

APN: 132-15-810-001

WHEN RECORDED, MAIL TO:

MARCIA C. ROBINSON, ESQ.
BINGHAM MCCUTCHEN LLP
150 FEDERAL STREET
BOSTON, MA 02110

MAIL TAX STATEMENTS TO:

TRENDWEST RESORTS, INC.
9805 WILLOWS ROAD
REDMOND, WASHINGTON 98052

**DEED OF TRUST, SECURITY AGREEMENT
AND ASSIGNMENT OF LEASES
AND FIXTURE FILING**

(Nevada)

DATED as of March 21, 2003

between

TRENDWEST RESORTS, INC., as Trustor

FIRST AMERICAN TITLE COMPANY OF NEVADA., as Trustee

for the benefit of

FLEET NATIONAL BANK, as Administrative Agent

BUSDOCS:1201035.3

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**DEED OF TRUST, SECURITY AGREEMENT
AND ASSIGNMENT OF LEASES**

THIS DEED OF TRUST (the "Deed of Trust"), made as of March 21, 2003 by and between **TRENDWEST RESORTS, INC.**, an Oregon corporation, having its principal office at 9805 Willows Road, Redmond, Washington 98052 (the "**Trustor**"), **FIRST AMERICAN TITLE COMPANY OF NEVADA**, with an address at 5310 Kietzke Lane, Reno, Nevada 89511, Attn: Bill Bernard (the "**Trustee**"), and **FLEET NATIONAL BANK**, a national banking association, having its principal place of business at 100 Federal Street, Boston, Massachusetts 02110, as Administrative Agent for itself and the other Lenders who are now or may become parties to the Credit Agreement (as defined in the Deed of Trust Rider attached hereto as Exhibit C) (in such capacity as Administrative, the "**Beneficiary**"). Capitalized terms not otherwise defined herein shall have the same meanings set out in the Rider attached hereto as Exhibit C.

Trustor hereby **IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE**, the Property described in Exhibit A attached hereto and made a part hereof (together with the other rights and interests described in the Deed Trust of Rider).

TOGETHER WITH ALL APPURTENANCES in which Trustor has any interest, including water rights benefiting said real property, represented by shares of a company or otherwise; and

TOGETHER WITH all of Trustor's interest in and to all leases of such real property and the rents, issues and profits thereof, reserving the right to collect and use the same, except during continuance of any Event of Default, and during continuance of such Event of Default, authorizing Beneficiary to collect and enforce the same by any lawful means in the name of any party hereto.

FOR THE PURPOSES OF SECURING: (1) Performance of each agreement of Trustor and the other Borrowers incorporated by reference or contained herein. (2) Payment of the Obligations as evidenced by the Notes, executed by Trustor and the other Borrowers in favor of any of the Lenders or the Beneficiary, individually or collectively. (3) Payment of such additional sums as may hereafter be advanced for the account of Trustor and the other Borrowers or assigns by Beneficiary with interest thereon.

The covenants, agreements, conditions, representations and warranties contained in the Deed Trust of Rider attached hereto as Exhibit C are incorporated herein by reference as if fully set out herein; and all references to the covenants, agreements, conditions, representations and warranties contained in this Deed of Trust shall be deemed to include the covenants, agreements, conditions, representations and warranties contained in said Deed Trust of Rider.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES: That Trustor will observe and perform each and all of the following provisions and sub-paragraphs thereof:

1. If Trustor and the other Borrowers shall pay and perform the Obligations secured hereby in accordance with their terms, together with interest thereon, and any renewals or extensions thereof in whole or in part, and shall pay all other sums secured hereby and shall comply with all of the covenants, terms and conditions of this Deed of Trust, then this conveyance shall be null and void and may be canceled of record at the request and the expense of Trustor.

2. If, however, an Event of Default (as defined in the Rider) occurs and is continuing, the entire amount of said Obligations, and all other amounts that may be secured by this Deed of Trust, shall at the option of Beneficiary, immediately mature and become due and collectible, anything herein to the contrary notwithstanding and on application of Beneficiary and by delivery to Trustee of a written declaration of default and demand for sale, and of written notice of default and election to cause said property to be sold (which notice Trustee shall cause to be filed for record), it shall be lawful for and the duty of Trustee to sell the Property herein conveyed at public auction for cash, after having first given such notice of hearing as to commencement of foreclosure proceedings and obtained such findings or leave of court as may then be required by law and giving such notice and advertising the time and place of such sale in such manner as may then be provided by law, and upon such and any resale and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as Trustee is empowered. Trustee shall be authorized to retain an attorney to represent Trustee in such proceedings.

3. After recordation, publication and mailing of any such notice of default as required by law, Trustee shall sell the Property as an entirety, or in such parcels as the Beneficiary shall in writing request, at public auction at such time and at such place in the State of Nevada as Trustee, in its sole discretion, shall decide to be best to accomplish the objects of this Deed of Trust, having first given notice of such sale as then required by law, which notice of sale shall state the time when, and the place where, the same is to be made, shall contain a description of the property to be sold, and shall be sufficiently given so that the statutory requirements with respect thereto are complied with and Trustee may cause such further public advertisement to be made as he may deem advisable. Place of sale shall be in the county in which the property to be sold, or any part thereof, is situated.

(a) Trustee may postpone sale of all, or any portion, of said property by public announcement at the time fixed by said notice of sale, and may thereafter postpone said sale from time to time by public announcement at the time previously appointed.

(b) At the time of sale so fixed, Trustee may sell the Property so advertised or any part thereof, either as a whole or in separate parcels at its sole

discretion, at public auction, to the highest bidder for cash in lawful money of the United States, payable at time of sale, and shall deliver to such purchaser or purchasers a good and sufficient deed of conveyance, assignment and transfer, but without covenant or warranty, express or implied, lawfully conveying, assigning and transferring the Property sold and Trustor hereby agrees to surrender, immediately and without demand possession of said property to such purchaser. The receipt of Trustee after payment to Trustee of such purchase money shall be full and sufficient discharge of any purchaser or purchasers of the Property, sold as aforesaid, for the purchase money; and no such purchaser, or his representatives, successors or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money.

4. In the case of any sale of the Property or of any part thereof, whether under the power of sale herein granted, assent to decree or through other judicial proceedings, the net purchase money proceeds and avails thereof, after deducting and satisfying all foreclosure costs and expenses, together with any other sums which may then be held as security hereunder or be due under any of the provisions hereof as a part of the Property, shall be deposited for the benefit of Beneficiary and the Lenders pursuant to the Credit Agreement to be held and applied as provided therein.

5. Upon the filing of any complaint for that purpose, the court in which such complaint is filed may, upon application of Beneficiary or at any time thereafter, either before or after foreclosure sale, and without notice to Trustor, the other Borrowers or to any party claiming under Trustor, without regard to the solvency or insolvency at the time of such application of any person then liable for the payment of any of the Obligations, without regard to the then current value of the Property, and without requiring any bond from the complainant in such proceedings, appoint a receiver for the benefit of Beneficiary with power to take possession, charge and control of the Property to operate or lease the same, to keep the buildings thereon insured and in good repair, and to collect the revenues of operation or rents during the pendency of such foreclosure suit, and, in case of foreclosure sale and a deficiency, during any period of redemption. The court may, from time to time, authorize said receiver to pay the net amounts remaining in his hands, after deducting reasonable compensation for the receiver and his counsel to be allowed by the court, to Beneficiary for deposit to be held and applied in accordance with the Credit Agreement.

6. To the extent permitted by applicable law, this Deed of Trust and the right of foreclosure hereunder shall not be impaired or exhausted by one or any foreclosure or by one or any sale, and may be foreclosed successively and in parts, until all of the Property has been foreclosed against and sold. In case of any foreclosure (or commencement thereof or preparation therefor) of this Deed of Trust in any court, or by power of sale, all expenses of every kind paid or incurred by the Beneficiary for the enforcement, protection or collection of this security, including reasonable costs, attorneys' fees, stenographers fees, costs of advertising, costs of documentary evidence of title (including title insurance) and all other related charges and costs, shall be paid by Trustor.

7. The proceeds of any foreclosure sale shall, after Trustee retains Trustee's commission, together with reasonable attorneys' fees incurred by Trustee in such proceeding, be applied to the costs of sale, including but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount of the secured Obligations and advancements and other sums expended by Beneficiary according to the provisions hereof, not then repaid, with accrued interest at the rate applicable to overdue payments under the Credit Agreement, and otherwise as required by the then existing law relating to foreclosures. In the event foreclosure is commenced, but not completed, Trustor shall pay all expenses incurred by Trustee, including reasonable attorneys' fees.

8. Pursuant to the terms of the Credit Agreement, the Lenders are required to advance funds from time to time as requested by Trustor and the other Borrowers. This Deed of Trust secures the payment of all present and future loan disbursements made by Beneficiary and the Lenders pursuant to the Credit Agreement. The present amount of such obligations is approximately EIGHTY ONE MILLION DOLLARS (\$81,000,000.00), and the maximum amount, including present and future obligations, which the Lenders will lend to Trustor and the other Borrowers at any one time is THREE HUNDRED MILLION DOLLARS (\$300,000,000.00) plus interest and any disbursements for taxes and insurance on the Property, plus interest thereon and any other sums advanced in accordance with the terms hereof to protect the security of this Deed of Trust; and the period within which such future obligations may be incurred does not extend more than fifteen (15) years beyond the date of this Deed of Trust. So long as no default exists under the terms of the Credit Agreement or this Deed of Trust, and the maturity date has not occurred, the advances under the Credit Agreement are obligatory.

9. Beneficiary or assigns may, at any time, by instrument in writing, appoint a successor or successors to Trustee name herein or acting hereunder which instrument, executed and acknowledged by Beneficiary, and recorded in the Office of the County Recorder of the County or Counties wherein said property is situated, shall be conclusive proof of the proper substitution of such successor or trustee, who shall have all the estate, powers, duties and trusts in the premises vested in or conferred on the original Trustee. If there be more than one Trustee, either may act alone and execute the Trusts upon the request of Beneficiary and his acts shall be deemed to be the acts of all Trustees, and the recital in any conveyance executed by such sole Trustee of such requests shall be conclusive evidence thereof, and of the authority of such sole Trustee to act.

10. Whenever the singular or plural number, or masculine or feminine gender is used herein, it shall equally include the other, and every mention herein of Trustor, Borrowers, Trustee, Beneficiary or Lenders shall include the heirs, executors, legal representatives, administrators, successors and assigns of the party so designated.

WITNESS the due execution hereof as of the day and year first above written.

TRUSTOR: TRENDWEST RESORTS, INC.

By: 

Name: John M. Peterson
Title: Vice President

COMMONWEALTH OF MASSACHUSETTS

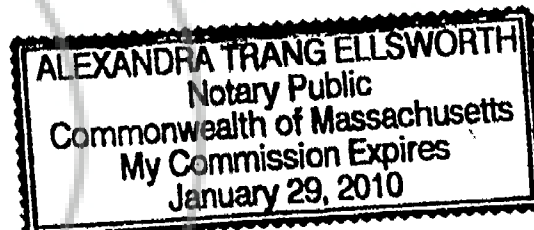
COUNTY OF SUFFOLK

On March 21, 2003 personally appeared before me, a Notary Public, John M. Peterson, Vice President of Trendwest Resorts, Inc., who acknowledged that she/he executed the above instrument on behalf of Trendwest Resorts, Inc.

(SEAL)


Notary Public

My Commission expires: 1/29/10



SEAL

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EXHIBIT A
DESCRIPTION OF PREMISES
SOUTH SHORE

Fractional Interest Letters A-M, each letter, consisting of an undivided one-thirteenth (1/13th) ownership interest as tenants in common in Residence Club Unit Nos. 7101, 7102, 7103, 7201, 7202, 7203, 7301, 7302, 7303, 8101, 8102, 8103, 8201, 8202, 8203, 8301, 8302, 8303, 9101, 9102, 9103, 9104, 9201, 9202, 9203, 9204, 10101, 10102, 10103, 10104, 10201, 10202, 10203, 10204, 10301, 10302, 10303, 10304, 11101, 11102, 11103, 11104, 11201, 11202, 11203, 11204, 12101, 12102, 12103, 12201, 12202, 12203, 12301, 12302, 12303, 14101, 14102, 14103, 14104, 14201, 14202, 14203, 14204, 14301, 14302, 14303, 14304 contained within South Shore, a Nevada condominium project, as identified and established in the Condominium Plat of South Shore, a Commercial Subdivision recorded on December 5, 2002 in Book 1202, at Page 2181 as Document No. 559872 in the office of the County Recorder for Douglas County, State of Nevada, as further described in the Declaration of Condominium - South Shore recorded on December 5, 2002 in Book 1202, at Page 2182 as Document No. 559873, together with the undivided interest in the Common Elements appurtenant to said Fractional Interest, and together with the exclusive right to possession and occupancy of such Residence Club Unit during certain Occupancy Periods in accordance with the Declaration of Covenants, Conditions, Easements and Restrictions for the Residence Club at South Shore recorded on December 5, 2002 in Book 1202, at Page 2217 as Document No. 559874.

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EXHIBIT B

PERMITTED ENCUMBRANCES

Encumbrances which are permitted on Mortgaged Property pursuant to Section 10.2.1 of the Credit Agreement.

SOOP

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EXHIBIT C

DEED OF TRUST RIDER

Deed of Trust Rider attached to and made a part of that certain Deed of Trust, dated as of March 21, 2003 (the "Deed of Trust") from TRENDWEST RESORTS, INC., an Oregon corporation, having an office at 9805 Willows Road, Redmond, Washington 98052 (the "Grantor"), to FLEET NATIONAL BANK, a national banking association having an office at 100 Federal Street, Boston, Massachusetts 02110, as Administrative Agent for itself and the other Lenders who are or may become parties to the Credit Agreement (in such capacity as Administrative Agent, the "Beneficiary").

With intent to be legally bound, Grantor and Beneficiary agree that the following terms and conditions are herein made a part of the Deed of Trust as an integral part thereof. The provisions of this Deed of Trust Rider are supplementary to the provisions of the Deed of Trust to which this Deed of Trust Rider is attached and to the extent any provision of this Deed of Trust Rider deals with the same subject matter as similar provisions of the Deed of Trust, the provisions hereof are to be construed to expand such similar provisions and not to limit the general application of any general provision contained in the Deed of Trust. To the extent any provision of this Deed of Trust Rider conflicts with the Deed of Trust, the language in the Deed of Trust shall control. In case any one or more provisions of this Deed of Trust Rider may be found to be invalid or unenforceable for any reason or in any respect, such invalidity or unenforceability shall not limit or impair enforcement of any other provisions of this Deed of Trust Rider. Unless otherwise defined herein, capitalized terms used in the Deed of Trust and this Deed of Trust Rider shall have meanings ascribed to them in the Credit Agreement.

1. REPRESENTATIONS AND WARRANTIES.

The Grantor hereby represents, covenants and warrants to Beneficiary as follows.

1.1. Title to Property. The Grantor warrants its title to the Property, subject only to the Permitted Encumbrances.

1.2. Authority; No Encumbrances. The Property is now free and clear of all encumbrances whatsoever except Permitted Encumbrances, and the Grantor has good right and lawful authority to mortgage and convey the same in the manner and form hereby mortgaged and conveyed.

1.3. Governmental Filings. Other than the recording of this Deed of Trust and the filing of financing statements with the appropriate recording and filing offices in the state where the Property is located, no approval, authorization or other action by, or filing with, any federal, state, or local commission, board or agency, is required under existing law in connection with the execution and delivery by Grantor of this Deed of Trust.

1.4. No Leases. There are presently in effect no leases of the Property or any part thereof.

1.5. Absence of Litigation. There are no actions, suits, proceedings or investigations, including, without limitation, condemnation and eminent domain proceedings, pending or, to the best of Grantor's knowledge, threatened, against or affecting the Property, or which may involve or affect the validity of this Deed of Trust, and Grantor is not in default with respect to any order, writ, injunction, decree or demand of any court or any administrative agency or governmental authority affecting the Property or the use thereof.

1.6. Compliance with Law. The Property is in compliance with all applicable laws and governmental regulations, including but not limited to those governing zoning, land use, subdivision control, health, safety, fire protection and protection of the environment.

2. CERTAIN COVENANTS AND CONDITIONS.

The Grantor covenants and agrees as follows.

2.1. Governmental Charges. Grantor shall pay before the same become delinquent all taxes, charges, sewer use fees, water rates and assessments of every name and nature, whether or not assessed against Grantor, if applicable or related to the Property, or any interest therein, or applicable or related to any of the Obligations, which, if unpaid, might by law become a lien or charge upon all or any part of the Property; provided, however, that so long as no distraint, foreclosure sale or other levy upon or transfer with respect to the Property or any part thereof shall have been effected or threatened, Grantor shall not be required to pay any such taxes, charges, fees, rates and assessments by reason of this §2.1 if (i) the amount, applicability or validity thereof is currently being contested by Grantor in good faith by appropriate legal proceedings, (ii) such contest operates to suspend enforcement of compliance with and/or collection thereof, (iii) Grantor shall have set aside on its books reserves (segregated to the extent required by sound accounting principles and practices) reasonably deemed by Beneficiary to be adequate with respect thereto, and (iv) Grantor shall, upon Beneficiary's request, provide to Beneficiary a bond or other security of such nature and in such amount as Beneficiary deems sufficient as security for payment thereof.

2.2. Provision for Payment of Governmental Charges and Other Obligations. To assure the payment of all taxes, charges, sewer use fees, water rates, ground rents and assessments of every name and nature, or any other obligations which may have or acquire priority over this Deed of Trust, and which are assessed or payable with reference to the Property, Grantor, if so requested by Beneficiary, shall deposit with Beneficiary, on the first day of each month, a sum determined by Beneficiary to be sufficient to provide, in the aggregate, a fund adequate to pay any such amounts at least ten (10) days before the same become delinquent; and whenever Beneficiary determines sums accumulated under the provisions of this §2.2 to be insufficient to meet the obligation for which such deposits were made, Grantor shall pay, on the demand of Beneficiary, any amount required to cover the deficiency therein. Every such deposit may, at the option of Beneficiary, be applied directly against the obligation with

reference to which it was made, or, to the fullest extent permissible according to law, any other obligation of Grantor secured hereby. Such deposits may, to the fullest extent permitted by law, be commingled with other assets of Beneficiary and, in the discretion of Beneficiary, invested by Beneficiary for its own account or the account of the Lenders, without any obligation to pay income from such investment, or interest on such deposits, to Grantor, or to account to Grantor for such income in any manner.

2.3. Maintenance of Property; Alterations. Grantor shall keep and maintain the Property in good condition, repair and working order, damage from casualty expressly not excepted, shall make all such needful and proper repairs, replacements, additions and improvements thereto as shall be necessary for the proper conduct of its business thereon, and shall not permit or commit waste on the Property. Grantor shall not permit removal or alteration of anything which constitutes a part of the Property without the consent of Beneficiary except that Grantor may remove personal property or fixtures which have become obsolete, provided that Grantor shall substitute personal property or fixtures of equal utility and equal or greater value for the items so removed. The Grantor shall have the right at all times to make or permit such alterations, improvements or new construction, structural or otherwise, (herein sometimes called collectively "alterations"), of or on the Property to be made in all cases subject to the following conditions:

- (a) all work done in connection with any alterations shall be done promptly and in a first-class and workmanlike manner;
- (b) the cost of all alterations shall be paid promptly so as to keep the Property free of all liens; and
- (c) no alterations of any kind shall be made to the Property which shall change the use or reduce the value of the Property in any respect.

Grantor shall permit Beneficiary to enter the Property at any reasonable time to determine whether Grantor is in compliance with its obligations under this Deed of Trust. Grantor shall have the right to develop the Property as a timeshare vacation resort and to construct improvements thereon in connection therewith as permitted under the Credit Agreement. All construction on the Property shall comply with, and each and every part of the Property shall be maintained and used in accordance with, all applicable federal, state and local laws and governmental regulations, and any lawful private restrictions or other requirements or provisions, relating to the maintenance or use thereof.

2.4. Insurance. Grantor agrees, at Grantor's sole cost and expense, to keep the Property insured at all times throughout the term of this Deed of Trust with policies of insurance as required by Section 9.7 of the Credit Agreement. In addition, if at any time the Property or any portion thereof is located in a "Flood Hazard Area" pursuant to the Flood Disaster Protection Act of 1973 (or any successor thereto), Grantor shall keep the Property insured with flood insurance in such total amount as Beneficiary shall reasonably require from time to time (or the maximum amount available, if less).

Grantor shall deposit certificates of insurance acceptable to Beneficiary providing coverage applicable to the Property, whether or not required by this Deed of Trust, with Beneficiary forthwith after the binding thereof, and shall deliver to Beneficiary new policies (or certificates acceptable to Beneficiary) for any insurance about to expire at least thirty (30) days before such expiration. All such insurance policies (other than liability policies) shall be first payable in case of loss to Beneficiary by means of a standard non-contributory mortgagee clause, shall be written by such companies, on such terms, in such form and for such periods and amounts as Beneficiary shall from time to time approve, shall be primary and without right of contribution from other insurance which may be available, shall waive any right of setoff, counterclaim, subrogation, or any deduction in respect of any liability of Grantor, the other Borrowers, Beneficiary and the other Lenders, shall provide that with respect to Beneficiary, the insurance shall not be invalidated by any action or inaction by Grantor including without limitation any representations made by Grantor in the procurement of such insurance, and shall provide that such policies shall not be canceled or amended without at least thirty (30) days prior written notice to Beneficiary. All liability insurance policies shall include Beneficiary as an additional insured. All such insurance policies shall provide that all losses thereunder shall be adjusted by (but not disbursed to) Grantor, so long as no Event of Default has occurred and is continuing provided, however, that in no event shall Grantor approve or consent to any final adjustment in an amount exceeding Two Hundred Fifty Thousand Dollars (\$250,000.00) without obtaining Beneficiary's prior written approval of the amount of such adjustment, and after an Event of Default has occurred and so long as any such Event of Default continues, Grantor shall not consent to a final adjustment in any amount without obtaining Beneficiary's prior written approval. After the occurrence of an Event of Default, Grantor hereby grants Beneficiary full power and authority as irrevocable attorney-in-fact of Grantor to cancel or transfer such insurance, to collect and endorse any checks issued in the name of Grantor and to retain any premium and to apply the same to the Obligations secured hereby.

2.5. Casualties and Takings. All proceeds of any property or hazard insurance or awards of damages on account of any taking or condemnation for public use of or injury to the Property shall be disbursed and applied as provided in Section 4.3.2 of the Credit Agreement.

2.6. Notice of Condemnation. Grantor, immediately upon obtaining knowledge of the institution of any proceeding for the condemnation or requisition of the Property or any portion thereof, shall notify Beneficiary of the pendency of such proceeding. The Beneficiary may participate in such proceeding, and Grantor from time to time shall deliver to Beneficiary all instruments requested by Beneficiary to permit such participation.

2.7. Leases; Assignments; Subordination. Grantor shall not lease the Property or any part thereof without the prior written consent of Beneficiary, not to be unreasonably withheld; provided, however, Grantor may lease any or all of the Property to Fairfield Resorts, Inc., or any subsidiary or Affiliate thereof (collectively, "Fairfield") for a period not in excess of six (6) months without the consent of the Beneficiary, for use

by Fairfield in its condominium vacation ownership interest sales program or for periodic rentals to third parties. If Grantor shall enter into a lease, Grantor shall faithfully keep, observe and satisfy all the obligations on the part of the lessor to be kept, performed and satisfied under every lease from time to time in force with reference to the Property, and shall not alter or terminate any such lease, or any guarantee of such lease, except in the ordinary course of business, or accept any rentals for more than one month in advance. Grantor hereby assigns to Beneficiary all rents and profits under any and all leases of the Property, provided, however, that Grantor shall be entitled to retain such rents and profits until an Event of Default shall have occurred. At any time on notice from Beneficiary, Grantor shall submit to Beneficiary for examination all such leases and on the demand of Beneficiary, shall execute and deliver a separate instrument collaterally assigning any or all such leases, or the rents and profits thereof, in form satisfactory to Beneficiary. The Beneficiary shall have the right, by the execution of suitable written instruments from time to time, to subordinate this Deed of Trust, and the rights of Beneficiary hereunder, to any lease or leases from time to time in force with reference to the Property, and, on the execution of any such instrument, this Deed of Trust shall be subordinate to the lease for which such subordination is applicable with the same force and effect as if such lease had been executed and delivered, and a notice thereof recorded to the extent required to give notice to third persons, prior to the execution, delivery and recording of this Deed of Trust.

2.8. Prior Mortgages. If this Deed of Trust, by its terms, is now, or at any time hereafter, becomes subject or subordinate to a prior deed of trust or mortgage, Grantor shall fully perform its obligations under such prior deed of trust or mortgage and shall not, without the consent of Beneficiary, agree to the modification, amendment or extension of the terms or conditions of such prior deed of trust or mortgage. Nothing contained in this §2.8 is intended, nor shall it be deemed, to constitute consent by Beneficiary to a subordination of the lien of this Deed of Trust.

2.9. Encumbrances. Grantor shall not create or permit to be created or permit to exist any encumbrance on the Property (other than any lien for property taxes not yet due and payable and the Permitted Encumbrances) even if such encumbrance is inferior to this Deed of Trust, without the prior express written consent of Beneficiary. Grantor shall promptly bond off or otherwise cause to be released any mechanic's liens affecting the Property.

2.10. Transfers of Ownership. Grantor shall not sell or permit any transfer of any interest in the Property, or any part thereof, without the prior express written consent of Beneficiary, except as expressly permitted by the Credit Agreement.

2.11. Priority of Lien; After-Acquired Property. This Deed of Trust is and will be maintained as a valid deed of trust lien on the Property subject only to the Permitted Encumbrances. All property of every kind acquired by Grantor after the date hereof which, by the terms hereof, is required or intended to be subjected to the lien of this Deed of Trust shall, immediately upon the acquisition thereof by Grantor, and without any further mortgage, conveyance, assignment or transfer, become subject to the

lien of this Deed of Trust. The Grantor will do, execute, acknowledge and deliver all and every such further conveyances, mortgages, and assurances as Beneficiary shall reasonably require for accomplishing the purposes of this Deed of Trust. If any action or proceeding shall be instituted to recover possession of the Property or for the foreclosure of any other mortgage or deed of trust or for any other purpose affecting the Property or this Deed of Trust, Grantor will immediately, upon service thereof on or by Grantor, deliver to Beneficiary a true copy of each precept, petition, summons, complaint, notice of motion, order to show cause, and all other process, pleadings and papers, however designated, served in any such action or proceeding.

2.12 Security Agreement. This Deed of Trust shall constitute a security agreement under Article 9 of the Uniform Commercial Code (the "Code") in each applicable jurisdiction with respect to fixtures, Building Service Equipment and other personal property included in the Property (the "Personal Property"), now or hereafter acquired by Grantor, which might otherwise be deemed "personal property" covered by this Deed of Trust. Grantor has granted and does hereby grant Beneficiary a security interest in the Personal Property and in all additions and accessions thereto, renewals and replacements thereof and all substitutions therefor and proceeds thereof for the purpose of securing all Obligations now or hereafter secured by this Deed of Trust. The following provisions relate to such security interest:

(1) Except with respect to any installment sales contract or promissory note issued in connection with the sale of a timeshare interval to a consumer purchaser, Personal Property includes all now existing or hereafter acquired or arising equipment, inventory, accounts, chattel paper, instruments, documents, deposit accounts, investment property, letter-of-credit rights, commercial tort claims, supporting obligations and general intangibles now or hereafter used or procured for use in the Premises or otherwise relating to the Premises. If Grantor shall at any time acquire a commercial tort claim relating to the Premises, Grantor shall immediately notify Beneficiary in a writing signed by Grantor of the brief details thereof and grant to Beneficiary a security interest therein and in the proceeds thereof.

(2) Grantor hereby irrevocably authorizes Beneficiary at any time and from time to time to file in any filing office in any Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the collateral as "all assets used or procured for use or otherwise relating to" the Premises or words of similar effect, or as being of equal or lesser scope or in greater detail, and to indicate the Property as defined, or in a manner consistent with the term as defined, in this Deed of Trust and (b) contain any other information required by part 5 of Article 9 of the Code of any such filing office for the sufficiency or filing office acceptance of any initial financing statement or amendment, including whether Grantor is an organization, the type of organization and any organizational identification number issued to Grantor. Grantor agrees to provide any such information to Beneficiary promptly upon request. Grantor also ratifies its authorization for Beneficiary to have filed in any filing office in any Code jurisdiction any like initial financing statements

or amendments thereto if filed prior to the date hereof. Grantor shall pay to Beneficiary, from time to time, upon demand, any and all costs and expenses incurred by Beneficiary in connection with the filing of any such initial financing statements and amendments, including attorneys' fees and all disbursements. Such costs and expenses shall bear interest at the annual interest rate applicable to overdue payments under Section 6.13 of the Credit Agreement from the date paid by Beneficiary until the date repaid by Grantor, and such costs and expenses, together with such interest, shall be part of the Obligations and shall be secured by this Deed of Trust.

(3) Grantor shall any time and from time to time take such steps as Beneficiary may reasonably request for Beneficiary to obtain "control" of any Personal Property for which control is a permitted or required method to perfect, or to insure priority of, the security interest in such Personal Property granted herein.

(4) Upon the occurrence of an Event of Default, Beneficiary shall have the rights and remedies of a secured party under the Code as well as all other rights and remedies available at law or in equity or under this Deed of Trust.

(5) This Deed of Trust also constitutes a Uniform Commercial Code financing statement which is being filed as a fixture filing. Grantor is the record owner of the real estate described on Exhibit A hereto. The collateral is described herein, some of which is or may become fixtures on the real estate described on Exhibit A hereto. The names and mailing addresses of the Debtor ("Grantor" herein) and secured party ("Beneficiary" herein) are set forth on the first page of this Deed of Trust. The Debtor is a corporation organized under the laws of the State of Oregon and its organizational identification number, if any, is 93-1004403.

(6) Terms defined in the Code and not otherwise defined in this Deed of Trust shall have the same meanings in this Paragraph as are set forth in the Code. In the event that a term is used in Article 9 of the Code and also in another Article, the term used in this Paragraph is that used in Article 9. The term "control," as used in this Paragraph, has the meaning given in Section 9-104, 9-105, 9-106 or 9-107 of Article 9, as applicable.

2.13 Environmental Assessments. If (a) an Event of Default shall have occurred, or (b) whether or not an Event of Default shall have occurred, if any Lender reasonably believes that the Property might be materially impaired or in violation of Environmental Laws due to the presence of Hazardous Substances, the Beneficiary may, from time to time, in its discretion for the purpose of ensuring the value of the Property, obtain one or more environmental assessments or audits of the Property prepared by a geohydrologist, an independent engineer or other qualified consultant or expert approved by Beneficiary to evaluate or confirm (i) whether any Hazardous Substances are present in the soil or water at or adjacent to the Property, and (ii) whether the use and operation of the Property comply with all applicable federal, state and local laws, rules and regulations (hereinafter referred to as "Environmental Laws") relating to air quality,

environmental control, release of oil, hazardous materials, hazardous wastes and hazardous substances, and any and all other applicable environmental laws. Environmental assessments may include detailed visual inspections of the Property including, without limitation, any and all storage areas, storage tanks, drains, dry wells and leaching areas, and the taking of soil samples, surface water samples and ground water samples, as well as such other investigations or analyses as the Beneficiary deems appropriate. All such environmental assessments shall be conducted and made at the sole cost and expense of Grantor.

3. DEFAULT AND REMEDIES.

3.1. Default; Acceleration of Obligations. If an Event of Default shall occur and be continuing beyond any applicable grace period, then Beneficiary and the Lenders may exercise the remedies provided under this Deed of Trust, under the Credit Agreement, under any and all other instruments and documents providing security for the Obligations, or under the laws of the state where the Property is situated, or any one or more of such remedies.

3.2. Remedies Cumulative. No remedy herein conferred on Beneficiary is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing.

3.3. Right of Beneficiary to Cure an Event of Default. If an Event of Default shall occur and be continuing Beneficiary shall have the right, but without any obligation so to do, to cure such default for the account of Grantor and to make any payment or take any action necessary to effect such cure. Without limiting the generality of the foregoing, Grantor hereby authorizes Beneficiary to pay all taxes, sewer use fees, water rates and assessments, with interest, costs and charges accrued thereon, which may at any time be a lien upon the Property, or any part thereof; to pay the premiums for any insurance required hereunder; to incur and pay reasonable expenses in protecting its rights hereunder and the security hereby granted; and to pay any balance due under any security agreement on any fixtures and equipment included as a part of the Property; and the payment of all amounts so incurred shall be secured hereby as fully and effectually as any other obligation of Grantor secured hereby. If Beneficiary shall make any payment or take action in accordance with this §3.3, Beneficiary will give to Grantor written notice of the making of any such payment or the taking of any such action. In any such event, Beneficiary and any person designated by Beneficiary shall have, and is hereby granted, the right to enter upon the Property at reasonable times and from any time and from time to time for the purpose of taking any such action, and all monies expended by Beneficiary in connection therewith (including, but not limited to, reasonable legal expenses and disbursements), together with interest thereon at an annual rate of interest equal to the rate applicable to overdue payments under the Credit Agreement (or the highest rate permitted by law, whichever shall be less), from the date of each such expenditure, shall be paid by Grantor to Beneficiary forthwith upon demand by Beneficiary, and shall be secured by this Deed of Trust, and Beneficiary shall have, in addition to any other right or

remedy of Beneficiary, the same rights and remedies in the event of non-payment of any such sums by Grantor as in the case of a default by Grantor in the payment of any installment of principal or interest due and payable under the Credit Agreement.

3.4. Operation of Mortgaged Property. Upon the occurrence and continuance beyond any applicable grace period of an Event of Default, Beneficiary may hold, lease, manage, operate or otherwise use or permit the use of the Property, either itself or by other persons, firms or entities, in such manner, for such time and upon such other terms as Beneficiary may deem to be prudent and reasonable under the circumstances (making such repairs, alterations, additions and improvements thereto and taking any and all other action with reference thereto, from time to time, as Beneficiary shall deem necessary or desirable), and apply all rents, profits and other amounts collected in connection therewith in accordance with the other provisions of this Deed of Trust.

3.5. Receiver. Upon the occurrence of an Event of Default, or any actual or threatened waste to all or any part of the Property, or at any time while a suit is pending to foreclose or reform this Deed of Trust or to enforce any provision hereof, Beneficiary shall have the right to apply without notice for the appointment of a receiver of all or any part of the Property and the rents and profits thereof, and such receiver shall have all the broad and effective functions and powers anywhere entrusted by a court to a receiver. Beneficiary shall be entitled to the appointment of said receiver forthwith as a matter of absolute right, without regard to the adequacy or inadequacy of the value of the Property or the solvency or insolvency of Grantor or any other defendant, and Grantor hereby waives any right to object to the appointment of such receiver and expressly consents thereto. The income, profits, rents, issues and revenues from the Property shall be applied by such receiver according to the provisions of this Deed of Trust and the practice of the court appointing such receiver.

3.6. Certain Terms of Foreclosure Sale. At any foreclosure sale, any combination, or all, of the Property or security given to secure the indebtedness secured hereby, may be offered for sale for one total price, and the proceeds of such sale accounted for in one account without distinction between the items of security or without assigning to them any proportion of such proceeds, Grantor hereby waives the application of any doctrine of marshaling; and, in case Beneficiary, in the exercise of the power of sale herein given, elects to sell in parts or parcels, said sales may be held from time to time, and the power shall not be fully executed until all of the property or security not previously sold shall have been sold.

3.7. Uniform Commercial Code. If the provisions of the Uniform Commercial Code are applicable to any property or security given to secure the indebtedness secured hereby which is sold in combination with or as a part of the Property, or any part thereof, at one or more foreclosure sales, any notice required under such provisions shall be fully satisfied by the notice given in execution of the power of sale or other provision in accordance with which the sale of real property pursuant to such foreclosure is held with respect to the Property or any part thereof.

3.8. Other Mortgage Instruments. The Obligations secured by this Deed of Trust may also be secured by various other deeds of trust or mortgages or both (collectively, including this Deed of Trust, the "Mortgage Instruments") conveying or encumbering real estate in the state in which the Property is situated and in other jurisdictions. An Event of Default under the Credit Agreement shall be an Event of Default under all Mortgage Instruments. Except as may be expressly stated in this Deed of Trust or in such other Mortgage Instruments, all the property conveyed or encumbered by the Mortgage Instruments is security for the Obligations secured by the Mortgage Instruments without allocation of any one or more of the parcels or properties serving as security under the Mortgage Instruments to any part of the Obligations. The Beneficiary may act at the same time or at different times to pursue a remedy or remedies under the Mortgage Instruments or under any of them by proceedings appropriate to the state in which the property serving as security lies, and no such action shall stay or bar enforcement, or be construed as a waiver of, any remedy of Beneficiary under any other instrument in the same state or jurisdiction or in any other state or jurisdiction.

3.9. Rights Cumulative. Each right, power and remedy conferred upon Beneficiary by this Deed of Trust, the Credit Agreement and by all other documents evidencing or securing the Obligations and conferred by law or in equity is cumulative and in addition to every other right, power and remedy herein or therein set forth or otherwise so existing, may be exercised from time to time, as often, and in such order, as may be deemed expedient by Beneficiary, and the exercise or the beginning of the exercise of one right, power or remedy shall not be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy, and no delay or omission of, or discontinuance by, Beneficiary in the exercise of any right, power or remedy accruing hereunder or arising otherwise shall impair any such right, power or remedy, or be construed to be a waiver of any default or acquiescence therein. To constitute a waiver, there must be a writing signed by an officer of Beneficiary and directed to Grantor, specifying the waiver.

In case Beneficiary shall have proceeded to enforce any right or remedy under this Deed of Trust or the Credit Agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to Beneficiary, then and in every such case Grantor and Beneficiary shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Beneficiary shall continue as if no such proceeding had been taken. In the event of a breach or default under this Deed of Trust or under the Credit Agreement or any other document evidencing or securing the Obligations, Grantor agrees to pay and to indemnify and hold harmless Beneficiary for all reasonable expenses, attorneys' fees and paralegals' fees whether incurred in litigation or not, or in any bankruptcy, mediation, arbitration or any other administrative proceeding, or any appeal therefrom, taxes and other court costs occasioned by such breach or default.

4. DEFINITIONS.

The following terms as used herein shall have the following meanings:

"Borrowers" shall mean Fairfield Resorts, Inc., a Delaware corporation, FFD Development Company, LLC, a Delaware limited liability company, and Trendwest Resorts, Inc., an Oregon corporation.

"Beneficiary" shall mean the mortgagee named at the beginning of this instrument, any subsequent holder or holders of this Deed of Trust or the indebtedness secured hereby, the trustee under a deed of trust, or any state or county official engaged in any part of the enforcement of the lien of this Deed of Trust, and their respective successors and assigns. The word "Beneficiary" as used in this Deed of Trust Rider shall also mean, if this instrument forms part of a deed of trust, the beneficiary of this Mortgage Instrument and any subsequent owner of the beneficiary's interest in the Property or this Mortgage Instrument.

"Building Service Equipment" shall mean all apparatus, fixtures and articles of personal property owned by Grantor now or hereafter attached to or used or procured for use in connection with the operation or maintenance of any building, structure or other improvement located on or included in the Property (except apparatus, fixtures or articles of personal property belonging to lessees or other occupants of such building or to persons other than Grantor unless the same be abandoned by any such lessee or other occupant or person), together with any and all replacements thereof and additions thereto.

"Credit Agreement" shall mean that certain Amended and Restated Revolving Credit and Term Loan Agreement dated as of March 21, 2003, by and among the Borrowers, the Lenders, and the Beneficiary, as Administrative Agent, pursuant to which the Lenders have agreed to (a) make revolving credit loans to the Borrowers, and to issue letters of credit for the account of the Borrowers, in an aggregate outstanding principal amount of up to and including \$120,000,000.00, and (b) to make a term loan to the Borrowers in an aggregate principal amount of \$180,000,000, as set forth in the Credit Agreement, as such Credit Agreement is originally executed, or if varied, supplemented, amended or restated from time to time, as so varied, supplemented, amended or restated.

"Deed of Trust" shall have the meaning assigned to it in the recitals to this Deed of Trust Rider.

"Default" shall mean any Default under the Credit Agreement (as therein defined).

"Event of Default" shall mean any Event of Default under the Credit Agreement (as therein defined).

"Grantor" shall mean the person or persons named at the beginning of this instrument as Grantor, and any subsequent owner or owners of the equity of redemption of the Property.

"Guaranties" shall mean the guaranties entered into by Cendant Corporation and each of the Restricted Subsidiaries in favor of the Lenders and Beneficiary.

"Hazardous Substances" shall have the meaning assigned to it in Section 8.17 of the Credit Agreement.

"Lenders" shall mean Fleet National Bank and such other lending institutions who are or may become parties to the Credit Agreement.

"Letter of Credit" shall mean a standby or documentary letter credit in such form as may be requested from time to time by the Borrowers and agreed to by the Administrative Agent (as defined in the Credit Agreement), all as further defined in §5.1 of the Credit Agreement.

"Letter of Credit Application" shall mean a letter of credit application on the customary form of Beneficiary.

"Loan Documents" shall mean the Credit Agreement, the Guaranties, the Notes, the Letter of Credit Applications, the Letters of Credit, the Subordination and Intercreditor Agreement, the Fee Letter, and the Security Documents (each as defined in the Credit Agreement).

"Loans" shall mean the Revolving Credit Loans and the Term Loan (as such terms are defined in the Credit Agreement).

"Mortgage Instruments" shall have the meaning assigned to it in §3.8 hereof.

"Notes" shall mean the Revolving Credit Notes and the Term Notes (as defined in the Credit Agreement).

"Obligations" shall mean all indebtedness, obligations and liabilities of the Grantor to any of the Lenders, the Beneficiary, as Administrative Agent, the Collateral Agent and the Arranger, individually or collectively, existing on the date of the Credit Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under the Credit Agreement or any of the other Loan Documents or in respect of any of the Loans made or Reimbursement Obligations incurred or any of the Notes, Letter of Credit Applications, Letters of Credit, or other instruments at any time evidencing any thereof, or arising or incurred under any Rate Protection Agreements (as defined in the Credit Agreement) entered into by the Borrowers with any of the Lenders.

"Permitted Encumbrances" shall mean the encumbrances listed on Exhibit B to this Deed of Trust and incorporated herein by reference as if fully set out herein.

"Premises" shall mean all that certain tract or parcel of land more particularly described and set forth in Exhibit A attached to this Deed of Trust and made a part hereof.

"Property" shall mean all of the described property, rights, privileges, interests and franchises more particularly described in paragraphs (a) through (p) below:

(a) the Premises, and any portion thereof that may be converted into a condominium or timeshare form of ownership ("Resort") as may be described in a Declaration of Covenants, Conditions and Restrictions or other form of declaration;

(b) All existing and future buildings, improvements, structures, installations, and fixtures, now or hereafter erected, installed or located on the Premises, all tenements, hereditaments, easements, riparian and other rights and appurtenances pertaining to or benefiting the Premises, the buildings, timeshare intervals, improvements and other property, or the Resort, whether now owned or existing or hereafter arising or acquired; together with all existing or future Resort buildings and timeshare intervals in the Resort which, from time to time are established and owned by Grantor ("Encumbered Inventory"), and all of Grantor's present or future rights, title and interests in and to condominium or interval ownership (timeshare) property or developer retained property, and common elements, as may be established from time to time in connection with any condominium or timeshare regime, together with all existing or arising appurtenant rights and interests, including appurtenant rights and interests in and to buildings or timeshare intervals, and appurtenant, easement or related rights in and to buildings or timeshare intervals, and appurtenant, easement or related rights in and to the common elements, common areas or common amenities, each as may be established by any condominium or timeshare plan or by the declaration, and including any existing or future parking areas, recreational areas and amenities, roadways and walkways, lobby and common areas, and all installations, fixtures and improvements presently existing or hereafter constructed, erected, installed or located in or on or appurtenant to the Premises or the Resort;

(c) All present and future easements, servitudes, licenses, leasehold interests (whether as lessor or lessee), and access and use rights in and to the Premises and Resort facilities and amenities, including the easement, access and use rights in, to and under the common elements and developer retained property, and in, to and under the Premises, and further including, without limitation, any other claim at law or in equity as well as any after acquired title, franchise or license and the reversion and remainders thereof, all of the estate, right, title, claim or demand of ways, strips, gores or land, streets, ways, passages, alleys, and transport systems, and all water rights, mains, lines, laterals and any stormwater, wastewater or sanitary sewer systems, installations, or fixtures, and all other utilities, utility agreements, "will-serve" agreements, access and use agreements or licenses, water, sewer, water and sewer capacity reservation agreements, and other rights and appurtenances, tenements and hereditaments pertaining to or benefiting the Premises, the buildings, the timeshare intervals, the Resort and Encumbered Inventory;

(d) All construction, building and site improvement materials, raw materials and supplies relating to the construction of buildings or improvements, whether or not installed, and whether located on the Premises or elsewhere, which are to be

installed at or on the Premises or the buildings and all work in progress or tools relating to any construction of improvements on the Premises;

(e) All construction and decision agreements with the contractors, engineers and architects (as any of the same may be amended entered into by Grantor in connection with the construction of improvements on the Premises, and all rights and benefits therein or thereunder, and all deposits, credits, rights and benefits with respect to any suppliers or subcontractors in connection with the construction of improvements on the Premises;

(f) Except with respect to any installment sales contract or promissory note issued in connection with the sale of a timeshare interval to a consumer purchaser, all rights, privileges, exemptions, entitlements and benefits (but not obligations) under any development agreement, transferable building service, building maintenance, construction, management and other similar agreements and contracts, written or oral, express or implied, now or hereafter entered into arising or in any manner related to the construction, design, improvement, use, operation, occupation, enjoyment, sale, conversion or other disposition (voluntary or involuntary) of the Premises, or the buildings and improvements now or hereafter located thereon, or any other interest in the Premises, or any combination thereof, including all property management agreements, sales contracts, construction rights, contract deposits, earnest money deposits, prepaid items and payments due and to become due thereunder, and further including all payment and performance bonds, construction guaranties, warranties, construction contracts, architects agreements, general contract agreements, design agreements, engineering agreements, technical service agreements, architectural plans and specifications, permits, licenses, building permits, inspections, franchises, land use approvals, zoning or planning approvals, variances or special exceptions, certifications or approvals and vested rights or other governmental approvals, entitlements, advertising contracts, purchase orders and equipment leases; and including without limitation, all rights, entitlements and credits with respect to transportation systems, and other infrastructure or amenities intended or required to be constructed to serve the Premises;

(g) All of Grantor's rights, privileges, exemptions, entitlements and benefits (but not obligations) as "Developer" or "Declarant" under a declaration or under the respective timeshare documents or the timeshare acts;

(h) All written or unwritten tenancies, leases, rentals, rental agreements, licenses, arrangements or obligations, or leasehold interests of, from or pertaining to the Premises, the buildings, the timeshare intervals or the Resort, whether Grantor is landlord or tenant, and all rents, deposits, credits, issues, income, accounts, profits, proceeds and revenues thereof or with respect thereto or deriving therefrom, subject, however, to the right of Grantor to receive and use the same and to exercise all rights and privileges as landlord under all of the leases until an Event of Default shall have occurred under this Deed of Trust, together with all the rights and privileges of the Grantor as landlord thereunder;

(i) Except with respect to any installment sales contract or promissory note issued in connection with the sale of a timeshare interval to a consumer purchaser, to the extent assignable under the terms of applicable escrow agreements, timeshare documents and the timeshare act, all purchase and other contracts, agreements, deposits, escrows, notes, instruments, mortgages and other documents, instruments and agreements relating to sales or closings of sales of Inventory, and all payments, rights to payment and proceeds, including without limitation, all escrow funds and all monies relating to cash sales of timeshare intervals.

(j) Except with respect to any installment sales contract or promissory note issued in connection with the sale of a timeshare interval to a consumer purchaser, all credits, revenues, payments, monies, contract rights, deposits, options, privileges and rights of Grantor under or with respect to any construction or the overall development of the Premises, or under or with respect to sales or rental of any timeshare interval or other portions of the Premises, or under or with respect to the other collateral;

(k) All owned or leased furniture, furnishing, fixtures, equipment and machinery of every kind and description located in or on or used in connection with the Premises, the Resort, the buildings or any timeshare interval or Encumbered Inventory;

(l) All management, maintenance, marketing, sales, service, utility, development, amenities, security or technical service and other agreements or arrangements relating to the Premises or the Resort, or Grantor's business at the Premises or Resort, and any agreement guaranteeing the performance of any of them;

(m) All unearned premiums accrued, accruing or to accrue under any and all insurance policies now or hereafter obtained, any casualty, hazard, liability, builders' risk, business interruption other insurance and insurance policies, including without limitation, payment, performance and completion bonds, insuring against claims or loss with respect to any construction, the Premises, the buildings, the timeshare intervals, the Resort or other collateral, or for business interruption or otherwise relating to Grantor or its business at the Premises;

(n) Except with respect to any installment sales contract or promissory note issued in connection with the sale of a timeshare interval to a consumer purchaser, all documents, instruments, goods, equipment, accounts, accounts receivable, inventory, chattel paper, general intangibles, contract rights and agreements relating to the use, occupancy, maintenance, sale, or enjoyment of the Premises, including contracts for sale of any portion of the Premises and receivables deriving therefrom, and any other tangible or intangible personal property located at, arising out of, or used or useful in connection with the Premises, relating to Grantor, any construction, the Premises, the buildings, the timeshare intervals, the Resort, or the other collateral, and all payments or proceeds;

(o) All extensions, additions, improvements, accessions, betterments, renewals, substitutions and replacements of, for or to any of the collateral, wherever located, together with the products, proceeds, issues, rents and profits of the foregoing of

every type, or all proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, but without limitation, proceeds of insurance provided for in this Deed of Trust and proceeds of condemnation awards and awards for restriction of access to, or change of grade of, streets, or any agreements in lieu of condemnation of eminent domain, or in respect of injury or waste to, or taking of, or decrease in value of, the Premises, and of any claims or rights regarding any of the other collateral; and

(p) All books, records, construction status and inspection reports, "punch lists", rent rolls, reports, and all written or computer information, computer tapes, disks and software relating to the Property.

"Reimbursement Obligation" shall mean the obligation of the Borrowers to reimburse Beneficiary and the Lenders on account of any drawing under any Letter of Credit as provided in §5.2 of the Credit Agreement.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, migrating, dumping, or discarding, burying, abandoning, or disposing into the environment.

"Restricted Subsidiaries" shall have the meaning assigned to it in the Credit Agreement.

5. MISCELLANEOUS.

5.1. Notices. All notices, requests and other communications hereunder shall be made in writing and shall be given in the manner set forth in the Credit Agreement.

5.2. Successors and Assigns; Joint and Several Liability; Partial Invalidity. All the covenants and agreements of Grantor herein contained shall be binding upon Grantor and the successors and assigns of Grantor. In case any one or more of the provisions of this Deed of Trust may be found to be invalid, or unenforceable for any reason or in any respect, such invalidity or unenforceability shall not limit or impair enforcement of any other provision thereof.

5.3. Revolving Credit Advances. A portion of the indebtedness evidenced by the Notes is revolving credit indebtedness. The Credit Agreement provides that the principal sum of \$120,000,000.00 may be advanced, repaid and readvanced from time to time in accordance with the terms and provisions of the Credit Agreement. Accordingly, the aggregate principal advances during the term of the Credit Agreement may exceed \$300,000,000.00; provided, however, at no time shall the aggregate outstanding principal balance exceed \$300,000,000.00, except for advances made to protect the lien of this Deed of Trust as hereinabove provided. Grantor agrees that if the outstanding balance of the Credit Agreement, principal and interest, is ever repaid to zero (despite any express prohibition to the contrary contained in the Credit Agreement), the lien and security interest of this Deed of Trust shall not be deemed released or extinguished by operation of law or implied intent of the parties. This Deed of Trust shall remain in full force and

effect as to any further advances or readvances under the Credit Agreement made after any such zero balance until the Obligations are paid in full, all agreements to make further advances and readvances have been terminated and this Deed of Trust has been canceled of record. Grantor waives the operation of any applicable statute, case law or regulation having a contrary effect. The outstanding principal amount of the indebtedness under the Credit Agreement will bear interest at a variable rate or rates calculated in accordance with the terms and conditions of the Credit Agreement. The Credit Agreement is hereby incorporated into this Deed of Trust with regard to all references made to it in this Deed of Trust.

5.4. Modification. No change, amendment, modification, cancellation or discharge of this Deed of Trust, or any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns.

5.5. Captions. Section headings are inserted for convenience of reference only, do not form part of this Deed of Trust and shall be disregarded for purposes of the interpretation of the terms of this Deed of Trust.

5.6. Governing Law. The Credit Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, but this Deed of Trust and the perfection and enforcement of the lien and security interest hereunder (and any financing statement filed in connection herewith) shall be governed by and construed and enforced in accordance with the laws of the state in which the Property is situated.

5.7. Deed of Trust - Replacement of Trustee. The beneficiary may remove the Trustee at any time or from time to time and select a successor trustee. In the event of the death, removal, resignation, refusal to act or inability to act of such Trustee, or, in its sole discretion, for any reason whatsoever, such Beneficiary may, without notice and without specifying any reason therefor and without applying to any court, select and appoint a successor trustee, and all the powers, rights, duties and authority of such Trustee, as aforesaid, shall thereupon become vested in such successor.

5.8. Release of Collateral. (a) Upon full payment and performance of the Obligations secured hereby, and if no further Obligations may be incurred thereafter under the Credit Agreement, Beneficiary, at the request and expense of Grantor, shall execute such documents as may be reasonably requested by Grantor to evidence the discharge and satisfaction of this Deed of Trust and the release of Grantor from liability to Beneficiary.

(b) Subject to subsection (c) hereof and unless Beneficiary otherwise consents in writing, the Property or any part thereof shall not be released from the lien of this Deed of Trust until (i) the Notes have been paid in full, (ii) all other indebtedness and Obligations have been paid and performed in full, and (iii) no further Obligations may be incurred thereafter under the Credit Agreement.

(c) It is the intention of Grantor and Beneficiary that the rights of bona fide third party consumer purchasers of timeshare intervals from Grantor pursuant to present or

future agreements for deeds or other contracts for the sale of timeshare intervals ("Consumer Purchasers") be preserved with respect to the timeshare interval purchased so long as the Consumer Purchaser is not in default of its obligations incurred in connection with such purchase. In this regard, and by acceptance hereof, Beneficiary agrees as follows:

(i) The provisions of this Deed of Trust are not intended to denigrate the rights of Consumer Purchasers of timeshare intervals within the timeshare plan of their respective timeshare intervals;

(ii) So long as the Consumer Purchaser is not in default of its obligations incurred in connection with the purchase of a timeshare interval, Beneficiary will not disturb the rights of the Consumer Purchaser to occupy and make use of the timeshare interval and the appurtenant accommodations and facilities as provided in the original purchase contracts and time-share agreements;

(iii) Subject to payment of the applicable purchase price with respect to such timeshare interval, the lien of this Deed of Trust encumbering any timeshare interval shall be subordinated to the rights of the Consumer Purchaser in the timeshare interval purchased;

(iv) So long as the Consumer Purchaser is not in default of its obligations in connection with the purchase of a timeshare interval, and has (A) otherwise completed all payments under the appropriate purchase contract for a timeshare interval, or (B) is entitled to receive legal title to a timeshare interval subject to a purchase money mortgage or deed of trust pursuant to the terms of the applicable purchase contract or applicable laws or regulations (so long as the original purchase money documentation is promptly delivered by Grantor to Beneficiary), Beneficiary and the other Lenders agree that (1) the security interest created pursuant to this Deed of Trust shall in no way impair, impede, bar, prohibit or otherwise affect conveyance to the Consumer Purchaser pursuant to the original purchase contract of the interest purchased in such timeshare interval, and (2) Beneficiary's lien against such timeshare interval shall be released, remised, quit-claimed, and of no further force or effect as to the Consumer Purchaser to whom Grantor conveys, by absolute conveyance instruments, the interest in the timeshare interval required by the Consumer Purchaser's original contract; and

(v) The terms hereof concerning subordination, nondisturbance and release of the lien against a timeshare interval may be enforced by the Consumer Purchaser or assignee of such Consumer Purchaser's rights under the contract for sale of such timeshare interval, so long as such Consumer Purchaser or assignee is the record and beneficial owner of such timeshare interval and is not in default of its obligations incurred in connection with the purchase of such timeshare interval.

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