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WERNER CHRISTEN
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AFTER RECORDING RETURN TO:

✓
Vacation Internationale, Inc.
1417 116th Avenue NE
Bellevue, WA 98004
Attn: Lisa Guenther

VACATION INTERNATIONALE TRUST AGREEMENT
FORMERLY KNOWN AS VACATION TIME SHARE TRUST AGREEMENT

AMENDED TO THE 10TH DAY OF JUNE, 2004

FOR PROPERTY LOCATED AT

KINGSBURY OF TAHOE CONDOMINIUM PROJECT

DOUGLAS COUNTY, NEVADA

VACATION INTERNATIONALE TRUST AGREEMENT
FORMERLY KNOWN AS VACATION TIME SHARE AGREEMENT
AS AMENDED TO THE 10TH DAY OF JUNE, 2004

THIS TRUST AGREEMENT is by and between Vacation Internationale, Inc., a Washington corporation ("VI, Inc."), with its principal business address at 1417 116th Avenue N.E., Bellevue, WA 98004, as Trustee ("Trustee") and Landon R. Estep, as Special Trustee acting only in the State of California ("Special Trustee") with his principal business and post office address at 1417 116th Avenue N.E., Bellevue, WA 98004, VRI Development & Sales dba VRI Development & Sales, Inc., a California corporation, with its principal place of business at 23212 Mill Creek Drive, Laguna Hills, CA 92653, as Developer ("Developer"). As used herein, the term "Trustee" shall mean Special Trustee with respect to the administration of this Trust in the State of California.

WHEREAS, this Trust Agreement was originally executed as of the 10th day of October, 1977, and recorded in the State of Hawaii on December 16, 1977, in Book 12615, Page 331 and filed as Land Court Document No. 861791 and amended and restated on November 17, 1986, recorded in the Bureau of Conveyances, State of Hawaii, in Liber 20123, Page 78, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1421579. It has been subsequently amended and recorded in Deschutes County, State of Oregon, on July 5, 1983, being Document No. 83-10907 and on August 29, 1983, being Document No. 83-14522; and on December 4, 1986, as Document No. 86-24521; and in Lincoln County, State of Oregon, on January 19, 1988, in Volume 189, Page 650; recorded in Blaine County, State of Idaho, August 23, 1983, being Document No. 242162; recorded in King County, State of Washington, on May 25, 1984, being Document No. 84-05250940; and on December 9, 1986, as Document No. 86-12100522, and in San Diego County, State of California, on August 2, 1985, being Document No. 85-279061; and December 4, 1986, as Document No. 86-562509; in Riverside County, State of California, on April 12, 1989, as Document No. 115184; and in

Douglas County, State of Nevada, on August 28, 1990, as Document No. 233399; and in Routt County, Colorado in Book 677, Page 652, Document No. 414908; and registered in the Land Title Office of Vancouver/New Westminster, British Columbia, on November 4, 1993, as Registration No. BG399659; in Grays Harbor County, State of Washington, on August 16, 1994, as Document No. 94 28982; in El Dorado County, State of California, on August 18, 1998, as Document No. 98-0046845-00; and, in Santa Fe County, State of New Mexico, on October 29, 2001, in Book 1999, Page 289-327.

WHEREAS, this Trust Agreement as amended is dated this 10th day of June, 2004. Under the circumstances described herein this Trust Agreement may be further amended.

WHEREAS, Developer has acquired and intends to continue to acquire fee title and leasehold interests in certain properties and will sell VI Points (formerly Vacation Time Share interests) in the apartments located on said properties, and intends to continue to acquire such properties and sell such interests therein;

WHEREAS, Developer and the owners of the VI Points have agreed that Trustee shall hold the right, title, and/or interest in the properties for the period of time during which the owners have an interest in the properties for the protection of that interest and to preserve the apartments for the VI Program.

NOW, THEREFORE, the parties hereto enter into this Trust Agreement for the uses and purposes herein provided according to the terms hereof by which Trustee shall hold all property conveyed to it, together with such other property which may from time to time hereinafter be transferred to it for inclusion herein, and such other properties which the Developer may declare to be included therein, hereinafter referred to as the "Trust Estate". The property now included and declared to be included in the Trust Estate is described in Exhibit "A" attached hereto and by this reference made a part of this Trust Agreement and the personal property contained therein, as more particularly described in Section 1.20 hereof.

ARTICLE I. DEFINITIONS

As used herein, the following terms shall have the following meanings:

SECTION 1.01: "Adjusted Annual Occupancy Point Value" means the summation of the points required for occupancy of a VI Apartment for an entire year, multiplied by the ratio of the summation of the Point value of all VI Owner Agreements divided by the summation of the Annual Occupancy Point Value of all VI Apartments.

SECTION 1.02 "Administrator" means Vacation Resorts International, a California corporation ("VRI"), its successors, assigns or permitted substitutes which operates and manages the VI Program on behalf of the Vacation Internationale Owners Association ("VIOA") pursuant to an Administration Agreement between VRI and VIOA and the terms of the VI Owner Agreement.

SECTION 1.03. "Annual Occupancy Point Value" means the summation of the Points required for occupancy of a VI Apartment for an entire year.

SECTION 1.04. "Closed" means the process as defined herein, and in the Escrow Agreement by which a vacation accommodation becomes a VI Apartment.

SECTION 1.05. "Declaration of Time Share Plan" means the Declaration of Covenants, Conditions and Restrictions for the Protection of Time Share Owners and Notice of Time Share Plan of the VI Program providing for and protecting the rights of the VI Owners with respect to the Trust Estate; and "Declaration Affecting The Remainder" means the Declaration of Covenants and Restrictions attached as an Exhibit to the deed or other instrument of conveyance of a VI Apartment, affecting the use and subsequent disposal of a VI Apartment for the benefit of the Remaindermen.

SECTION 1.06. "Developer" means VRI Development & Sales, a California corporation, its successors, assigns or permitted substitutes which develops new VI Apartments and sells VI Points to non-owners and owners and closes VI Apartments into the VI Program.

SECTION 1.07. "Escrow Agent" means U.S. Bank Trust, its successors, assigns or permitted substitutes under the Vacation Internationale ("VI") Escrow and Trust Agreement, which also serves as a means to pay lien debts on VI apartments after closing.

SECTION 1.08. "Estate For Years" means the interest of the Trustee in the VI Apartments.

SECTION 1.09. "Majority Vote" means over fifty percent of the vote of the VI Owners expressed in terms of VI points.

SECTION 1.10. "Manager" means the Manager of the Vacation Internationale ("VI") Program, as defined in the VI Owner Agreement. Vacation Internationale Owners Association, a Washington Non-Profit corporation, is the Manager and such term is intended to include its successors and permitted assigns.

SECTION 1.11. "Occupancy Days" means the number of days in each calendar year throughout the term of a VI Owner Agreement that an Owner may occupy a VI Apartment.

SECTION 1.12. "Operating Fund" means the aggregate payments of all Owners for the maintenance and operating expenses of all VI apartments.

SECTION 1.13. "Owner" means the purchaser under a VI Owner Agreement, or his successors, or assigns.

SECTION 1.14. "Owners Association" means the Vacation Internationale Owners Association, a Washington non-profit corporation, the members of which are all of the Owners, who are organized and function through an Owners Advisory Board and Board of Directors as defined by the VI Owners Association Articles of Incorporation and Bylaws. Although VI, Inc. is the owner of VI points, it is not considered a member of the VI Owners Association and none of its officers, directors, or their immediate family or agents will be a member of the Owners Advisory Board or Board of Directors, nor will it vote its VI points in any vote of VI Owners.

SECTION 1.15. "Points" means the value placed upon a nightly occupancy of a VI Apartment pursuant to the terms of a VI Owner Agreement, which value is based upon the size and location of the VI Apartment, and the season in which the apartment is to be occupied.

SECTION 1.16. "Proceeds" means any funds from the sale or disposition of any portion of the Trust Estate.

SECTION 1.17. "Recording Office" means all of the appropriate state and/or local governmental jurisdictions in which the Trust Estate is located.

SECTION 1.18. "Remainder" means the ownership interest of the Remaindermen in a VI Apartment.

SECTION 1.19. "Remaindermen" means an owner and his successors or assigns of a VI Apartment whose right of possession therein does not arise until the expiration of the Trustee's Estate For Years.

SECTION 1.20. "Special Trustee" means Landon R. Estep, an individual or his successor as Special Trustee acting only in the State of California, as Trustee of the Vacation Internationale Trust. It is also with VI, Inc. collectively called "Trustee."

SECTION 1.21. "Substitute Apartment" means an apartment selected by the Manager to become a VI apartment in replacement of an existing VI apartment where such replacement is made according to the terms of this agreement.

SECTION 1.22. "Transfer Date" means the expiration date of Trustee's Estate For Years as established by the conveyance document placing the VI Apartment into this Vacation Internationale Trust and further illustrated on Exhibit A of the Vacation Internationale Trust Agreement or amendments thereto.

SECTION 1.23. "Trust Estate" means all VI Apartments conveyed to this Trust and also described in Exhibit A hereto, as amended from time to time, and all appurtenant rights and privileges, together with all personal property located therein or used in connection therewith, and all substitutions, replacements and/or proceeds therefrom, which proceeds will be received and disbursed by the Escrow Agent of the VI Escrow and Trust Agreement in the event the Trustee is not independent of and unrelated to Developer and the Lodging Rights, including Hospedaje rights to Vallarta Torres, Puerto Vallarta, Mexico, and Torres Mazatlan, Mazatlan, Mexico, pursuant to contracts of purchase.

SECTION 1.24. "Trustee" means Vacation Internationale, Inc., a Washington corporation, or its successor, or the Special Trustee with respect to the administration of this Trust in the State of California.

SECTION 1.25. "Vacation Internationale Owner Agreement" or "VI Owner Agreement" means the documents by which an Owner shall have purchased from Developer VI Points, which documents may vary in form and content, and may be modified from time to time. Each VI Owner Agreement grants to the Owner a right subject to certain terms and conditions to use and occupy the VI Apartments during the term of his VI Owner Agreement.

SECTION 1.26. "VI Apartment" means a vacation accommodation in a residential apartment and all appurtenant rights and privileges, together with all personal property located therein or used in connection therewith, and all substitutions, replacements and/or proceeds therefrom, within a condominium, hotel, or apartment building including Lodging Rights, including Hospedaje rights to Vallarta Torre, Puerto Vallarta, Mexico, and Torres Mazatlan, Mazatlan, Mexico, pursuant to contracts of purchase; or other vacation accommodation such as a yacht, motor home, or cabin in a cruise ship, train, etc., together with the personal property situated in or used in connection therewith and the replacements therefore. At any time and from time to time, an apartment may become a VI Apartment or may thereafter cease to be a VI Apartment, pursuant to this Trust Agreement. A VI Apartment shall meet the following conditions:

(a) VI Owner Agreements having Points equal to at least ninety percent (90%) of the Annual Occupancy Point Value of the apartment shall have been sold and delivered to the Escrow Agent.

(b) the Trustee shall hold the title to the apartment or the right to occupy and use the apartment for an Estate For Years, pursuant to the Trust Agreement; and

(c) the Apartment is listed on Exhibit "A" to the Trust Agreement or on an amendment thereto, which shall have been recorded in the Recording Office.

SECTION 1.27. "VI Escrow and Trust Agreement" means an agreement by and between the Escrow Agent and Developer as Seller and to which the Trustee of the Vacation Internationale Trust is a party, which provides for the receipt and disbursement of VI Purchase Contract down payments and monthly payments; the conveyance of VI apartments, lodging rights and other use rights into the Vacation Internationale Trust; the establishment of a lien payment trust; and payment of blanket liens against VI apartments.

SECTION 1.28. "VI Purchase Contract" means a VI Owner Agreement in which a portion of the purchase price is payable in deferred installments by an Owner.

SECTION 1.29. "VI Purchase Contract Payments" means installments or other payments made by an Owner to the Escrow Agent on account of a VI Purchase Contract.

SECTION 1.30. "Vacation Internationale Trust" means the Trust established by this Trust Instrument as lawfully amended from time to time in strict accordance with the provisions hereof.

ARTICLE II.

DECLARATION AND TITLE, PURPOSE, AND EFFECTIVE DATE OF THE TRUST

SECTION 2.01. Declaration and Title of the Trust. Effective as of October 10, 1977, there was established a trust, to be known as the "Vacation Time Share Trust Agreement". The Trustee shall hold legal title to the Trust Estate for the use and purposes as set forth in this Trust Agreement. Henceforth, the Trust shall be known as the "Vacation Internationale Trust Agreement" or "VI Trust".

SECTION 2.02. Purpose of the Trust. The purpose of the Trust shall be to secure to the Beneficiaries their respective rights and interests as set forth in this Trust Agreement and in the VI Owner Agreement.

SECTION 2.03. Effective Date of the Trust. This Trust shall be effective as of October 10, 1977, and shall be irrevocable during the time that any VI Owner has a right to the occupancy of a VI apartment.

ARTICLE III. BENEFICIARIES

SECTION 3.01. Beneficiaries. The Beneficiaries of the Trust shall be the Owners and VI Owners Association, the Manager, the Administrator, the Vacation Internationale Program Developer, and the Remaindermen.

SECTION 3.02. Interest of Beneficiaries. The interest of a beneficiary under this Trust shall consist of the right to performance by the Trustee of its obligations as hereinafter set forth. No Owner or Remaindermen shall have any right of partition to any personal property or real estate or interest held in Trust hereunder. The death of a beneficiary shall not terminate this Trust nor in any manner affect the powers of the Trustee.

SECTION 3.03. Beneficiaries Acts. No beneficiary shall have the authority to contract for or in the name of the Trustee or any other beneficiary or to bind the Trustee or any beneficiary.

SECTION 3.04. Assignment. Until the Trustee receives written notice of the assignment, or transfer, by operation of law or otherwise, by a beneficiary of his interest in the Trust, or any other event upon which any interest hereunder may depend, the Trustee shall not be liable for any distribution with respect to such interest or other action which would have been proper prior to such assignment or other transfer, or other event, unless done in bad faith.

ARTICLE IV. ASSETS

SECTION 4.01. Assets. The Assets of the Trust shall be the Trust Estate as described in Section 1.21 hereof and includes, but is not limited to, all VI apartments conveyed to this Trust and also described in Exhibit A hereto, as amended from time to time, and all appurtenant rights and privileges, together with all personal property located therein or used in connection therewith, and all substitutions, replacements and/or proceeds therefrom, as described in Exhibit A as amended and supplemented from time to time in strict accordance with the provisions of this Trust Agreement.

ARTICLE V. TERMINATION OF THE TRUST AND WITHDRAWAL
OF VI APARTMENTS FROM THE TRUST

SECTION 5.01. Termination. Unless sooner terminated as provided elsewhere herein, this Trust shall terminate when there is no longer a right of any VI Owner to occupy a VI Apartment.

SECTION 5.02. Withdrawal of VI Apartments. The Trustee shall withdraw a VI Apartment from the Trust by executing and recording the appropriate conveyance document and by amending Exhibit A to the Trust Agreement and recording it with the Recording Office under any one of the following conditions:

A. If VI Owner Agreements, having points equal to the Adjusted Annual Occupancy Point Value of the VI Apartment being withdrawn, have expired or been terminated by the Manager, and the Manager has selected the VI Apartment to be withdrawn and so notified Trustee;

B. If pursuant to Section 10.04, a VI Apartment has been destroyed, condemned, deteriorate, damaged or lost such that in the Manager's sole discretion it is no longer suitable for use in the VI program and the Manager has so notified Trustee;

C. If the Manager shall have elected to replace a VI Apartment with a Substitute Apartment such that the Adjusted Annual Occupancy Point Value of the Substituted Apartment, plus or minus the Point value of any VI Owner Agreements being Closed or cancelled respectively in conjunction with the substitution, is equal to the Adjusted Annual Occupancy Point Value of the VI Apartment being withdrawn, and the Manager has so notified Trustee;

D. If pursuant to the Declaration effecting the Remainder of a VI Apartment being withdrawn, a majority vote of the Remaindermen of the VI Apartment shall have elected to withdraw the VI Apartment from the VI Program after their Transfer Date identified on Exhibit "A" to which said apartment is subject; or

E. If pursuant to the Declaration effecting the Remainder of a VI Apartment and following the Transfer Date of the VI Apartment, the Manager shall have decided that the respective VI Apartment is no longer suitable for use in the VI Program.

F. Prior to acting upon the decision, notification and direction of Manager as provided in this Section 5.02 and Section 10.04, Trustee shall make prudent inquiry of the facts forming the basis for the Manager's direction; and notify each regulatory agency with whom the VI Program is registered of the facts forming the basis for the Manager's decision at least thirty days prior to taking such action.

G. Except as provided in subparagraphs (D) and (E) above, no portion of the Trust Estate may be withdrawn, except with the prior written consent of the Board of Directors of the VI Owners Association expressed in form acceptable for recording in all recording offices and attached to and recorded together with a supplement to this Trust Agreement executed by the Trustee and amending said Exhibit A to describe the property being withdrawn and containing a statement that by the execution and recording of such supplement, together with said written consent by the VI Owners Association, such property is withdrawn from the Trust Estate. Any attempt at withdrawal not made in strict accordance with the provisions of this paragraph is and shall be null and void.

ARTICLE VI. TRUSTEE'S DUTIES TO OWNER AND OWNERS ASSOCIATION, MANAGER, DEVELOPER AND REMAINDERMEN

SECTION 6.01. To Owner and Owners Association. Trustee shall, without limiting the obligations created by other provisions of this agreement, assume the following duties with respect to an Owner and Owners Association:

A. Trustee shall hold title to the Trust Estate for the beneficial use of each Owner over the term of his VI Owner Agreement.

B. Trustee shall record with the Recording Office a copy of the Trust Agreement, and any amendment thereto and take all other steps necessary to assure that all VI Apartments are held by the Trustee pursuant to this Trust Agreement as amended from time to time.

C. The Trustee shall accept such conveyance of a VI Apartment only if the conveyance is made pursuant to an escrow agreement to which it is a party, which requires Trustee's title to be free of encumbrances affecting insurable title; that no debt liens will exist after closing, which is confirmed by a title insurance report or that the obligee on all debt liens has executed a non-disturbance agreement which meets the requirements of statutes and regulations of states in which the VI Program is registered, or that the escrow provides for payment of all debt liens, the terms of which have been approved by all regulatory agencies with whom the VI Program is registered. If debt liens exist, Sunterra Pacific as Developer shall deposit with the Escrow Agent VI Purchase Contracts with remaining principal balances and monthly payment obligations, or other assets sufficient to pay both the principal and interest required by any such mortgage or other prior indebtedness and to satisfy all other requirements of such lien payment trust and regulatory agencies.

D. Trustee shall maintain a record of the names of all Owners and the cumulative number of points represented by VI Owner Agreements which have not expired or been terminated by Developer or Administrator as evidenced by copies of VI Owner Agreements supplied to it by Escrow Agent, or based on such other written evidence as is satisfactory to Trustee. Trustee shall record all changes in ownership or termination of a VI Owner Agreement upon receipt of a written notice from Manager.

E. In the event of damage, destruction, condemnation of any VI Apartment, or loss of use rights of VI Apartments located in Mexico, resulting in the withdrawal of a VI Apartment pursuant to Section 5.02.B, and 10.04, Trustee, or the escrow agent of the VI Escrow and Trust Agreement shall distribute to the Owners whose VI Owner Agreements were cancelled, any proceeds received as a result of the contingency, in the manner provided for in Section 10.04 and shall establish an escrow for that purpose.

F. The Trustee shall provide such consents and approvals under the terms of the Torres Mazatlan Trust and Vallarta Torre Trust, which will secure for the Owners and Owners Association the continued use of the lodging rights.

G. Trustee shall employ, at the expense of the Operating Fund, an independent accounting firm to verify (1) the inventory of VI Apartments conveyed to and accepted by Trustee and the cumulative number of points represented by those units; (2) the cumulative number of points represented by VI Owner Agreements which have not expired or been terminated; (3) the amount of debt encumbering each apartment; and (4) all financial transactions, if any, of Trustee, and furnish such report to the VI Owners Association and make it available to other interested parties upon request.

SECTION 6.02. To The Manager/Administrator (collectively Manager). Trustee shall assume the following duties with respect to the Manager:

A. The Trustee will withdraw a VI Apartment from the Trust and amend Exhibit A to this Trust Agreement to reflect withdrawal of such VI Apartment pursuant to the provisions of Section 5.02 of this agreement.

B. Trustee here by delegates to the Manager, and will provide, if necessary, written proxy(ies) in form satisfactory to the Manager, Trustee's authority to exercise all voting privileges under any Condominium Declaration(s) or Homeowners Association applicable to VI Apartments.

C. Trustee shall hold title to all personal property, except proceeds received as a result of a contingency as defined in Section 10.04, transferred into the Trust. However, Manager shall have the authority and the sole responsibility to the VI Owners for the maintenance, repair, sale, replacement and accountability for said personal property, it being understood that title to such personal property appurtenant to each Apartment shall be transferred upon withdrawal of a VI Apartment from the Trust.

D. Trustee or Manager shall employ, at the expense of the Operating Fund, unless directed otherwise by the Owners Advisory Board, an independent auditor to annually audit the accounts of the Operating Fund, and furnish such report to the Trustee, and to any interested party as well as to the Owners Advisory Board.

SECTION 6.03. Developer. Trustee shall accept from Developer VI apartments and owners which meet the requirements of this agreement.

SECTION 6.04. Remaindermen. Trustee shall assume the following duties with respect to the Remaindermen:

A. Upon withdrawal of a VI Apartment from the Trust, pursuant to Section 5.02, the Trustee shall transfer possession of the VI Apartment being withdrawn to the Remaindermen in the proportions and tenancies of each Remaindermen and shall take such other action as may be required pursuant to the Declaration.

B. In the event of damage, destruction, condemnation of any VI Apartment, or loss of use rights of VI Apartments located in Mexico, resulting in the withdrawal of a VI Apartment pursuant to Section 5.02.B., and 10.04., prior to expiration of Trustee's Estate For Years, Trustee shall distribute to the Remaindermen whose VI Apartment was withdrawn, any proceeds received as a result of the contingency, in the manner provided for in Section 10.04. and take such other action as may be required pursuant to the Declaration.

ARTICLE VII.

RIGHTS AND POWERS OF THE TRUSTEE AND ADMINISTRATIVE PROVISIONS

SECTION 7.01. In holding fee, leasehold, or right to use interest in the VI Apartments, Trustee shall have no personal liability for any expenses attributable to such property nor any responsibility or duty to subdivide, further improve, maintain, or modify the Trust Estate's use in any way. Responsibility for maintenance of adequate insurance and payment of taxes, utilities and all other expenses attributable to the Trust Estate is the responsibility of Manager who is authorized under the VI Owner Agreement to allocate these costs to Owners on a pro rata basis.

SECTION 7.02. Resignation of the Trustee; Successor Trustee. The Trustee or any successor may resign upon ninety (90) days prior written notice of intent to resign delivered to Administrator, and to the Board of Directors of the VI Owners Association, and to all regulatory agencies with whom the VI Program is registered. Such notice shall become effective when, and Trustee shall continue to perform the duties of Trustee until, a successor Trustee has been

appointed. The successor Trustee must meet all of the requirements of the Trustee specified in this agreement and undertake to perform the duties required of it. Upon giving notice of its resignation, the Trustee will use its best efforts to, but shall not be obligated to, appoint a successor Trustee, which shall be authorized to carry on a trust business. If the Trustee does not appoint a successor upon its resignation, any interested party including the Manager may apply to a judge of the Superior Court, King County, State of Washington, for appointment of a successor Trustee. Upon appointment, a successor Trustee shall have all the powers and discretions and be charged with like duties in all respects as herein are conferred or imposed upon the Trustee, and, after any required approval by the Court, the Trustee herein may be discharged.

SECTION 7.03. Bond and Insurance by Trustee. Trustee shall give and maintain a fidelity bond and errors and omissions insurance coverage in an amount not less than the minimum amount required by all regulatory agencies with whom the VI Program is registered and in a form acceptable to them provided it is available in the insurance market.

SECTION 7.04. Expenses and Compensation of Trustee. For its services performed in connection with the Trust the reasonable and necessary costs, expenses and compensation of the Trustee shall be paid solely by the Operating Fund.

SECTION 7.05. General and Permissive Acts. Trustee shall have no right, title or interest in or to the Trust Estate, except as the holder of legal title thereto, and Trustee shall have no right to the possession or control of the Trust Estate or any portion thereof, nor shall Trustee have any right, title or interest in or to the Proceeds, the power and the duty of Trustee being to deal with and administer the Trust Estate and the Proceeds in accordance with the express authority herein contained and not otherwise, and subject to all the terms and provisions hereof.

Trustee may, but shall have no obligation or duty except when necessary to protect the interests of the Owners to:

- A. Commence or defend any actions at law or in equity relating to the Trust Estate.
- B. Employ counsel, accountants and such other persons (other than employees of Trustee) as in its judgment it shall determine to be necessary to perform its duties as Trustee.

Trustee shall not be liable to any Beneficiary and shall be indemnified and held harmless by Beneficiaries (i) for the default, defalcation or wrongdoing of any such person if Trustee exercised due care in the selection of such person, or (ii) for any non-negligent action taken or suffered by Trustee in good faith in reliance upon the instructions or advice of any person so selected.

C. Do any and all things as may be necessary in accordance with all applicable laws, ordinances and regulations promulgated by any governmental authority concerning the Trust Estate or any portion thereof, including, but not limited to, modifying, amending or restating this Agreement to comply with such laws, ordinances and regulations.

D. Nothing provided herein shall authorize or permit the Trustee to do any act, which would result in the creation of a debt or lien against the Trust Estate.

ARTICLE VIII. TRUSTEE MAY NOT ENCUMBER PROPERTY

SECTION 8.01. Restrictions on Encumbrances. Trustee shall not encumber any of the Trust Estate; provided, however, the Trustee shall not be restricted from accepting conveyance to this Trust of a VI Apartment which has encumbrances or other interests which are or may be prior to those of any Beneficiary, provided the provisions of Article 6.01 (C) hereof have been met.

ARTICLE IX. TRUSTEE LIABILITY

SECTION 9.01. Reliance on Opinion of Counsel. The Trustee may rely upon the advice of counsel independent of the counsel for Developer to be selected and employed by the Trustee with the written consent of the Board of Directors of the VI Owners Association, and the opinion of counsel in writing signed by such counsel with respect to the construction of this Trust Agreement, or the rights, obligations and powers of any of the persons affected thereby, shall constitute full protection and be a justification to the Trustee for anything done by the Trustee in good faith in accordance with such opinion.

SECTION 9.02. Protection of Trustee. Trustee is hereby relieved of any and all liability to any Owner and Owners Association, to Manager and the Remaindermen for any losses to their

interests resulting from Trustee acting in accordance with the terms hereof. The Trustee may participate in timeshare development and sales activity independent of the VI Program. Trustee shall not be required to verify the validity of any VI Owner Agreement valid on its face which becomes part of a financing transaction affecting the Trust assets. If any dispute or difference arises between any of the Beneficiaries hereof and any third person or if any conflicting demand shall be made upon the Trustee, Trustee shall not be required to determine the same or take any action in the premises; but Trustee may await settlement of the controversy by final, appropriate legal proceedings or otherwise as it may require, or Trustee may file suit in interpleader in the Superior Court, King County, State of Washington, for the purpose of having the respective rights of the parties adjudicated and may deposit with the Court any and all Trust Estate held hereunder. Upon institution of any such interpleader suit, depositing such Trust Estate with the Court, and notice thereof to the parties thereto by personal service or in accordance with the order of the Court, Trustee shall be fully released and discharged from all further obligations hereunder with respect to the property so deposited.

SECTION 9.03. Payment to Trustee by Manager. Manager agrees to pay Trustee on demand any and all costs, damages, judgments, attorney's fees, expenses, obligations and liabilities of every kind and nature reasonably suffered or incurred in connection with the interpretation of this Trust Agreement, or with respect to any interpleader or other proceeding and agrees that any sum payable to Trustee hereunder shall be paid by the Operating Fund.

ARTICLE X. MISCELLANEOUS

SECTION 10.01 Construction of Trust Agreement. Nothing contained herein shall preclude the Trustee or any Beneficiary from the right to judicial construction of any of the terms of this Trust Agreement.

SECTION 10.02. Severability. The invalidity of any one or more phrases, sentences, clauses or paragraphs of this Trust Agreement shall not affect the remaining portions of this Trust or any part thereof. In the event that any one or more of the phrases, sentences, clauses or paragraphs should be invalid, this Trust Agreement shall be construed as if such invalid phrase or

phrases, sentence or sentences, clause or clauses, and paragraph or paragraphs had not been inserted.

SECTION 10.03. Notice to Beneficiaries. Any notice to be given to a Beneficiary shall be duly given by certified mail, return receipt requested, to such Beneficiary, addressed to the post office address last shown on the records of the Trustee. Every notice so given shall be effective upon receipt and the date of mailing delivery as shown on the return receipt shall be the date such notice is deemed given for all purposes.

SECTION 10.04. Damage, Destruction, Condemnation or Loss of Use Rights. In the event of damage or destruction by insured or uninsured casualty which in Manager's judgment renders a VI Apartment unsuitable for use in the VI Program, and the Board of Directors has approved that decision in writing or in the event a VI Apartment shall be taken by eminent domain, or if Manager is unable to obtain use rights to a VI Apartment located in Mexico for a full forty (40) year term (collectively, a "Contingency"), and the provisions of Section 5.02 (F) and (G) have been met the Proceeds received from such Contingency will be received and disbursed by the Escrow/Trustee of the VI Escrow and Trust Agreement in the event the Trustee is not independent of and unrelated to Developer, and will be used to acquire a replacement apartment with the same Annual Occupancy Point Value of the VI Apartment subject to the Contingency, or the Manager may cancel by written notice to Owners, VI Owner Agreements having Points equal to the Adjusted Annual Occupancy Point Value for the VI Apartment subject to such Contingency. The Manager acting in good faith, shall select on an equitable basis those individual VI Owner Agreements to be so cancelled to aggregate the necessary Points. The Managers selection of VI Owner Agreements to be cancelled shall not be acted upon by Developer or Trustee unless the Board of Directors of the VI Owners Association has given its written consent of such cancellation. An equitable selection of agreements to be cancelled shall mean choosing VI Owners who express a desire to have their agreements cancelled and, thereafter, to choose VI Owner Agreements which treat the Owners whose agreements are to be cancelled and the Remaindermen equitably. Any Proceeds received as a result of the

Contingency shall be placed in an interest-bearing bank account withdrawals from which shall require the signatures of both the Trustee and Manager and the escrow agent if disbursed by it. The proceeds shall be allocated by the Trustee between the Owners of the VI Owner Agreements selected for cancellation, and the Remaindermen who have a Remainder interest in the VI Apartment subjected to the Contingency. The amount of the proceeds to be paid to the Owners shall be equal to the Proceeds received less sufficient funds to pay all encumbrances outstanding on the VI Apartment subsequent to the Contingency, according to the terms of this agreement multiplied by the ratio of the average remaining terms of the VI Agreements being cancelled, weighted by their point values, divided by their average original term, weighted by their point value, calculated by the Trustee as follows on next page:

EXAMPLE CALCULATION

1 Contract Being Cancelled	2 Number of Points Being Cancelled	3 Remaining Terms In Years	4 Original Terms In Years	5 Average Weighted Remaining Term $2 \times 3 / \text{total } 2$	6 Average Weighted Original Term $2 \times 4 / \text{total } 2$
A	100	30	40	3	4
B	200	20	40	4	8
C	300	10	30	3	9
D	400	5	10	2	4
TOTAL	1,000	-	-	12	25

* $12/25 = .48$ = Ratio of Owners share of proceeds for the example calculation

The portion of the proceeds to be paid to the Owners shall be allocated between the Owners based on the ratio of their individual Average Weighted Remaining Term of their VI Owner Agreement, to the Average Weighted Remaining Term of all VI Owner Agreements being cancelled, as calculated in the above example and as further calculate as follows:

1 Contract Being Cancelled	2 Average Weighted Remaining Term (from above example calculated)	3 Each Owners Pro Rata Share of Proceeds 2 / total 2
A	3	$3/12 = .250$
B	4	$4/12 = .333$
C	3	$3/12 = .250$
D	2	$2/12 = .167$
TOTALS	12	$12/12 = 100\%$

All Proceeds received in excess of those paid to the Owners as calculated above and those set aside for outstanding encumbrances, shall be paid to the Remaindermen as identified on Exhibit "A" attached hereto in the ratios as their interests appear.

In the event that more than one VI Apartments is involved in the Contingency, and the Proceeds received are not identified to each VI Apartment so involved, then the allocation of the Proceeds due to the Remaindermen as calculated above shall be allocated to the Remaindermen having an interest in each VI Apartment based on an independent appraisal of the ratio of the loss suffered to their VI Apartment divided by the loss suffered by all VI Apartments subjected to the Contingency.

SECTION 10.05. Governing Law. The provisions of this Trust Agreement shall be governed by laws of the State of Washington.

SECTION 10.06. Amendments. Trustee may amend this Agreement in writing and shall cause such amendment to be recorded with the Recording Office, provided, however, that such amendments do not adversely affect the rights of Beneficiaries and has been accepted by Manager. Manager and Trustee shall give each regulatory agency with whom the VI Program is registered and the Board of Directors of the VI Owners Association notice of the intended amendment within thirty days of taking such action. If a class of Beneficiaries is adversely affected, then any such amendment shall require the majority approval of the class of Beneficiaries so affected and the Trustee and/or Manager shall obtain from the Board of

Directors of the VI Owners Association certification of such approval. Notwithstanding anything to the contrary contained herein, Trustee and Manager may amend this Agreement at any time and without the approval of any affected parties if such amendment is necessary so that the VI Trust Agreement complies with all applicable laws, ordinances, rules and regulations.

SECTION 10.07. Dual Capacity. None of the provisions of this agreement shall be construed to release a party from its obligations to perform the terms of this agreement for any other lawful act required of it or to release such party of its liability for negligent or wrongful acts if it acts and functions in the capacity of more than one of the following parties, Trustee, Manager or Developer.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their following signatures:

VACATION INTERNATIONALE OWNERS ASSOCIATION, a Washington Non-Profit corporation, as Manager

VACATION INTERNATIONALE, INC., a Washington corporation, as Trustee

By: James Fletcher
James Fletcher
Its President

By: James Fletcher
James Fletcher
Its President

By: Leslie Newman
Leslie Newman
Its Secretary

By: Landon R. Estep
Landon R. Estep
Its Secretary

LANDON R. ESTEP
as Special Trustee

VRI DEVELOPMENT & SALES DBA VRI DEVELOPMENT & SALES, INC., a California corporation, as Developer

Landon R. Estep

By: Roy Fraser
Roy Fraser
Its President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On 10th day of June, 2004, before me, the undersigned Notary Public, duly commissioned and sworn, personally appeared James Fletcher and Leslie Newman to me known to be the President and Secretary, respectively, of Vacation Internationale Owners Association, a Washington Non-Profit corporation, that executed the foregoing instrument and acknowledged the instrument to be the free and voluntary act and deed of the corporation for the uses and purposes therein mentioned and on oath stated that they are each authorized to execute this instrument.

Witness my hand and official seal affixed the date and year in this certificate above written.



Lisa Guenther

Notary Public in and for the State of Washington
residing at Seattle
My commission expires May 15, 2008

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On 10th day of June, 2004, before me, the undersigned Notary Public, duly commissioned and sworn, personally appeared James Fletcher and Landon R. Estep to me known to be the President and Secretary of Vacation Internationale, Inc., a Washington corporation, Trustee of the VI Trust, that executed the foregoing instrument and acknowledged the instrument to be the free and voluntary act and deed of the corporation for the uses and purposes therein mentioned and on oath stated that they are each authorized to execute this instrument.

Witness my hand and official seal affixed the date and year in this certificate above written.



Lisa Guenther

Notary Public in and for the State of Washington
residing at Seattle
My commission expires May 15, 2008

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On 10th day of June, 2004, 2004, before me, the undersigned Notary Public, duly commissioned and sworn, personally appeared Roy Fraser to me known to be the President of VRI Development & Sales dba VRI Development & Sales, Inc., a California corporation, that executed the foregoing instrument and acknowledged the instrument to be the free and voluntary act and deed of the corporation for the uses and purposes therein mentioned and on oath stated that he is authorized to execute this instrument.

Witness my hand and official seal affixed the date and year in this certificate above written.



Lisa Guenther

Notary Public in and for the State of Washington
residing at Seattle
My commission expires May 15, 2008

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On 10th day of June, 2004, before me, the undersigned Notary Public, duly commissioned and sworn, personally appeared Landon R. Estep, Special Trustee of the VI Trust, to me known to be the person who executed the foregoing instrument and acknowledged the instrument to be his free and voluntary act and deed for the uses and purposes therein mentioned

Witness my hand and official seal affixed the date and year in this certificate above written.



Lisa Guenther

Notary Public in and for the State of Washington
residing at Seattle
My commission expires May 15, 2008

EXHIBIT "A" TO
 VACATION INTERNATIONALE TRUST AGREEMENT
 FORMERLY KNOWN AS VACATION TIMES SHARE TRUST AGREEMENT

An Estate for Years or a Fee Simple interest in the following apartments have been conveyed to and are assets of the Vacation Internationale Trust ("VI Trust").

20. KINGSBURY OF TAHOE, STATELINE, NEVADA

The following apartments located in the "Kingsbury of Tahoe" condominium project, in the County of Douglas, State of Nevada, as set forth in the Condominium Map of Kingsbury Towers, being a subdivision of Lot 58, Tahoe Village Unit No. 1, amended map, filed for record September 28, 1979, as Document No. 37124, Official Records of Douglas County, Nevada, as corrected and amended:

Unit No.	VI Trust End Date	Perpetual Interests in VI Trust	VI Owner Remainder Interests
11 (50/52)	-	100%	-
12	-	100%	-
21	-	100%	-
22	-	100%	-
31	-	100%	-
32	-	100%	-
41	6/30/2034	1/50	48/50
42	6/30/2034	2/50	47/50
43	6/30/2032	45/50	5/50
44	-	100%	-
51	-	100%	-
52	-	100%	-
53	-	100%	-
54	-	100%	-
61	-	100%	-
62	-	100%	-
63 (51/52)	-	100%	-
64	-	100%	-
71	-	100%	-
72 (51/52)	-	100%	-