Executive Committee. The Board of Directors shall have the power to appoint an executive committee and to delegate to such committee any of the powers and authority of the Board of Directors in the management of the business and affairs of the Club except the power to adopt, amend, or repeal the Bylaws. The executive committee shall be composed of two (2) or more members of the Board of Directors, one of whom shall be the President or Vice President.

Section 4.15

Powers and Duties. Subject to the limitations of the Articles of Incorporation, these Bylaws and the Nevada Revised Statutes as to action required to be taken, authorized or approved by the Members of the Club, or a portion or percentage thereof, all Club powers and duties shall be exercised by, or under the authority of the Board of Directors, and business and affairs of the Club shall be controlled by the Board of Directors, including the acquisition and disposition of cash and the investing of monies on hand from time to time for the benefit of the Club.

Section 4.16 Sponsor May Not Serve. No person who is a Sponsor, employee of a Sponsor, related to a Sponsor or in any way affiliated with a Sponsor may serve on the Board of Directors.

Section 4.17 Personal Liability. No member of the Board of Directors or other officer of the Club, shall be personally liable to any Member, or to any other party, for damage, loss or prejudice suffered or claimed as a result of any act, omission, error or negligence of the Club, the Board of Directors, Managing Agents or other representative or employee of the Club; or any officer of the Club, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, and without willful or intentional misconduct.

Section 4.18 Indemnification. The Club shall indemnify or advance or reimburse reasonable expenses to any member of the Board of Directors or officer of the Club who as a result of his acting in an official capacity was, is or is threatened to be made a witness, defendant or respondent in a proceeding whether civil, criminal, arbitrate or investigative or appellate and for any inquiry or investigation that could lead to such proceeding.

Expenses to be indemnified or advanced include but are not limited to court costs, attorneys fees, investigation, trial and appellate expenses, and judgment awards, fines or settlements. The member of the Board of Directors or officer in all cases shall be allowed to designate their own counsel.

Authorization for expenses and a determination of their reasonableness shall in all cases be made by those members of the Board of Directors not named as defendants or respondents. If the entire Board of Directors is so named, then the Board of Directors shall designate special legal counsel to represent the Club for the purpose of making the determination of reasonable expense allocation as set out above.

If a member of the Board of Directors or officer is found liable to the Club, the indemnification is limited to reasonable expenses actually incurred in connection with the proceeding. Indemnification shall not be made in respect to any proceeding in which the respondent shall have been found liable for willful or intentional misconduct in the performance of his duty to the Club. In the event of a finding of willful or intentional misconduct, the Board of Directors may seek reimbursement for fees and other expenses advanced.

ARTICLE 5 OFFICERS

Section 5.1 Enumeration of Officers. The officers of the Club shall be a President, a Vice President, a Secretary, a Treasurer and such other officers, as the Board of Directors may deem necessary. Any person may not hold more than one office.

Section 5.2 Election. The initial officers shall be chosen by a majority vote of the Board of Directors at the organizational meeting of the Board of Directors, and thereafter, officers shall be removed or chosen at any subsequent meeting of the Board of Directors by a majority vote of the total number of members of the Board of Directors.

- Section 5.3 Term. All officers shall hold office at the pleasure of the Board of Directors.
- Section 5.4 President. The President shall be the Chief Executive Officer of the Club and shall, subject to the control of the Board of Directors, have supervision, direction and control of the business and affairs of the Club. He shall preside at all meetings of the Members and at all meetings of the Board of Directors. He shall be ex officio a Member of all standing committees, including the executive committees, if any, and shall have the general powers and duties of management usually vested in the office of President of a Nevada Not-For-Profit Corporation, and shall have such powers and duties as may be prescribed by the Board of Directors or by these Bylaws.
- Section 5.5 Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all powers of, and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Board of Directors or by these Bylaws.
- Section 5.6 Secretary. The Secretary shall keep, or cause to be kept, at the principal office or such other place as the Board of Directors may order, a book of minutes of all meetings of the Board of Directors and Members, with the time and place of holding, whether regular or special and if special how authorized, the notice thereof given, the names of those persons present or represented at the Board of Directors' meetings, the number of Members present or represented at Members' meetings and the proceedings thereof. The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board of Directors required by the Bylaws or by law to be given, and he shall keep the seal of the Club in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.
- Section 5.7 Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Club, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be opened to inspection by any member of the Board of Directors. The Treasurer or his nominee shall deposit monies and other valuables in the name and to the credit of the Club with such depositories as may be designated by the Board of Directors. He shall cause to be disbursed the funds of the Club as may be ordered by the Board of Directors, shall render to the President and the Board of Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Club, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws. The Board of Directors may delegate the performance of the foregoing duties, subject to supervision by the Treasurer, to a professional manager or managers retained by the Club.

ARTICLE 6
USE RIGHTS

Section 6.1

Exclusive Use and Occupancy. A Membership confers on its owners the right to use during either each calendar year or every other calendar year, depending on the Member's type of Membership use, a nonspecific Unit of a specific Unit Type, for a nonspecific week, in Resort Properties at one of several Resort Locations. The availability of Units at specific Resort Locations, and during specific weeks, is determined on a first-come, first-served reservation basis.

- a. Each calendar year, those Members who own an Annual Membership use shall be entitled to reserve a Use Week within the Membership Unit Type the Member owns.
- b. Every other calendar year, those Members who own a Biennial Membership use, shall be entitled to reserve a Use Week within the Membership Unit Type the Member owns. Biennial Membership use Odd have usage rights in years ending in a "1" - "3" - "5" - "7" and "9". Biennial Membership use Even have usage rights in years ending in a "2" - "4" - "6" - "8" and "0".
- c. During a Member's use of the reserved Use Week, the Member shall have the exclusive right to peacefully occupy the Unit designated by the Club and nonexclusive right to use and enjoy the surrounding common area and any amenities associated with the Unit. Each Member shall:
 - (1) Use the reserved Unit in a prudent manner leaving it clean and in good condition, in sanitary condition, and in good repair, and shall vacate the Unit at the expiration of the reserved time.
 - (2) Remove all personal property from the Unit excluding the Furnishings owned by the Club and amenities and supplies provided to the Unit by the Club for the Member's convenience.
 - (3) Otherwise comply with such check-out and other procedures as may from time to time be contained in the Rules and Regulations of the Club and of the individual resort location.
 - (4) Be responsible for any loss, damage, destruction or violation of these Bylaws or any Rules and Regulations which occurs during such occupancy and enforcement of any such violations shall be pursuant to Article 9, Section 6, paragraph c., Article 10, Section 1 and Article 10, Section 2.

- d. Any Member may allow a Permitted User to peacefully occupy his Unit during any Use Week reserved by the Member, but such Member shall be responsible for any loss damage, destruction, or violation of these Bylaws or any Rules and Regulations which occurs during such occupancy as if such Member were occupying the Unit.

Section 6.2

Reservation Procedure. The Club shall be responsible for establishing and operating the Reservation System for the Members. The Reservation System shall provide for the check-in times, check-out times, check-in days and check-out days for Use Weeks at the various Resort Properties, cancellation procedures and any other features that shall in the determination of the Board of Directors constitute an effective Reservation System. In the event the Club determines that any aspect of the Reservation System in use is unmanageable or is, for any reason, unfair to the Members, the Board of Directors may, without the consent of the Members, revise the Reservation System to contain such other conditions, restrictions and limitations as the Board of Directors shall deem necessary under the circumstances to assure a manageable and fair system. The currently approved procedures are:

- a. Each Member is entitled to reserve a Use Week, consisting of seven (7) nights for each Membership owned, according to the Membership Use and Unit Type of the Membership owned.
- b. Check-in and check-out days and times vary based upon each Resort Location and are specified by the Club at the time of confirmation of the reservation.
- c. Reservations for a Use Week may be made by a Member no further in advance than twelve (12) months prior to the reservation date selected.
- d. Reservations for each Use Week are on a first-come, first-served space available basis and can be cancelled by the Member up to forty-five (45) days prior to the check-in day without the loss of that Member's calendar year usage rights.
- e. Reservations and cancellations must be made directly, and only, with the Club's reservation office by telephone or in writing. Reservations for specific Use Weeks are not guaranteed until after reservations have been confirmed by the Club's reservation office in writing. Unit assignment may be changed at the sole discretion of the Club, provided the substituted Unit(s) shall sleep no fewer persons than the original Unit.

Section 6.3

Failure to Vacate. If any Member fails to vacate a Unit at the end of the Use Week reserved for the Member, or otherwise uses or occupies a Unit during a period other than his reserved Use Week, or by intentional or negligent acts or omissions renders the Unit unusable or prevents another Member from using or occupying the Unit during such Member's reserved Use Week, such detaining Member shall:

- a. Be subject to immediate removal, eviction or ejection from the Unit wrongfully 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 the laws of the state in which the project being used by the Member is located); and
- c. Be liable to the Club for the following:
 - (1) A sum equal to one hundred percent (100%) of the fair market rental value of the Unit if alternative accommodations are not secured by the Club for the successive Member or other intended occupant who is unable to occupy his reserved Unit due to the conduct of the detaining Member, or the actual cost of alternative accommodations for any Member or other intended occupant who is unable to occupy his reserved Unit due to the conduct of the detaining Member, which the Club shall secure at its expense, and which shall be as comparable as possible to the actual Unit such successive Member or intended occupant was to occupy,
 - (2) An administrative fee of fifty dollars (\$50.00) to be considered personal Charges, per day for each day the Unit is not available for use by the successive Member or intended occupant, whether by the detaining Member's failure to vacate the Unit or by said detaining Member's intentional or negligent acts or omissions rendering the Unit unusable, and
 - (3) Attorney's fees, court costs, and costs of evicting or ejecting such detaining Member.

In the event it is necessary for the Club to contract for a period greater than the actual period required to accommodate the Member or intended occupant of the Unit made unavailable by the actions of the detaining Member, as set forth above, the entire period shall be charged to the detaining Member, although the administrative fee of fifty dollars (\$50.00) per day shall cease upon the actual date of availability of the Unit.

For the purposes of this section, the act or negligence of a Permitted User shall be considered an act of the Member.

Section 6.4 Use Week Utilization. If the Member's right to reserve a Use Week is not exercised in the Member's annual or biennial calendar year (January 1 through December 31), it is forfeited and cannot be carried forward, except in the cases of Members whose Membership Agreement specifically authorized the accrual of unused timeshare weeks.

For such Members, accrued weeks must be used within three years from the date that the Use Week first became available to be reserved. Members are required to pay the dues Assessment each year even though the Member may not elect to reserve a Use Week for that year.

ARTICLE 7 USE RESTRICTIONS

- Section 7.1 Use Restrictions in a Resort Location. Any restrictions, Rules and Regulations pertaining to the use of a specific Resort Location and the Units located therein, shall be deemed to be applicable to a Member or Permitted Users and each Member or Permitted Users shall comply with these restrictions, Rules and Regulations, if any.
- Section 7.2 Interior Decorations, Patios. No Member shall paint, repaint, tile, paper, or otherwise refinish or redecorate the inner surfaces of the walls, or affix any objects on the walls or ceiling, floors, windows, or doors bounding his reserved Unit, or landscape any patio or balcony or remove, alter, or replace any portion of the Furnishings without prior written consent of the Club. The foregoing prohibition, however, shall not modify or affect the duty of each Member for the prudent care and ordinary maintenance and upkeep of all Resort Properties subject to his use.
- Section 7.3 Animals. No animals, reptiles, livestock, birds, fish or poultry of any kind shall be kept in or upon any Unit at any time. Any such animals, reptiles, livestock, birds, fish or poultry so kept in or upon any Unit shall be subject to immediate removal as demanded by the Club.
- Section 7.4 Minors. Members may not allow Minors unaccompanied by an adult to use their reserved Use Week. Unchaperoned Minors are not allowed at the Club's property at any time.
- Section 7.5 Obnoxious and Offensive Activities. No obnoxious or offensive activity shall be carried on, in or upon any of the Resort Properties, nor shall anything be done thereon which may become an annoyance or nuisance to the surrounding area or which in any way interfere with the quiet enjoyment of each of the Members or other persons occupying the resort location.
- Section 7.6 Compliance with Laws. No Member, Permitted User or Exchange User shall permit anything to be done or kept in a Unit or within any portion of a Resort Property that violates any law, statute, ordinance, rule or regulation of any governmental agency having jurisdiction over the Resort Property or resort location.

ARTICLE 8
MANAGEMENT

Section 8.1 Powers and Duties Generally. The Club, acting alone, through its Board of Directors, its officers, or the duly authorized representatives may, subject to the provisions of the Club's Articles of Incorporation and these Bylaws, exercise any or all rights and powers hereinafter enumerated and, except, as specifically limited herein, all the rights and powers of a Not-For-Profit Corporation under the laws of the State of Nevada.

Section 8.2 Specific Powers and Duties of the Club. The management of each Unit, the maintenance and repair and replacement of the Furnishings and the administration of the affairs of Members and payment of expenses and costs enumerated in Article 8 of these Bylaws shall be under the direction and control of the Club. The Club shall have the duty to maintain and repair each Unit, to acquire, maintain, repair and replace Furnishings as needed, to administer the Reservation System provided herein, and levy, collect and enforce the Assessments enumerated in these Bylaws. The Club shall have the power to do all things that are required to be done pursuant to the Articles of Incorporation and these Bylaws. Without limitation of the foregoing powers and duties, the Club is expressly authorized in its discretion and on behalf of the Members to do any or all of the following:

- a. Roster of Members. Pursuant to paragraph 13.5, the Club may not publish the Roster of Members or provide a copy to any member or third party, other than any regulatory agency as required by applicable law. The Club shall initiate a mailing to those persons listed on the members' list upon the request of any member if the purpose of the mailing is legitimate Club business. The Board of Directors of the Club shall determine the appropriateness of any such mailing, which determination shall not be unreasonably withheld. However, the requesting member shall reimburse the Club, in advance, for the Club's actual cost in performing the mailing.
- b. Repair and Maintenance. To repair, maintain, repaint, furnish or refurnish a Unit or any part thereof; to establish and maintain the Reserve Account and operating accounts for anticipated costs, including the costs of acquisition and replacement of Furnishings, to acquire and pay for materials, supplies, furniture, Furnishings, labor or services that the Club deems necessary or proper for the maintenance and operation of the business of the Club.
- c. Taxes and Assessments. To pay all taxes and Assessments and other costs affecting or relating to the Units and Resort Properties. To discharge, contest or protest liens or charges affecting the Units and Resort Properties.

- d. Utilities. To obtain and pay the costs of electrical, telephone, gas and other utility services for each Unit and Resort Properties.
- e. Rules and Regulations. To adopt, publish and enforce, from time to time, Rules and Regulations relating to the possession, use and enjoyment of the Units and Resort Properties, which Rules and Regulations shall be consistent with the provisions of these Bylaws. The Rules and Regulations may not discriminate among Members. A copy of the Rules and Regulations shall be mailed or otherwise be made available to the Members. If there exists any conflict between the provisions of these Bylaws and the provisions of the Rules and Regulations, the provisions of these Bylaws shall control and prevail.
- f. Legal and Accounting. To obtain and pay the costs of legal and accounting services necessary or proper in the operation of the business of the Club and enforcement of these Bylaws and the Rules and Regulations.
- g. Insurance. To obtain and pay the cost of:
- (1) Insurance covering each Unit and the Furnishings therein against loss or damage by fire and other hazards customarily covered by fire insurance policies written with extended coverage;
 - (2) Public liability insurance, insuring against liability for personal injury or property damage resulting from an occurrence in, on or about a Unit or resort property that shall be not less than \$500,000/\$100,000 for personal injury and \$100,000 for property damage; and
 - (3) Any other insurance that is deemed necessary or desirable by the Club, including Worker's Compensation Insurance and Board of Directors' Liability Insurance. The policies of insurance shall cover such risks, be written by such insurers, to be determined by the Board of Directors, and be in such amounts not less than eighty percent (80%) of the full replacement value of each Unit or Resort Property and the Furnishings therein or in such amounts as the Club shall deem proper.
 - (4) The Club may cause the managing agent and any employee of either managing agent or the Club who has charge of the Members' funds to be bonded and the managing agent to maintain errors and omissions insurance coverage.
- h. Levy and Collection of Assessments. To levy, collect and enforce Assessments against the Members in the manner provided in these

Bylaws, hereof, in order to pay the expenses of the Club; and to do all things necessary to enforce each Member's obligation hereunder.

i. Financial Statements and Audit. To cause an external audit by an independent certified public accountant to be conducted for fiscal year financial statements (other than budgets) for any fiscal year in which gross income to the Club exceeds \$200,000.00, and to cause the following statements for the business of the Club to be regularly prepared and copies thereof available upon request to each Member.

(1) A pro forma operating statement ("Budget") of expenses for the Club, for each fiscal year.

(2) A balance sheet as of the last day of each fiscal year and an operating statement for such fiscal year shall be available within 120 days after the end of each fiscal year.

Members shall be charged a reasonable fee, as set by the Board of Directors, for each request for copies of said statements. However, no charge shall apply to Members requesting to inspect said statements at the Club office pursuant to Section 13.5.

j. Bank Accounts. The Club shall establish bank accounts to deposit funds collected from Members pursuant to these Bylaws and all other amounts collected by the Club in connection with its duties provided herein. Funds will be disbursed from said accounts in accordance with the powers granted by these Bylaws and the Articles of Incorporation.

k. Cleaning and Maid Service. To provide for cleaning and maid service and maintenance and repairs upon the departure of each Member or other occupant of a Unit and during Maintenance Periods so that such Unit is maintained in good order and repair. The Rules and Regulations shall provide for the frequency of cleaning and maid service during occupancy by the Member of a Unit.

l. Right of Entry. The Club shall have the right and authority during Maintenance Periods and at any other reasonable time when a Unit is not occupied, to enter such Unit for the purposes of cleaning, maid service, painting, maintenance and repair.

In addition, the Club shall have the right and authority to enter upon and within any Unit, at any reasonable time, whether or not in the presence of a Member occupying said Unit, for the purpose of (i) making emergency repairs therein, (ii) abating any nuisance or any dangers, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit, (iii) protecting property rights and welfare of the other Members, or (iv) for any other purpose reasonably related to the performance by the Club of its responsibilities under

the terms of these Bylaws. 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 Member or occupant of each Unit and shall be preceded by reasonable notice to the Member or occupant thereof whenever the circumstances permit.

- m. Other necessary acts. To do all other things or acts deemed by the Club to be necessary, desirable or appropriate for the operation of the business of the Club.
- n. Delegation. To delegate the authority and responsibilities of the Club to one or more agents, including, but without limitation, the managing agent provided for in Section 8.3 below.
- o. Common Interest Subdivision Representation, Voting and Obligations. Should any Unit(s) be located within a common interest subdivision, and the Unit(s) is entitled to be represented in or to vote on the affairs of the common interest subdivision, then each Member, by acquisition of a Membership, hereby appoints such representatives, as the Board of Directors shall determine from time to time, to represent the Club in the representation or voting of any such Units. The Club shall be responsible for the payment of any Assessments or other monetary obligations to any owner's Association of a common interest subdivision in which any Unit(s) is located. The Club may enter into an agreement with the Association of a common interest subdivision in which any Unit(s) is located to perform any of the Club's duties hereunder or to exercise any of the Club's powers as defined in these Bylaws.

Section 8.3

Authority to Engage Managing Agent. The Board of Directors shall have the authority to engage and maintain a reputable and experienced firm or person as the managing agent for the Units and the business of the Club under the following guidelines:

- a. The Board of Directors is authorized to obligate, by written agreement, the managing agent to perform all duties and obligations of the Club as specified in Section 8.2, or any other duties or responsibilities as required by the Board of Directors.
- b. Provide for a term of the agreement of not more than two (2) years. The agreement may be terminated by either party by giving a minimum of ninety (90) days written notice to either party. The agreement may be immediately terminated by the Board of Directors at any time for cause. If the managing agent alleges in writing that it has not in fact, committed an act of default then either the Board of Directors or the managing agent may deliver a demand for arbitration to the other. Said arbitration shall be in accordance with the rules of the American Arbitration Association. The arbitrator shall have the power to resolve the immediate dispute but shall not have the power to modify any of the terms or conditions of the contract.

- c. If the management agreement is terminated, the managing agent shall turn over all books and records relating to the management and operation of the business of the Club. The books and records shall be deemed to be owned by the Club even if a dispute exists between the managing agent and the Club as to any fees or monies owed to the managing agent.
- d. Provide for compensation to be paid to the managing agent.
- e. The contract will enumerate the fidelity bonding of the managing agent, and the errors or omissions insurance coverage to be maintained by the managing agent. The managing agent shall have no authority for the Club with respect to the administration of an Exchange Program except to provide accommodations for exchanges arranged by the Club or its Members directly with separate exchange companies in accordance with the provisions of the Bylaws of Club.

Section 8.4

Limitation of Powers and Duties. Notwithstanding the powers of the Club and managing agent as set forth in Sections 8.1 and 8.2, neither Club nor the managing agent as the delegate for the Club's powers and duties, shall enter into contracts with a third party or entity whereby such person or entity will furnish goods or services for the Units, Resort Properties, or Members for a term longer than two years unless authorized by the Board of Directors except for:

- a. A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate; and
- b. Prepaid casualty and/or liability insurance policies not to exceed three years duration provided that the policy permits short-rate cancellation by the insured.

Section 8.5

Limited Liability. Neither Club nor the managing agent shall be responsible for the acts, omissions to act or conduct of any of the Members or for the breach of any of the obligations of any of the Members.

Section 8.6

Service Contract/Agreement. When Club owns Units in a resort location that has its own management and services, then Club may enter into a service contract/agreement with the resort location to provide for management and services of the Units owned by Club.

Section 8.7

Rental of Units. The Club retains the right to rent to its Members or to the public any Unit or Resort Property that has not been reserved for occupancy by a Member, upon the following terms and conditions:

- a. At the Club's sole discretion it will not affect use rights of the Membership.
- b. Any rental proceeds received by the Club from the rental of Units or Resort Properties owned by the Club shall inure to the benefit of Club. Sponsors retain no right to rent the Memberships that the Club has granted to the Sponsor the right to sell.
- c. Rental of Units to Members shall be at the then current Member Rental Rate for the specific Unit or resort property reserved. Member Rental Rates are set by the Board of Directors, from time to time, and shall be adjusted by the Board of Directors to account for increases in operational, maintenance and cleaning expenses related to the Member Rental time usage of the Units or Resort Property. A Member shall not be permitted to use Member Rental time if the Member is delinquent in any amounts owed to the Club on the date the Member rental time is to be used and the Club has invoked the provisions of 10.2(b).

ARTICLE 9 MEMBERSHIP ASSESSMENTS, PERSONAL CHARGES

Section 9.1

Creation of Personal Obligation for Assessments. Each Member, by the acquisition of a Membership in Club, covenants to become personally obligated for the payment of the Assessments. The Assessments, together with interest, costs and reasonable attorney's fees shall be the personal obligation of each Member at the time the Assessments becomes due and payable. The Club shall have a secured first priority Lien on each Membership to secure the payment of the Retail Installment Contract and Assessments provided for in these Bylaws. The nature and extent of the Lien as well as the consequences of enforcement of the Lien should a termination and/or sale of delinquent Members' Membership be allowed, shall be that as provided by law. Should a Member fail to pay his Assessment, the Club may take such action as is authorized under this article and Article 10 to enforce the Lien provided herein. The personal obligation for delinquent Assessments, if unpaid by the Member, shall pass to successors-in-interest. No Member may waive or otherwise avoid liability for the Assessments by non-use of his Membership usage rights.

Section 9.2

Purpose of Assessment(s). Assessment(s) shall be used exclusively to promote the improvement, operation and maintenance of the Units and Resort Properties, to pay for the administration of the business of Club and reimbursement of expenses incurred by Club and other expenditures incurred in the performance of the duties of Club as set forth in these Bylaws.

Section 9.3

Dues Assessment. On a fiscal year basis, Dues Assessments for each Member shall be determined by the Board of Directors and assessed to the Members. The Board of Directors may not, without the vote or written assent of a majority of the Members, increase the Dues Assessment in any year by more than twenty percent (20%) of the amount of the Dues Assessment of the immediately preceding fiscal year. Also, if the Board of Directors decides in its sole discretion that any Member will derive as much as fifteen percent (15%) or more than any other Member in the value of the common services supplied by Club, the Dues Assessment against each Member may be determined according to a formula or schedule under which the Dues Assessment bears a relationship that is equitably proportionate to value of the common services furnished to the respective Members.

Section 9.4

Special Assessments. If the Dues Assessments, with respect to any given year, becomes inadequate to meet all expenses incurred by Club hereunder for any reason, including nonpayment by other Members of their Dues Assessments on a current basis, the Board of Directors shall immediately determine the approximate amount of such inadequacy, prepare a supplemental Budget and levy against each Member a Special Assessment in an amount sufficient to provide for such inadequacy; provided, however, that without the vote or written assent of a majority of the Members, a Special Assessment shall not in the aggregate exceed fifteen percent (15%) of the basic Dues Assessment for the applicable fiscal year. Special Assessments shall be determined, levied and enforced in the same manner as provided for the Dues Assessment.

Section 9.5

Notwithstanding the provisions of Sections 9.3 and 9.4, in any one year the aggregate total of dues assessments and special assessments shall not exceed twenty-five percent (25%) of the dues assessment for the preceding fiscal year.

Section 9.6

Payment of Dues Assessments, Special Assessments and Personal Charges. In the event any Assessment or Personal Charge is not paid within fifteen (15) days of the mailing by the Club of a statement therefore, the sum so invoiced may be subject to a late charge as established by the Board of Directors.

- a. Dues Assessments currently are payable annually. Dues Assessments are invoiced at the beginning of the Club's fiscal year for the subsequent calendar year. Each annual payment of Dues Assessments shall be paid by each Member within fifteen (15) days of the mailing by the Club of a statement therefore. In the event the Dues Assessment payment is not paid within sixty (60) days of the mailing by the Club of a statement therefore, the Member's voting rights and use rights shall be suspended pursuant to Section 10.2(b).

Such suspension shall remain in effect until the dues Assessment is current. In the event a Member fails to pay any Assessment for a period of ninety (90) days of the mailing by the Club of a statement therefore, the Member's Membership is subject to termination in accordance with the provisions of Article 10 of these Bylaws.

- b. Special Assessments are payable within fifteen (15) days of the mailing by the Club of a statement therefore. In the event the Special Assessment payment is not paid within sixty (60) days of the mailing by the Club of a statement therefore, the Member's voting rights and use rights shall be suspended pursuant to Section 10.2(b). Such suspension shall remain in effect until the Special Assessment is current. In the event a Member fails to pay any Special Assessment for a period of ninety (90) days of the mailing by the Club of a statement therefore, the Member's Membership is subject to termination in accordance with the provisions of Article 10 of these Bylaws.
- c. Personal Charges shall include any expense resulting from the act or omission to act by any Member or Permitted User, including, without limitation, the cost of any long distance telephone charges, any additional maid service, other special services or supplies attributable to the occupancy of such Member's Unit during the Member's Use Week, the special administrative fee charged by the Club for the failure of a Member or a Permitted User to vacate a Unit on a check-out day, the cost to repair any damage to such Unit and or common area, and/or to repair or replace any Furnishings located within such Unit, and the cost to satisfy any expense paid or incurred by any other Member or the Club as a result of any intentional or negligent act or omission to act of such Member or Permitted User arising during the Member's Use Week, or resulting from the breach of such Member or Permitted User of any provisions of these Bylaws or the Rules and Regulations during such Use Week. Personal Charges are not Assessments and the remedies available to the Club are those remedies provided for in Section 10.2, paragraph a, below. Personal Charges shall be payable:
- (1) At the time of check-out if the Club is able to determine the amount of the Personal Charges at that time.
 - (2) Within fifteen (15) days of the mailing by the Club of a statement therefore if such Personal Charges cannot be ascertained at the time of check-out by the Member.

- a. For the right to sell each Membership granted to a Sponsor by the Club, the Sponsor shall covenant and agree to pay the Club the Dues and Special Assessments for the Membership in accordance with Club Bylaws.

ARTICLE 10

ENFORCEMENT OF BYLAWS AND RULES AND REGULATIONS

Section 10.1

Enforcement Powers in General. The Club shall have full power and authority to enforce compliance with these Bylaws, the Articles of Incorporation and Rules and Regulations in any manner provided for by law or in equity, including, without limitation, the right to enforce the Bylaws, Articles of Incorporation and Rules and Regulations by bringing an action for damages, an action to enjoin the violation or to enforce specifically the provisions of these Bylaws, Articles of Incorporation and Rules and Regulations, or an action to enforce the payment of the Assessments provided for herein. In the event Club shall employ an attorney to enforce the provisions of these Bylaws, Articles of Incorporation and Rules and Regulations against any Member, the prevailing party shall be entitled to reasonable attorney's fees and costs in addition to any other amounts due as provided for herein. All sums payable hereunder by a Member may be subject to a late fee as determined by the Board of Directors, or if advanced or incurred by Club, or any other Member pursuant to authorization contained in these Bylaws, after fifteen (15) days from mailing by the Club of a statement therefore. All enforcement power of Club shall be cumulative.

Section 10.2

Certain Specific Enforcement Powers. In amplification of, and not in limitation of, the general powers specified in Section 10.1 above, Club shall have the following rights and powers:

- a. Suspension of Voting and Membership Use Rights. A Member's voting and use rights shall be suspended based on the following:
 - (1) A Member's voting and Membership use rights shall be suspended pursuant to Section 10.2(b) should a Member become sixty (60) days delinquent on the payment of any Assessments. The suspension shall remain in effect, until such time as the delinquency on the Assessments are brought current.
 - (2) The Board of Directors shall also have the right to impose a penalty not to exceed Five Hundred Dollars (\$500.00), or an amount as provided by applicable law, whichever is the lesser, for each infraction of the Bylaws or the Rules and Regulations committed by any Member or Permitted Users, provided that such penalty shall be imposed by the Board of

Directors only after a meeting of the Board of Directors, at which a quorum of the Board of Directors is present, duly called and held for such purpose in the same manner as provided in these Bylaws for the noticing, calling and holding of a special meeting of the Board of Directors. Written notice of such meeting shall be given to the Member at least thirty (30) days prior to the holding of such meeting. Such notice shall be given in the manner provided in the Bylaws for giving notices to Members. The Member shall be entitled to appear at such meeting and present his case as to why such penalty should not be imposed. The decision shall be made by a majority of the members of the Board of Directors present at such meeting, and shall be binding upon all Members of Club. The Member shall be notified of the decision of the Board of Directors.

b. Lock-out Provisions.

- (1) The Club may deny the use of the accommodations and facilities of the Club to any member, or any person claiming use under the delinquent member, who is delinquent in the payment any assessments levied by the Board of Directors, and/or ad valorem real estate taxes. In order to exercise this right, the Club must provide notice of the total amount of any delinquency, which exists or which will exist as of the first day of such use period, including any accrued interest and late charges permitted to be imposed under the terms of any applicable Public Offering Statement for the timeshare plan or these Bylaws and including a per diem amount, if any, to account for further accrual of interest and late charges between the stated effective date of the notice and the first day of use. The notice shall clearly state that the member will not be permitted to use his reserved use week until the total amount of such delinquency is satisfied in full or until the member produces satisfactory evidence that the delinquency does not exist. The notice shall be given thirty (30) days prior to the first day of the member's reserved use period. The notice shall be mailed to the member at his last known address as recorded in the books and records of the Club. Proper notice is effective to bar the members, including the member's guests, lessees and third parties receiving use rights through a non-affiliated Exchange Program until such time as the member is no longer delinquent. The Club may also bar the use of third parties receiving use rights through an affiliated Exchange Program by providing written notice to the affiliated Exchange Program of the denial of use.

- (2) Any costs reasonably incurred by the Club in connection with effecting lock-out and denial of a reserved use week, together with any costs reasonably incurred by an affiliated exchange company in connection with its compliance with such lock-out may be assessed by the Club against the delinquent member and collected in the same manner as if the costs were assessments allocable solely to the delinquent member. The Club shall act as the agent for the collection of any amounts due to the affiliated exchange company. In no event shall the total costs to be assessed against the delinquent member at any one time exceed 5 percent of the total delinquency per reserved use week or \$15.00 per reserved use week, whichever is less.
- (3) The Club is also permitted to rent a delinquent member's reserved use period and any rights appurtenant thereto, provided the Club provides further notice that it intends to rent the member's reserved use period, or any rights appurtenant thereto, beginning no sooner than ten (10) days from the date of said notice which shall be given at least thirty (30) days prior to the first day of the member's reserved use period. The Club is not required to obtain the highest nightly rental available, nor any particular rental rate. However, the Club must use reasonable efforts to secure a rental that is commensurate with other rentals of similar timeshare interests. The Club shall not be required to rent the entire use period. Any rental received by the Club shall be applied first to rental commissions, cleaning charges, travel agent commissions, or any commercially reasonable charges reasonably and usually incurred by the Club in securing rentals. The balance remaining shall be applied to the delinquent member's account. The member shall be bound by any rental agreement entered into by the Club with respect to the member's reserved use period or appurtenant use rights.
- (4) The member shall remain liable for any difference between the amount of the delinquency and the net amount provided by the rental contract and applied against the delinquency and the Club shall not be required to provide any further notice to the member regarding any residual delinquency.
- (5) The Club shall not impose the provisions of this section against one member or group of members without similarly imposing it against all members including all sponsors or other owners of memberships acquired in any manner.
- (6) The provisions of any applicable law relating to lock-out or denial of use shall be paramount to this section.

c. Termination of Membership for Nonpayment of Purchase Price. In the event a Member fails or ceases to make the payments towards the purchase price of his Membership as provided in his Membership agreement and/or Retail Installment Contract, and such failure or cessation continues for a period of sixty (60) days and this fact is certified in writing to Club by the Sponsor, its successors or assignees, the Sponsor, its successors or assignees shall have the right to terminate the affected Member's Membership in any manner permitted by law or in accordance with the terms and conditions of the Retail Installment Contract or Membership Agreement.

(1) Payments brought current prior to termination. The Member shall have the right to bring all Membership purchase payments, plus interest and late charges, current prior to termination and if the Sponsor, its successors, or assignees find that all payments, interest and late charges have been paid, the Member's Membership shall not be terminated. Should the same Member be the subject of a second or subsequent sixty (60) days delinquency, the Sponsor, its successors, or assignees shall have the right to charge an administrative fee in an amount not to exceed \$500.00. This charge, if not paid within ten (10) days of notice thereof to the affected Member, shall become Lien on the affected Member's Membership and may be enforced by any manner provided for in these Bylaws. Notice of the charge and the amount thereof shall be sent by the Sponsor, its successors, or assignees to the Member's last known address as recorded in the records of Club.

(2) Termination of Membership. If a Membership is terminated by the Sponsor and/or their successors or assignees for nonpayment of the purchase price of Membership as described in Section 10.2, paragraph c., the exclusive ownership of subject Membership and Retail Installment Contract shall revert to the Sponsor and/or their successors or assignees for resale or such other disposition as the Sponsor and/or successors or assignees in their sole discretion shall determine.

d. Termination of Membership for Nonpayment of any Assessments. In the event a Member fails or ceases to pay any Assessment for a period of ninety (90) days after the Assessment due date, as determined by the Board of Directors, the Club shall have the right to terminate the Member's Membership in the following manner:

(1) A Notice of Default shall be prepared by Club. The Notice of Default shall state the indebtedness secured by a Lien on any rights of the Membership and shall be conclusive upon Club and the Member as to the amount of such indebtedness as of the date of the notice. The notice shall also state the description of the Membership against which the Lien has

been assessed and the name of the Member. The Notice of Default shall be mailed by certified or registered mail, to the Member, or to his successors at the last known address as recorded in the records of Club.

- (2) In the event the Membership involved has been pledged as security to Sponsor, and such security is still effective, a copy of the Notice of Default shall also be sent to Sponsor, its successors or its assignees, provided the Club shall be on notice of said security interest.
- (3) For a thirty (30) day period beginning on the first day following the day upon which the Notice of Default is mailed by certified or registered mail with postage prepaid to the Member or to his successors, the Member shall have the right to cure the Member's default as identified in the notice by paying the amount, together with a \$250.00 termination fee.
- (4) In the event the Member does not pay as specified in paragraph (3), above, the Club may terminate the membership.
- (5) If a Membership is terminated by the Club for non-payment of any assessment as described in section 10.2, paragraph d, the exclusive ownership of subject Membership shall become the property of the Club for resale or other disposition as the Club, in its sole discretion, shall determine.
- (6) However, in the event the subject Membership shall have been pledged, as security to Sponsor, and such security is still effective, the exclusive ownership of subject Membership and retail installment contract shall revert to the Sponsor and/or their successors or assignees for resale or such other disposition as the Sponsor and/or their successors or assignees, in their sole discretion, shall determine.

ARTICLE 11

DAMAGE OR DESTRUCTION, LOSS OF TITLE OR EXPIRATION OF LEASE, DISSOLUTION OF CLUB

Section 11.1

Damage or destruction to a Unit or Furnishings. In the event of any damage or destruction to a Unit or its Furnishings, other than by ordinary wear and tear, Club shall, forthwith cause such damage to be repaired or replaced and shall use any available insurance for that purpose. If the available insurance proceeds are insufficient to accomplish said repair or replacement; the Club shall levy a Special Assessment of the amount required to meet the cost of such repair or restorations pursuant to the provisions of Section 9.4 of these Bylaws. In the event the damage or destruction was caused by the intentional or negligent act or omission of a Member or Permitted Users, the cost of such repair or the amount of such

deficiency shall be paid by such Member and collected as provided for in the Bylaws, but if not so collected should be procured by a Special Assessment pursuant to the provisions of Section 9.4 of these Bylaws. In the event the Board of Directors determines that the amount of insurance is substantially insufficient to repair the damages or in the event of total loss to replace the Unit then the Board of Directors is authorized to replace such damaged or destroyed Unit with a Unit in a comparable Unit in same resort location or another resort location pursuant to the provisions of Section 11.6. In the event a Member fails to pay any repair expenses, then Club has the right to suspend Membership rights pursuant to the provisions of Article 10 of these Bylaws.

Section 11.2 Excess Insurance proceeds. Any excess insurance proceeds over the cost of the repair or restoration shall be paid to Club and shall be used by Club in any manner provided therein for the use of funds by Club.

Section 11.3 Condemnation. In the event an action for condemnation is proposed or commenced by any government body having the right of eminent domain, the Board of Directors may take such action as is necessary to protect the interests of the Members, including consenting to a negotiated settlement of the condemnation action. Any funds received by Club from condemnation action shall be used by Club in the manner provided for the use of insurance proceeds.

Section 11.4 Dissolution of the Club.

- a. The Club may be dissolved by the vote or written assent of sixty-six and two thirds percent (66 2/3%) of the Net Total Votes at the time of the vote, electing to dissolve the Club and authorizing the Board of Directors to sell the real and personal property assets owned by the Club. In such event, each owner of a Membership, by accepting the conveyance of a Membership, whether or not it shall be so expressed in the documents of conveyance, hereby confers on the Club, as trustee, the Power and authority as more particularly described herein below to sell, convey or otherwise convey or transfer the real and personal property owned by the Club. These Bylaws shall terminate upon the consummation of such sale and the distribution to the Members of the proceeds of such sale. The existence of the Club shall continue for so long as reasonably required to provide for the collection and distribution of the proceeds from the sale, conveyance or transfer of the real and personal property owned by the Club. If this dissolution cannot be accomplished in a workmanlike manner, then the Board of Directors may, in their best judgment, appoint and designate a trustee to handle the winding up of affairs of the Club.
- b. Each owner of a Membership, by accepting the conveyance of a Membership in the Club, whether or not it shall be so expressed in the

original conveying documents, hereby constitutes and appoints the Club, as trustee, as his attorney-in-fact in his name, place and stead and for his use and benefit to execute, acknowledge and deliver on behalf of each owner of a Membership, any document which is required in order to effect a sale, conveyance or transfer of the real and personal property assets owned by the Club, pursuant to Section 11.4, paragraph a., including but not limited to such documents of conveyance as may be reasonably required to convey title to the real and personal property assets owned by the Club. Each owner of a Membership does further give and grant unto the Club, as trustee, as his attorney-in-fact, full power and authority to do and perform any act necessary and proper to be done in the exercise of foregoing power, including without limitation, the power and authority to petition for sale in lieu of partition, if necessary to effect such conveyance as fully as each Member might or could do.

- c. In the event that no conveyance, sale or transfer of the real and personal property assets owned by the Club shall have been effected by the Club within twelve months after the date upon which the Members shall vote to dissolve the Club, as provided in Section 11.4, paragraph a., above, each owner of a Membership shall have the right to petition a court of competent jurisdiction for the sale of the real and personal property assets owned by the Club.
- d. The proceeds from the sale of the real and personal property assets owned by the Club conducted pursuant to judicial action or the Power of sale conferred upon the Club as set forth herein above, after adequately paying or adequately providing for the debts and obligations of the Club, shall be distributed to each owner of a Membership subject to any liens and encumbrances on the Membership. Each Member's percentage share of the proceeds shall be determined by the Board of Directors on the basis of the Membership use and Unit type owned by the Member in relation to all the other Memberships Uses and Unit Types then in existence and entitled to a percentage share distribution of the proceeds. However, there shall be deducted from the amount due any owner of a Membership the amount, if any, of all sums due the Club from any owner of a Membership.

Section 11.5

Sale and Replacement of Units. The Board of Directors may sell any Resort Property or Unit it owns, and apply the proceeds of such a sale subject to the following:

- a. If the Club has acquired through foreclosure, conveyance, purchase, or any other lawful method, sufficient Memberships to offset the fifty-one (51) Use Weeks derived by the Club's ownership of the Units to be sold, the Club may terminate such Memberships. In such an instance, the proceeds from the sale of a Unit, shall be deposited into the Reserve Account, to be applied to the remaining Resort Properties owned by the Club.

- b. If the Board of Directors deems it would be beneficial to the Members or it is necessary to sell Units or Resort Properties and replace the Units sold with Units at a different resort location, such sale shall be permitted only if:
- (1) The proceeds derived from the sale of the old Units plus any excess reserves collected and held for such old Units shall be applied to the acquisition of replacement Units. Excess reserves would be calculated as being the difference between the reserves held for the old Units and the amount necessary to be held for the new Units as determined by a reserve study performed on the new Units.
 - (2) If the proceeds plus excess reserves from the sale of the old Units would be insufficient to acquire replacement Units, then the Board of Directors may declare a Special Assessment pursuant to Section 9.4 of these Bylaws to accomplish this activity.
 - (3) The replacement of the old Units by the Club is in the best interests of the Club.
 - (4) No substitutions may be made until March 1, 1999. No more than than 25% of the available accommodations at any one location may be substituted in a given calendar year, although all accommodations at a given location may be substituted over a period of four years. Club members will be notified in writing of any decision to substitute accommodations at least 6 months in advance of the date that the substitution will occur. The notice must inform the Club Members that they may reserve the use of the accommodations to be deleted during this 6-month period, subject to the Bylaws and the Guidelines. At the end of the 6-month period, accommodations may be deleted for substitution only to the extent that they were not reserved during the 6-month period.
- c. The Club is the legal owner of Units 101-104 & 201-204 of Building X, Units 101-104 & 201-204 of Building Y, Units 101-104 & 201-204 of Building Z, & Units 102 & 103 of Building R of Tourist Condominium Village Caraibe on the land originally registered complying with Decree No. 4374 of Superior Land Court in Registry Book No. 9, Page 93 on July 24, 1937, Province of Puerto Plata, Dominican Republic (the "DR Resort"). The Club shall not convey, hypothecate, mortgage, assign, or otherwise transfer or encumber in any fashion any portion of the DR Resort except as permitted by any applicable law and these Bylaws.

Section 11.6

Acquisition of Additional Units. The Board of Directors may acquire additional Resort Properties or Units for use by the Membership subject to the following:

- a. If the Board of Directors deems it would be beneficial to the Members to acquire a Resort Property or Unit(s) in a new location or to acquire additional Units at an existing location, it shall be permitted only if:
 - (1) Excess reserves are available in an amount sufficient to acquire the new Resort Properties or Units. Excess reserves would be calculated as being the difference between the reserves held for existing Units and any reserves required for the new Units as determined by a reserve study performed on both the existing Units and the new Units.
 - (2) If the excess reserves are insufficient to acquire the new Units, then the Board of Directors may declare a Special Assessment pursuant to Section 9.4 of these Bylaws to accomplish this activity.

ARTICLE 12
MEMBERSHIP CREATION, BALANCE TO UNITS

Section 12.1 Balance between Memberships and Units. For every Unit to which the Club owns a long-term leasehold interest or fee simple title, the Club shall create either:

- a. Fifty-one (51) Annual Membership Uses, or
- b. Fifty-one Biennial Odd Membership Uses and fifty-one Biennial Even Membership Uses, (for the purposes of calculating the balance of Memberships to Units, Biennial Memberships shall be calculated as equal to one-half (1/2) of an Annual Membership), or
- c. A combination of Annual and Biennial Membership Uses whereby the total number of all the Biennial Membership Uses divided by two, plus the total number of Annual Membership Uses does not exceed fifty-one (51).
- d. Memberships may also be balanced against individual time-share weeks owned by the Club within another time-share entity.

Section 12.2 Sponsor's Right to Sell Memberships. Prior to initiating sales, Sponsor shall convey to the Club a Unit free and clear of any encumbrances, in a completed state, and acceptable to the Board of Directors. The Club then shall grant to Sponsor the right to sell the equivalent of fifty-one (51) Annual Membership Uses (Biennial Membership Uses may also be created) in the subject Unit, based on the Unit Type. Membership Uses may also be sold against individual time-share weeks conveyed to the Club by a Sponsor.

- Section 12.3 Club's Right to Sell Memberships. At any time that the Club shall have Annual or Biennial Membership Uses that are not required to balance existing Memberships, the Club may sell these Membership Uses to Sponsors, existing Members or the general public.
- Section 12.4 Membership Numbers. Prior to acceptance of a new Membership, the Club shall verify the validity of the Membership being sold, enter the Membership into the Club's records and issue a Membership Certificate and Membership number to the new Member.
- Section 12.5 Creation of Different Membership Uses. The Board of Directors, at its sole discretion, may allow the creation of different Membership Uses other than those, which have been formerly or are currently being created. Provided however, the creation of such different Membership Uses does not result in an increase in the burdens upon the existing Members of Club.

ARTICLE 13 MISCELLANEOUS PROVISIONS

- Section 13.1 Checks, drafts, etc. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to Club, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.
- Section 13.2 Contracts, etc. How executed. The Board of Directors, except as otherwise provided in the Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of Club, and such authority may be general or confined to specific instances; and unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind Club by a contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.
- Section 13.3 Bylaws. The Club shall keep in its principal office the original or a copy of the Bylaws as amended or otherwise altered to date, certified by the Secretary, which shall be open to inspection by the Members at all reasonable times during office hours.
- Section 13.4 Fiscal year. The fiscal year of Club shall be October 1st through September 30th.
- Section 13.5 Books and Records. The books of account, Membership roster, records and papers of Club shall be kept at the principal place of business of Club. The annual general Budget and audited financial statements shall at all times, during reasonable business hours, be subject to inspection and copying by any Member or his duly authorized representative. Copies of the annual general Budget and audited financial statements may be purchased at a reasonable cost. Upon receipt of an authenticated written request from a Member along with the fee prescribed by the Board of Directors to

defray the costs of production and reproduction, the custodian of the records of Club shall prepare and transmit to the Member a copy of said documents. The Board of Directors shall establish reasonable rules with respect to:

- a. Notice to be given to the custodian of the records by the Member desiring to make the inspection.
- b. Hours and days of week when such an inspection may be made.
- c. Payment of the cost of producing and reproducing copies of documents requested by Member.
- d. The Club shall maintain a roster of the names and addresses of each Member of the Club. This roster of Members shall at all times be deemed confidential, and shall only be used by the Club pursuant to Section 8.2(a) of these Bylaws.
- e. Each member of the Board of Directors shall have the absolute right at any reasonable time to inspect all books, records and documents of Club and the physical properties owned or controlled by Club. The right of inspection by a member of the Board of Directors includes the right to make extracts and copies of documents subject only to the provisions of paragraph d., above.

Section 13.6 Severability. If any provision of these Bylaws, or any section, sentence, clause, phrase or word or the application thereof in any circumstances, shall be held invalid, the validity of the remainder of these Bylaws and other application of such provision, sentence, clause, phrase or word and any other circumstances shall not be affected thereby.

Section 13.7 Interpretation. The captions of the Articles of Incorporation and paragraphs hereof are for convenience only and shall not be considered to expand, modify or aid in the interpretation, construction or meaning of these Bylaws. As used herein the singular shall include the plural and masculine shall include the feminine and neuter.

Section 13.8 No waiver. The failure to enforce any provision of these Bylaws shall not constitute a waiver thereon or of the right to enforce such provision thereafter.

ARTICLE 14 EVIDENCE OF MEMBERSHIP, SEAL

Section 14.1 Evidence of Membership. The Board of Directors shall have the power to cause the issuance of evidence of Membership in Club to the Members in the form of a Membership Certificate. However, the mere possession of a Membership Certificate,

will not establish the ownership of a Membership. The verification of the valid ownership of a Membership shall be at the sole determination of the Club:

Section 14.2

Seal. The Club shall have a seal in circular form having within its circumference the name of Club, its date of incorporation and such other matters as may be required by the laws of Nevada.

ARTICLE 15 AMENDMENTS

Section 15.1

Amendments. These Bylaws may be amended from time to time by vote at any duly called, noticed and held regular or special meeting of the Members at which a quorum is present, in person or by proxy, provided:

- (1) The notice of the meeting contained a statement of the proposed amendment;
- (2) The Board of Directors, by majority vote, approved the proposed amendment; and
- (3) The proposed amendment is approved by 10% of the Membership entitled to vote who are present at the meeting either in person or by proxy.

Section 15.2

Amendments Affecting Accrual Rights. Notwithstanding the provisions of Section 15.1 of these Bylaws, these Bylaws may not be amended to adversely affect the accrual rights of Members of the Club whose Membership Agreement specifically allows for accrual, unless said amendment receives a majority vote of a quorum of these Members with accrual rights, or a majority of said accrual Members present and voting, in person or by proxy, whichever number is greater.

ARTICLE 16 TRANSFER OF MEMBERSHIP

Section 16.1

Transfer of Ownership.

- a. No Member may transfer his Membership in the Club unless:
 - (1) The Member is current in payment of Assessments and/or installment note payments on the purchase price.
 - (2) The Member has obtained his transferee's agreement in writing, which is filed with the Club, wherein the transferee acknowledges the ownership of the Membership and agrees to be bound by all terms and conditions of the Bylaws, and Rules and Regulations of the Club.

(3) The Member paid or caused to be paid the designated transfer fee as set by the Board of Directors for registering the transfer of the Membership on the records of the Club.

- b. Any transfer of title or ownership to a Membership shall operate automatically to transfer the entire Membership rights in the Club.
- c. Each Member has the right to dispose of his Membership by sale, transfer, gift, bequest or any lawful method, provided it is in compliance with these Bylaws.
- d. Any attempt to make a prohibited transfer or a transfer not complying with these Bylaws shall be void.
- e. Every Member and every other person acquiring any right, Lien or interest in the Club is prohibited from seeking or obtaining, through any legal procedures, judicial partition of any Unit or Resort Property or sale of any Unit or Resort Property in lieu of partition.
- f. Paragraph e., above, shall not be deemed to prohibit a sale of a Unit upon dissolution of the Club or the removal or replacement of the Unit from the Club in accordance with the applicable provisions of these Bylaws.

CERTIFICATION

I HEREBY CERTIFY that the above Bylaws of PERENNIAL VACATION CLUB, INC, a Nevada Not-For-Profit Corporation, are the duly adopted and approved Bylaws of said Club as of November 15, 2001.

This Certification is executed by the Secretary of Club on the date indicated.

Victor A. Driscoll Jr.
Secretary: Victor A. Driscoll Jr.

COPY

REQUESTED BY
Perennial Vacation Club
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

2001 NOV 28 AM 11:54

LINDA SLATER
RECORDER

\$ 53.50 PAID to DEPUTY

0528637

40

BOOK 1101 PAGE 8490