

BYLAWS

of

WorldMark, The Club

A California Nonprofit Mutual Benefit Corporation

Adopted August 3, 1989, and Amended and Restated December 2, 1994,
November 9, 2009, April 18, 2011 and October 20, 2016.

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1.0 IDENTIFICATION AND PURPOSE.

1.1 Name. The name of this corporation is “WorldMark, The Club”, a California nonprofit mutual benefit corporation (“Club”).

1.2 Purpose. The Club is formed and shall be operated to own, lease, care for, maintain, operate and manage the real property and Improvements thereon and personal property therein or which it owns, wherever located, which has been dedicated to the WorldMark, The Club Vacation Owner Program by a Declaration recorded by Wyndham Resort Development Corporation, an Oregon corporation, formerly known as Trendwest Resorts, Inc.

2.0 DECLARATION. The Declaration of Vacation Owner Program (WorldMark, The Club-Otter Crest) as may be amended from time to time (Declaration) was originally recorded September 6, 1989, in Microfilm Volume 209, Page 141, Official Records, Lincoln County, Oregon. A substantially similar Declaration shall be recorded in each county, and shall describe each Resort, where the Club owns or leases real property subject to the Vacation Owner Program and Club Memberships, as those terms are defined in Club documents. The provisions of recorded Declarations shall have priority over the Bylaws, and inconsistent provisions among various Declarations shall be resolved in favor of the most restrictive provision on the Club or Declarant and/or the most favorable provision for protecting the Members as defined by the Club’s Board of Directors.

3.0 DEFINITIONS. The following definitions apply throughout these Bylaws. If a term is not defined in these Bylaws then the definition attributed to it in the Declaration shall be applied.

3.1 Annual Meeting. That meeting of the Members for the election of Directors and for the transaction of such other business as may properly come before the Members, and which shall be held within thirty (30) days of the third Thursday of October each year at such time and place as reasonably determined by the Board.

3.2 Articles. The Articles of Incorporation of the Club filed with the Secretary of State of the State of California, as amended, which shall not be inconsistent with the Declaration.

3.3 Basic Membership. A Membership which includes 5,000 Vacation Credits, the minimum required to be held to constitute a Membership.

3.4 Board. The Board of Directors of the Club.

3.5 Board Quorum. The presence or participation, by means permitted by these Bylaws, of a majority of the authorized number of Directors of the Board.

3.6 Bylaws. The bylaws adopted by the Club, as such bylaws may be amended from time to time, which shall not be inconsistent with the Declaration.

- 3.7 Club. The association of Members who hold Memberships in WorldMark, The Club, a California nonprofit mutual benefit corporation, or its successor.
- 3.8 Common Furnishings. All standard furniture, furnishings, appliances, telephone systems and other personal property from time to time owned, leased or held by the Club.
- 3.9 Corporate Record. The Club's accounting books, records and minutes of proceedings of the Members, the Board and committees of the Board.
- 3.10 Declarant. Wyndham Resort Development Corporation, developer of the Program, which has entered into an agreement to purchase the Property and which has directed or will direct that title to the Property be transferred to the Club, and its successors and assigns who hold for sale to the public twelve (12) or more Memberships.
- 3.11 Declaration. Declaration of Vacation Owner Program (WorldMark, The Club-Otter Crest) as may be amended from time to time.
- 3.12 Designated Agent. A person, designated and appointed by a Member of a Joint Membership, authorized to act on behalf of the Membership for election related matters.
- 3.13 Director. A member of the Club's Board of Directors.
- 3.14 Election Committee. The committee appointed by the Board in accordance with the Election Systems, Policies and Procedures (ESPP) to oversee an election process.
- 3.15 Election Cycle. The time period, as determined by the Election Committee, which must commence no later than the 1st day of August and shall conclude on the day of the Annual Meeting at such time when the designated time for casting ballots expires.
- 3.16 Election Systems, Policies and Procedures (ESPP). That guideline adopted by the Board, June 30, 2014, or its amended version(s), which sets out the procedures by which Club elections will be conducted.
- 3.17 Good Standing. A Member or Membership who:
- (a) Is not delinquent on the payment of any dues, fees, fines, or similar financial obligation to the Club; or
 - (b) Has not been found by the Election Committee during that year's Election Cycle, to be in violation of any provision of:

- (1) The Club's Membership Agreement; or
 - (2) The Election Systems, Policies and Procedures for a second time during the current Election Cycle.
- (c) If any Member is determined not to be in Good Standing, then that Member's Membership, as a whole, is deemed not to be in Good Standing.
- 3.18 Governing Documents. The Club's Articles of Incorporation, Bylaws, Rules, the Declaration, and the Management Agreement.
- 3.19 Joint Membership. An arrangement by which two (2) or more persons jointly hold a Membership.
- 3.20 Management Agreement. The contractual agreement entered into by and between the Club and the Declarant to provide management services to the Club, specifically, the July 6, 2011 *WorldMark, The Club, Amended and Restated Management Agreement* or its amended or successor agreement.
- 3.21 Master Association. An underlying Master Association, if any, formed pursuant to the Master Governing Documents to govern and manage the Project. If applicable, the Club is a member of the Master Association because it owns the Property in the Project.
- 3.22 Member. Each person who acquires sufficient Vacation Credits and is issued a Basic Membership in the Club. Except as otherwise specifically provided, Declarant is not to be deemed a Member based on unsold or reacquired Vacation Credits.
- 3.23 Members' Quorum. The presence or participation in person, by written ballot, and/or by proxy of the holders of fifteen percent (15%) of the Voting Power, excluding Declarant, shall constitute a quorum for the transaction of business by Members.
- 3.24 Membership. A Membership in the Club:
 - (a) Is a vacation license which constitutes only:
 - (1) A right to use and occupy a Unit during the Member's Vacation Credit Use or Bonus Time;
 - (2) A nonexclusive license to use, enjoy and occupy the Property and recreational facilities appurtenant thereto during Member's Vacation Credit Use or Bonus Time;
 - (3) Voting rights in the Club as described in the Bylaws; and

- (4) Participation in the corporate ownership of the real estate and other assets of the Club.
 - (b) Does not include any title or direct interest in the Property by any individual Member of the Club, or any recourse against the Property or any other property owned or operated by the Club.
 - (c) May be perpetual and/or for a term of years, as prescribed by the Board, and whether a Membership is perpetual or for a term of years shall not affect the assessment obligation or voting rights otherwise attributable thereto, prior to the expiration of a non-perpetual Membership. After a Membership has been issued, the term of such Membership cannot be reduced without the approval of a majority of all Members so affected.
- 3.25 Membership Register. A record of the names, addresses, email and Voting Rights of each of the Club's Memberships.
- 3.26 Nonaffiliated with the Declarant. A person who has not previously, either directly or indirectly, been employed or retained by the Declarant, including its subsidiary or affiliated companies.
- 3.27 Project. The Property and all Common Area and other separately owned or rented dwelling units governed or administered under a common plan and scheme pursuant to that Exhibit "B" attached to the Declaration, including all Improvements.
- 3.28 Property. The real property whose legal description is attached to the Declaration.
- 3.29 Record Date. A date, in the future, established by the Board as the date for the determination of those Members entitled to notice of and to vote at any meeting of Members or on any action without a meeting. The Record Date so fixed shall be neither more than ninety (90) nor less than thirty (30) days prior to the date of the meetings or any action taken without a meeting.
- 3.30 Resort. Collectively, the Property in a particular location and the recreational facilities and Common Area appurtenant.
- 3.31 Rules. The Rules adopted and amended from time to time by the Board, which relate to the possession, use and enjoyment of the Property, and which may relate to various activities and may be entitled "Guidelines".
- 3.32 Special Assessments. An assessment that may be levied at any time upon determination by the Board that such assessments are necessary for capital Improvements or major expenses, repairs or acquisitions for which no reserves have been established or for deficiencies in such reserves, or for any purposes related to the mutual health, safety and welfare of the Members pursuant to the Articles, Declaration, Bylaws and Rules.

- 3.33 Special Meeting of Members. A meeting of the Members for any lawful purpose and at any time and shall be scheduled in response to a call by the President, by the Board, or upon receipt of a written request signed by Memberships holding five percent (5%) of the Voting Power held by Memberships other than Declarant.
- 3.34 Special Meeting of Board. Special meetings of the Board held at any time, at a place designated by the Board in accordance with these Bylaws, upon the call by the President, by any Vice President, by the Secretary, or by any two (2) Directors.
- 3.35 Tabulator. The professional organization skilled in the services for a nonprofit corporation of developing, administering and tabulating proxies and ballots cast in an election related to ballot issues or the election of Directors to the Board and who is retained by the Board to provide such services for elections held by the Club.
- 3.36 Unit. The portion of the Property to which a Member receives use rights when a reservation is made under the Rules, which Unit may consist of a condominium unit, a separately owned dwelling on a lot in a planned development, a hotel suite, an apartment, a house boat, a motor home, or a cabin, and/or similar facility suitable for human living quarters.
- 3.37 Vacation Credit. The essential element and measure of a Membership, described in Restriction 3.4 of the Declaration as the magnitude and extent of benefits and obligations of a Membership that are measured in Vacation Credits, which are renewed annually in the amount acquired and may be surrendered in varying amounts for Vacation Credit Uses in different Resorts at different times.
- 3.38 Voting Power. The aggregate votes of Memberships, including Declarant. For purposes of assessments and Voting Power, Declarant shall be deemed to hold the number of Memberships determined by dividing (the unsold or reacquired Vacation Credits) by (the average number of Vacation Credits per Membership held by Members other than Declarant), as adjusted periodically. Declarant's "Memberships" shall each be deemed to consist of the average number of Vacation Credits per Membership held by Memberships other than Declarant.
- 4.0 MEMBERS. The rights, powers and duties of Members and Memberships are described below:
- 4.1 Joint Membership. When any vote, proxy or action requires the signature of a Joint Membership, it must be signed by each Member of the Membership, or the Member's Designated Agent and unanimously agreed upon by all Members of the Joint Membership or their Designated Agents.

- a) Member's Appointment. For purposes of matters which only relate to a Club's election, a Member may identify a Designated Agent in a signed writing submitted to the Club's Secretary. Alternatively, a Designated Agent may submit an affidavit, under penalty of perjury, to the Club's Secretary which states the Member has provided either written or verbal authorization to the Designated Agent that empowers the Designated Agent to act on behalf of the Member for such election related matters and during a timeframe as stated by the Member to the Designated Agent.
- b) Membership's Appointment. For purposes of matters which only relate to a Club's election, in the event a Joint Membership's Member is incapacitated due to illness, death, travel or similar reasons, the remaining Members of the Joint Membership may appoint a Designated Agent to act on behalf of that absent Member, provided each of the remaining Members of the Joint Membership submit a writing, under penalty of perjury, to the Club's Secretary stating the reasons the absent Member is incapacitated so as to preclude compliance with the provisions of section 4.1 (a).
- c) Term. The written authorizations issued in accordance with sections 4.1(a) or (b) shall be in effect for a designated period of time, not to exceed a term of one (1) year from the date of issuance. The original written authorization shall be submitted to the Club's Secretary and a copy submitted to the Tabulator.
- d) Unanimous Vote. In the event all Members of a Joint Membership cannot timely and unanimously agree upon how the Joint Membership should cast its vote, the Joint Membership's vote shall neither be cast nor tabulated.

4.2 Voting. Each Membership carries the right to vote on matters presented to the Members for a vote. Such vote(s) may be by voice or by ballot; provided, however, that in an election for a Director(s), votes must be cast by written ballot.

- (a) Good Standing Required. Except as otherwise provided in the Bylaws, only Memberships in Good Standing, as of the Record Date, are entitled to vote. Notwithstanding the procedural rights afforded to Members set out in section 4.4 herein, any Membership that is not in Good Standing as of the Record Date, shall be deemed to have forfeited all of its rights, directly or through a proxy, to cast a ballot or vote for any candidate, ballot issue, or any matter that will be presented during the Annual Meeting or a Special Meeting. The Membership shall not be entitled to have the forfeited right to vote restored prior to the Annual Meeting or a Special Meeting for which the Record Date was established. The voting right shall be reinstated as of the next Record Date on which Membership is deemed to be in Good Standing.

- (b) Declarant's Vote. Except as otherwise specifically excluded, the Declarant shall be entitled to vote at any meeting or by written ballot without a meeting.
- (c) Class of Members. There shall be one (1) class of Members. Each Member shall hold ownership in a Membership primarily for occupancy or personal use of Resort Properties and thereby are entitled to one (1) vote for the Basic Membership and one (1) vote for each additional increment of Vacation Credits owned which equals the number of Vacation Credits in the Basic Membership.
- (d) Membership Approval. A requirement in the Articles, Bylaws, or Declaration for approval of the Members, of the Memberships, or of the Voting Power means the affirmative vote or written assent of a majority of the votes represented at a meeting, or cast in an election where a quorum is represented or responds, respectively, unless a different number or portion is specifically prescribed. The required portion of affirmative votes shall be from the Voting Power residing in Memberships other than Declarant and from the total Voting Power.
- (e) Voting Without a Meeting. Any matter or issue requiring the vote of the Memberships may be submitted for a vote by written ballot without a meeting of the Members.
 - (1) Decision. The determination to conduct an election in this fashion shall be made by a majority of the Board or by Memberships, having ten percent (10%) of the total Voting Power, signing a written request and delivering the same to the Secretary.
 - (2) Ballot. The officers shall thereupon distribute a written ballot to every Membership entitled to vote on the matter. Such ballot shall:
 - (i) Set forth the proposed action or actions;
 - (ii) Provide an opportunity to specify approval or disapproval of any proposal;
 - (iii) Provide that the votes shall be cast as specified;
 - (iv) Provide a reasonable time, which will neither be less than twenty (20) nor more than sixty (60) days after ballot distribution, within which to return the ballot to the Club; and
 - (v) A written ballot may not be revoked.
 - (3) Solicitation. All meeting solicitations shall indicate the number of responses needed to meet the Member's Quorum requirement, the percentage of approvals necessary to pass the measure submitted, and the time by which the ballot must be received in order to be counted.

- (4) Procedure. Distribution of ballots and solicitations shall be in the same manner as specified herein for a notice of a Members' Meeting. Approval by written ballot pursuant to this section shall be valid only when:
 - (i) The number of votes cast by ballot within the time period specified equals or exceeds the Members' Quorum required to be present at a meeting authorizing the action; and
 - (ii) The number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
- (5) Supervision. Counsel or the accountants for the Club shall be retained to supervise the secrecy and control of the election, if deemed necessary by the Board or if requested by those Members requesting the election.
- (6) Results Announced. Upon tabulation of the ballots, the Board shall promptly notify the Members of the outcome of the election or that insufficient votes to constitute a quorum were cast.
- (f) Proxies. Every Membership entitled to vote or execute consents shall have the right to do so either in person by its Member(s) or by an agent or agents authorized by a written proxy executed by each such Member of the Membership or a Member's duly Designated Agent, whose name is on file in such capacity with the Secretary of the Club.
 - (1) No such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the person executing it specifies therein the length of time for which such proxy is to continue in force, which in no event shall exceed three (3) years from the date of its execution.
 - (2) A proxy must provide an opportunity for the Member to specify approval or disapproval of the matters described therein and specifically names the person to whom the proxy is to be given.
 - (3) A proxy shall be valid as to the following matters, only if the general nature of the matter is described in the proxy:
 - (i) Removal of a Director or filling a vacancy on the Board;
 - (ii) Approving transactions involving Directors;
 - (iii) Amending proxy rights, amending the Articles;

- (iv) Selling substantially all Club assets; or
 - (v) Mergers, dissolution and distributions.
- (g) Record Date. The Board shall fix the Record Date. When a Record Date is so fixed, only Memberships of record in Good Standing on that date shall be entitled to notice of and to vote at the meeting or election, notwithstanding any transfer of Memberships on the books of the Club after the Record Date.
- (h) Quorum. A Members' Quorum for any meeting(s) is required for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present shall be deemed to constitute a Members' Quorum until adjournment, notwithstanding the withdrawal of enough Members to leave less than a Members' Quorum.
- (1) Every act or decision done or made by a majority of the Voting Power voting on an issue at a meeting duly held at which a Quorum is present shall be deemed the act of the Club unless a greater number or proportion is specifically required.
 - (2) In the absence of a Members' Quorum no business shall be conducted, and the meeting shall be adjourned by the presiding officer without rescheduling it.
 - (3) If less than one-third of the total Voting Power is in attendance or represented at a meeting, only those matters described in the notice of the meeting may be voted upon by the Members.

4.3 Meetings.

- (a) Place. Any meeting of the Members shall be held at a suitable location that is readily accessible at reasonable cost to the largest possible number of Members, as determined by resolution of the Board.
- (b) Annual Meeting. The Annual Meeting of the Members for the election of Directors and for the transaction of such other business as may properly come before the Members, shall be held at such time and place as reasonably determined by the Board.
- (c) Special Meetings of Members. Special Meetings of the Members must be duly noticed and neither be held less than thirty-five (35) days nor more than ninety (90) days after the Meeting request has been received by the President or Secretary. If notice is not given by the Secretary within twenty (20) days of such receipt by the Club of a request for Special Meeting, then the Member(s) requesting the meeting may give notice.
- (d) Notice. Written notice of each meeting of the Members shall be given to each Membership who, as of the Record Date, is in Good Standing and therefore qualified to vote at the meeting. The notice of the meeting shall

be made either by personal delivery, by first class mail or other means of written communication, charges prepaid, addressed to such Membership's record address appearing on the books of the Club, or given to the Club by the Memberships for notice purposes.

(1) All such notices shall:

- (i) Be sent to each Membership entitled thereto not less than twenty (20) and not more than ninety (90) days before the subject meeting;
- (ii) Specify the place, the date and the time of such meeting;
- (iii) Provide a brief statement of the matters that the Board intends to present or believes that others will present for consideration by the Members; and
- (iv) Provide the name, city, state of residence, and a brief biographical sketch of each Member who has announced the intention to stand for election to the Board.

(2) Any notice to be delivered to a Member or Membership pursuant to this section may be provided by electronic transmission if the Member or Membership opts-in for such an electronic transmission, prior to the Record Date, in accordance with such processes as shall be established by the Board.

(e) Consent of Absentees. Any defects in the call, notice, time or location of a meeting, shall not affect the validity of transactions at the meeting which are otherwise valid, if a Members' Quorum is present, either in person or by proxy, and if each Membership entitled to vote, not present in person or by proxy, signs a written approval of the minutes. Such approvals shall be made a part of the minutes of the meeting. Nothing in this subsection shall be construed as requiring the consent of absentees to transactions at a properly called, noticed and held meeting at which a Members' Quorum is present.

(f) Adjourned Meetings. Any Members' meeting, Annual or Special, if a Members' Quorum is present, may be adjourned from time to time by the vote of a majority of the Voting Power present in person or by proxy when:

- (1) Any Members' meeting is adjourned for not less than five (5) days and not more than thirty (30) days;
- (2) Announcement of the time and place of the adjourned meeting is made prior to adjournment; and
- (3) There is no change in the Record Date, and therefore no additional notice is required. Otherwise, notice of the adjourned meeting shall be given as in the case of an original meeting.

4.4 Discipline. The Board shall establish uniform fines and temporary suspensions which shall be imposed for any violations of the Articles, Declaration, Bylaws, ESPP, or Rules. Determination of responsibility, such as for maintenance or repairs of damage, or determination of what constitutes a nuisance, shall be only by the following procedures, or by a court or arbitration proceeding.

- (a) Violations may be determined, and penalties may be imposed only after thirty (30) days written notice has been provided to the offending Member. Such notice must be served either personally or by mail, first class postage prepaid, return receipt requested, and mailed to the latest address for such Member shown on the Club's records.
- (b) The notice shall specify the possible action and the alleged reasons for the potential penalties, and an opportunity, at least five (5) days before the effective date of any possible imposition of penalties, for the Member to be heard before a Board Quorum.

4.5 Transfer of Membership. Transfer or abandonment of the Membership does not relieve a Member of the Member's obligations under the Governing Documents, unless the Club agrees to the transfer or terminates the Membership. A Membership may be transferred entirely or partially if the following conditions are fulfilled as to such Membership in a manner reasonably satisfactory to the Club:

- (a) Fee. A transfer fee of a reasonable amount has been paid to the Club;
- (b) Current. All payments for charges due to the Club are current;
- (c) Credits. The Membership transferred and the Membership retained, if any, must each include enough Vacation Credits to be a Basic Membership at the then current requirement; and
- (d) Qualifications. The transferee must satisfy all qualifications of a Member and the Club's reasonable credit requirements. Absent written objection by the Club specifying the reasons therefore, approval shall be deemed given fifteen (15) days following receipt by the Club of an application for transfer and the proposed transferee's credit information.

5.0 BOARD OF DIRECTORS.

5.1 Powers and Duties. Subject to the provisions of the Articles, the Declaration, these Bylaws, and the laws of California, all corporate powers of the Club shall be exercised by or under the authority of, and the business and affairs of the Club shall be controlled by, the Board.

- (a) Responsibilities. Without prejudice to its general powers, but subject to the same limitations, the Board shall have the power and responsibility to perform the following duties:

- (1) Officers and Agents. To select all officers, agents and employees of the Club and prescribe powers and duties for them; and to delegate authority to a managing agent to carry out duties and obligations as set forth in a written Management Agreement;
- (2) Management. To conduct, manage and control the affairs and business of the Club, including contracting for such insurance, goods, services, professional management, legal and accounting services as is required by the Declaration, Articles or these Bylaws, provided that any Management Agreement:
 - (i) Shall not exceed a term of three (3) years;
 - (ii) Shall be automatically renewed annually after expiration of the first term unless renewal is denied by a majority of the Voting Power residing in Memberships other than Declarant and sixty (60) days written notice is given of the intent not to renew; and
 - (iii) May be terminated for cause by the Board at any time, subject to arbitration if requested by the managing agent.
- (3) Rules. To promulgate Rules regarding, among other things, conduct of Club business, behavior of Members and guests, and use of the Resorts, including, but not limited to, the following subjects:
 - (i) Length of stay;
 - (ii) Frequency of use;
 - (iii) Reservations;
 - (iv) Number of occupants, guests and fees;
 - (v) Provision for the rental of Resorts by the Club to non-members when not in use by Members;
 - (vi) Charges for use of specific facilities;
 - (vii) Personal conduct and behavior;
 - (viii) Check out times; and
 - (ix) Care and maintenance of Units and facilities.
- (4) Places. To prescribe the location of the principal office for the transaction of the business of the Club and to designate the place for the holding of any Members' meeting pursuant to Bylaw section 4.3(a) or any Board meeting;
- (5) Enforcement and Discipline. To enforce the Articles, Declaration, Bylaws, Rules, and any other instruments affecting Membership,

management and control of the Resorts; and to initiate and execute disciplinary proceedings against Members for violation of the Articles, Declaration, Bylaws or Rules, in accordance with the “Discipline” section of these Bylaws;

- (6) Payments. To pay any taxes, assessments or charges which are or could become a lien on Club Property; and
 - (7) Maintenance. To provide for maintenance of the Resorts including all Improvements and Club personal property, except to the extent another entity has the duty of maintenance.
- (b) Discretionary Powers. In addition to the foregoing mandatory duties, the Board shall have the power to:
- (1) Removal. Remove officers, agents or employees of the Club, with or without cause;
 - (2) Principal Office. Change the location of the principal office of the Club;
 - (3) Committees. Appoint committees composed of Members to assist it in its duties; and
 - (4) Fees. Prescribe reasonable fees for use of specific Club property which is individual-use intensive and not normally furnished with a Unit as part of the Common Furnishings.
- (c) Limitation of Powers. The Board must obtain the approval of a majority of the Voting Power of Memberships, other than the Declarant, for taking any of the following actions:
- (1) Compensation. Compensation for Directors or officers other than reimbursements for expenses incurred in pursuing the business of the Club;
 - (2) Capital Expenses. Capital Expenses incurred during any fiscal year for aggregate capital expenditures in excess of five percent (5%) of the budgeted gross expenses of the Club for that year; or
 - (3) Selling. During any fiscal year property of the Club having an aggregate fair market value in excess of five percent (5%) of the budgeted gross expenses of the Club for that year; and
 - (4) Contracts. Entering into a contract with a third party for goods or services for a term greater than three (3) years, except (a) a contract with a public utility for the shortest possible term and at rates regulated by a public utilities commission; (b) a contract for casualty and/or liability insurance not to exceed three (3) years and which allows short rate cancellation by the insured; (c) a contract

to assist in resource operating efficiency procurement; or (d) five (5) year or shorter contracts or leases for the following (so long as the lessor or provider is not an entity in which Declarant or Manager has a direct or indirect interest of ten percent (10%) or more):

- (i) Common furnishings;
- (ii) Laundry room fixtures and equipment;
- (iii) Cable or satellite TV equipment or services;
- (iv) Alarm services or equipment; and/or
- (v) Access to an exchange program by Members electing to participate therein.

5.2 Number & Composition. The Board shall consist of a total of five (5) Directors. One (1) of the five (5) Directors shall be elected solely by the votes of the Memberships other than the Declarant. Additionally, one (1) of the five (5) Directors shall be elected solely by the Declarant.

5.3 Qualification. All Directors must be Members of the Club.

5.4 Election and Removal. Directors shall be chosen, hold office and be removed as follows:

- (a) Election. Directors shall be elected at each Annual Meeting of the Members to fill each vacancy created by the expiration of a Director's term. If for any reason any such Annual Meeting is not held, or not all of the authorized number of Directors are elected thereat, or it is necessary for the Memberships to fill a vacancy on the Board, Directors may be elected at any Members' Special Meeting held for that purpose.
- (b) Nomination. The Board shall prescribe reasonable procedures and opportunities for nomination of Directors, communication by nominees with the Members as to qualifications and reasons for candidacy and solicitation of votes, and for elections.
- (c) Cumulative Voting. Every Membership entitled to vote at any election of Directors may cumulate the Membership's votes and give any one candidate all of its eligible votes. A Membership's eligible vote is equal to the number of Directors for whom the Membership is eligible to vote. Alternatively, a Membership may distribute its eligible votes among as many candidates as the Membership so chooses.
- (d) Term of Office. Each Director shall be elected to a term of two (2) years and serve until that Director's successor is elected and qualified. A Director's term of office shall commence on the date that the Board certifies the results of the election at which the Director was elected.

(e) Vacancies.

(1) Causes. A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation or removal of any Director, or if the authorized number of Directors be increased, or if at any Annual or Special Meeting of Members at which any Director or Directors are to be elected, the Members fail to elect the full authorized number of Directors to be elected at that meeting, or if a vacancy is declared by the Board for any reason permitted by law.

(2) Filling. Vacancies on the Board may be filled by any of the following means: 1) a majority vote by the remaining Directors; 2) a vote by the Memberships; or 3) by a sole remaining Director. In the event a Director is removed from the Board, that Director's vacancy may only be filled by the Memberships in an election. If a Director gives notice of a resignation, the Board may immediately elect a successor who will assume the outgoing Director's position as of the effective resignation date.

(i) Notwithstanding section 5.4(e)(2) above, if a Director, elected solely by the Memberships in accordance with Section 5.2 resigns, only the remaining Directors of the Board have the right and authority to fill that vacancy; however, the Director elected by the Declarant must recuse himself from the vote filling such vacancy.

(ii) Notwithstanding section 5.4(e)(2) above, if a Director, elected solely by the Declarant in accordance with Section 5.2, resigns or is removed, only the Declarant has the right and authority to fill that vacancy.

(f) Removal. The Board may only remove a Director for either of the following reasons: 1) the Director is declared to be of an unsound mind by a final court order; or 2) the Director is convicted of a felony while in office.

(i) Removal for any other reason must be approved by a majority of the Memberships at which a quorum is present.

(ii) Declarant must recuse himself from any vote, by either the Board or the Memberships, for the removal of a Director elected solely by the votes of the Memberships in accordance with Section 5.2. Conversely, a Director elected solely by the Declarant in accordance with Section 5.2, may only be removed by the Declarant.

5.5 Meetings.

(a) Regular Meetings. Immediately following each Annual Meeting of

Members and the certification of the newly elected directors to the Board, the Board shall hold a Regular Meeting for the purpose of organization, the election of officers, and the transaction of other business. The Board shall also hold a regular meeting approximately six (6) months from such Annual Meeting, and more often if deemed necessary.

- (b) Special Meeting. Special Meeting(s) of the Board may be held at any time, at a place designated by the Board in accordance with these Bylaws, upon the call by the President, by any Vice President, by the Secretary, or by any two (2) Directors.
- (c) Notice. Written notice of the time and place of Board meetings, including notice of any special business to be considered, shall be given to each Director at least thirty (30) days for Regular Meetings and fifteen (15) days for Special Meetings, prior to the meeting by personal delivery, or by first-class mail, first class postage or charges prepaid, addressed to him or her at the address as shown upon the records of the Club. Provided, however, no notice need be given to any Director who signs a waiver of notice or a consent to holding the meeting. Minutes of Board Meetings shall be distributed to the Members within sixty (60) days after each meeting.
- (d) Attendance. Directors may participate in any Special or Regular Meeting, and shall be deemed present, through the use of conference or speaker telephone equipment, so long as all participants in the meeting can communicate with one another. Members may attend Board meetings, but may not participate in discussions or deliberations unless authorized by a majority of a Board Quorum. The Board may, upon approval of a majority of a Board Quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel, litigation or similar matters, after first announcing in open session the nature of all business to be considered.
- (e) Consent of Absentees. Any defects in the call, notice, time or location of a meeting, shall not affect the validity of transactions at the meeting which are otherwise valid, if a quorum is present, and if, either before or after the meeting, each of the Directors not present signs a written approval of the minutes thereof. All such approvals shall be made a part of the minutes of the meeting. Nothing in this subsection shall be construed as requiring the consent of absentees to transactions at a properly called, noticed and held meeting at which a quorum is present.
- (f) Quorum. A Board Quorum shall be required for the transaction of business. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board unless a greater number be required by law or by the Articles or Declaration. A meeting at which a quorum is present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of a

quorum or such greater number as may be required by law, the Articles, Bylaws or Declaration.

- (g) Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place; provided, however, that in the absence of a quorum a majority of the Directors present at any Directors' meeting, either Regular or Special, may adjourn from time to time until the time fixed for the next regular Meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned.
- (h) Reimbursement. The Club shall reimburse Directors for actual transportation expenses incurred and reasonable per diem payments for attendance at Regular and Special Meetings of the Board.

- 5.6 Action Without Meeting. Any action required or permitted by the Board may be taken without a meeting if all the Directors shall individually or collectively consent, in writing, to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent shall be filed with the minutes of the proceedings of the Board. Within three (3) days after such action is adopted, the Board shall give the Members an explanation of the action in the manner prescribed for giving notice of Regular Meetings of the Board.

6.0 OFFICERS.

- 6.1 Election/Term. Each officer shall be elected by the Board and shall hold his office until he shall resign, shall be removed or otherwise disqualified to serve, or his successor shall be elected and take office.
- 6.2 Qualifications. All Officers must be Members of the Club.
- 6.3 Removal/Resignation. Any officer may be removed, either with or without cause, by a majority of the Board at any Regular or Special Meeting of the Board. Any officer may resign at any time by giving written notice to the Board. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Removal or resignation shall not prejudice the rights of the Club or the officer under any contract of employment or the position on the Board of an officer who is also a Director.
- 6.4 Offices. The Club shall have the following officers, and such other officers, including one (1) or more Assistant Secretaries, as may be appointed by the Board. The duties of officers shall be as prescribed in the Articles, Declaration or Bylaws, or as assigned from time to time by the Board and, as to other officers, the President.

- (a) President. The President, who shall be chosen from the Board, shall be the chief executive officer of the Club and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Club. He shall preside at all meetings of the Members and of the Board of Directors.
- (b) Vice President. In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President.
- (c) Secretary. The Secretary shall keep or cause to be kept, at the principal office, or at such other place as the Board may order, a book of minutes of all meetings of Directors and Members, or a duplicate thereof, with the time and place of holding, whether Regular or Special, and, if Special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of Memberships present or represented at Members' meetings, and the proceedings thereof.
 - (1) The Secretary shall keep or cause to be kept, in any form permitted by law, at the principal office or such other place as the Board may order, a Membership Register, or a duplicate thereof.
 - (2) The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board required by these Bylaws or by law to be given, and shall keep the seal of the Club in safe custody.
- (d) Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Club, including accounts of its assets, liabilities, receipts, disbursements, gains or losses.
 - (1) The books of account shall at all times be open to inspection by any Director.
 - (2) The Chief Financial Officer shall:
 - (i) Cause to occur, the deposit of all moneys and other valuables in the name of and to the credit of the Club with such depositaries as may be designated by the Board;
 - (ii) Cause to occur, the disbursement of the funds of the Club as may be ordered by the Board; and
 - (iii) Shall render to the President and Directors, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Club.

7.0 ASSESSMENTS AND SPECIAL CHARGES.

- 7.1 Annual Assessments. Each year the Board shall consider the current and future needs of the Club as to its operation, the operation and maintenance of the Resorts and any personal property maintained by the Club, including reasonable reserves for capital Improvements and replacements, payment of taxes, and protecting and promoting the common interests of the Members pursuant to the Articles, Declaration, Bylaws and Rules. In light of such needs, the Board shall determine the annual budget of the Club and fix by resolution the amount of annual assessments to be levied against each Membership for the coming year, based on the respective numbers of Vacation Credits held.
- (a) Assessment Formula. As of August 1, 2000, all Memberships will be subject to an annual assessment which shall be based upon the formula set out at Exhibit A, a true and complete copy of which is attached hereto and fully incorporated herein.
 - (b) Limitation. No annual assessment or Bonus Time Fee shall be increased more than the higher of the following two (2) amounts above the annual assessment or Bonus Time Fee for the immediately preceding fiscal year:
 - (1) Five percent (5%); or
 - (2) The percentage increase in the U.S. Consumer Price Index for All Urban Consumers as reported by the U.S. Department of Labor, Bureau of Labor Statistics, for the calendar year immediately preceding the year for which the increase is being made; provided, however, an increase in annual assessments due to an increase in real property taxes against Units shall be excluded from the calculation of percentage increase for applying this limitation.
 - (c) Reserves. The Club shall maintain a reserve fund adequate to cover maintenance, repair and replacement of those properties, including personal property, for which the Club is responsible (excluding property for which another entity has responsibility), which are subject to major maintenance or repair or replacement on a periodic basis. Such reserves shall be funded from the periodic payments of assessments for reserves and shall be held in a separate account.
- 7.2 Special Assessments. Special assessments may be levied at any time upon determination by the Board that such assessments are necessary for capital Improvements or major expenses, repairs or acquisitions for which no reserves have been established or for deficiencies in such reserves, or for any purposes related to the mutual health, safety and welfare of the Members pursuant to the Articles, Declaration, Bylaws and Rules.
- (a) Limitation. Special assessments shall not be imposed without the approval of a majority of the Voting Power held by Memberships other than Declarant, except:

- (1) Aggregate Limit. To the extent special assessments in the aggregate in any fiscal year do not exceed five percent (5%) of the budgeted gross expenses for that fiscal year, except as provided in subsection (2) below;
- (2) Rebuilding. A special assessment for the repair or rebuilding of a Unit(s), which does not exceed ten percent (10%) of the budgeted gross expenses for the fiscal year in which the special assessment is imposed; and/or
- (3) Reimbursements. A special assessment against a Member(s) for reimbursing the Club for costs of bringing such Member(s) into compliance with the Governing Documents.

- (b) Form of Levy. Special assessments shall be levied upon the same basis as annual assessments, except special charges levied against less than all the Members for reimbursement to the Club, fines, or remedies for violation of the Governing Documents.

7.3 Statement. The Secretary shall mail to each Member, first class postage prepaid, at such Member's record address, a written statement of each annual assessment or special assessment or special charges at least thirty (30) days prior to the date such assessment or charge shall become due and payable. Such statement shall set forth:

- (a) Amount. The amount of the installment or payment of assessments, fines or charges due from that Member;
- (b) Due Date. The date on which such payment or installment is due;
- (c) Delinquency. The date on which such payment or installment becomes delinquent (thirty (30) days past due);
- (d) Where. Where and to whom payment is to be made;
- (e) Purpose. The purpose for the charge or levy; and
- (f) Other Important Dates. Late charges and interest will begin to accrue when they are ten (10) days past due; Membership rights will be suspended due to failure to pay annual and special assessments when payment is thirty (30) days past due; and costs and attorneys' fees will begin to accrue when late charges, annual assessments or special assessments are thirty (30) days past due.

7.4 Payment. All such assessments shall be paid to the Club or its designated agent for collection in lawful money of the United States, on or before the date or period established by the Board pursuant to the resolution adopted by the Board fixing the amount of such. Annual assessments shall be paid in such periodic payments as the Board shall prescribe.

- 7.5 Late Charges/Costs. Any such assessment not paid within ten (10) days of its due date, shall be subject to the following: (a) a late charge in the amount of five dollars (\$5.00) to compensate the Club generally for the added cost of collection, and (b) interest at the rate of nine percent (9%) per annum on any such unpaid installment, which interest shall accrue from the tenth day after the due date. A late charge may be imposed only once for a particular payment. A Member shall also be liable to the Club for actual costs and attorney fees incurred in collecting assessments not paid within thirty (30) days of when due.
- 7.6 Suspensions. The Club shall not transfer a Membership on its books, or allow the exercise of any rights or privileges of Membership on account thereof by any Member or any person claiming under him, unless and until all delinquent annual assessments and special assessments to which such Membership is subject are paid, provided the procedures of Bylaw section 4.4 regarding "Discipline" have been followed.
- 7.7 Lien/Foreclosure. The Board shall enforce collection of assessments by suit at law, by foreclosure of the lien rights, or by exercise of the power of sale established in the Declaration.
- 7.8 Disposition of Funds. The funds arising from assessments, insofar as possible, shall be applied toward the payment of expenses pursuant to the annual budget adopted by the Board. Excess assessments, after making allowance for budgeted reserves for replacement, may be returned to the Members on an equitable basis or held in trust for future budgeted needs.
- 7.9 Statement of Charges. The Board, on not less than twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request, a written statement whether or not to the knowledge of the Club, a particular Member is in default as to his assessments, and disclosing the amount of delinquent assessments, late charges, attorneys' fees and other penalties assessed against such Member's Membership, and further stating the dates to which installments of assessments, have been paid as to his Membership. Any such certificate may be relied on by any prospective purchaser or mortgagee of the Membership, but reliance on such certificate may not extend to any default not involving the payment of assessments of which the signer had no actual knowledge. The Club may charge a fee reasonably related to the cost of preparing such statement.

8.0 RECORDS AND REPORTS.

- 8.1 Records Inspections By Members. The Articles, Bylaws, Declaration, Rules, and Corporate Record maintained by the Club or its Manager, shall be made available for inspection, upon written demand and reasonable notice, by any Member or his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interests as a Member. The Board may impose reasonable conditions on such inspections, including conditions regarding notice, time and cost/fees.

8.2 Membership Register Inspection by Members. Subject to subsections 8.3 (a)-(e), a Member has the right to the following:

- (a) Inspect and copy the Membership Register, at a reasonable time, upon five (5) business days prior written demand, therefore, which shall include an explanation of the purpose for which the inspection rights are reasonably related to the Members' Membership interests; or
- (b) Obtain from the Secretary of the Club, upon written demand and tender of a reasonable charge, a copy of the Membership Register as of the most recent Record Date. The demand must state the purpose for which the Membership Register is requested. The Membership Register will be made available on or before the later of ten (10) business days after the demand is received or after the date specified therein as the date as of which the Register is to be compiled.

8.3 Limitations and Restrictions For Register Access.

- (a) The Club may restrict the use of the Membership Register by requiring a Member(s) to sign a written agreement by which the Member(s) agrees to reasonable restrictions to include, but not be limited to, prohibiting the use of the Membership Register information, in whole or in part, for commercial, personal or other purposes not reasonably related to the affairs of the Club.
- (b) Notwithstanding the foregoing provisions of section 8.2, in order to protect the privacy of its Members and to protect the Membership Register as a Club's valuable corporate asset, the Club may, in lieu of making the Membership Register available for inspection and copying, provide a requesting Member with a reasonable alternative to accomplish the Member's stated purpose.
- (c) In the event the Club, as a reasonable alternative to permitting inspection or copying of the Membership Register, offers to facilitate a Member's communication with other Members, any administrative expenses incurred by the Club in facilitating the distribution, or any service or administrative fee charged by the mail house or third party distributor, shall be paid by the Club; however, all other costs, including without limitation printing, postage and stationery, are the sole responsibility of the requesting Member.
- (d) The Corporate Records shall be made available for inspection at the office where the records are maintained. Upon receipt of an authenticated written request from a Member along with the fee prescribed by the Board to defray the costs of reproduction, the Manager or other custodian of records shall prepare and transmit to the Member a copy of any and all records requested.

- (e) The rights provided under section 8.0 herein are intended to be coextensive with those provided by California Corporations Code section 8330 *et seq.* or its successor provision and will be interpreted in accordance with California law.
- 8.4 Directors. Each Director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and to inspect physical properties owned or controlled by the Club, and to make copies and extracts thereof at the expense of the Club, subject only to signing a written agreement to reasonable restrictions to include, but not be limited to prohibiting the use of the Membership Register in whole or in part, for commercial, personal or other purposes not reasonably related to the affairs of the Club.
- 8.5 Rules. The Board shall establish reasonable rules regarding the notice to be given to the custodian of the Corporate Records by a Member desiring to make an inspection of the Corporate Records, as well as dates, times and location when records are available, and payment of costs for reproduction.
- 8.6 Accountings and Reports. The Board shall cause to be prepared and distributed to the Members the following:
 - (a) Budget. A pro forma operating budget, or summary thereof, distributed no later than ninety (90) days after the beginning of each fiscal year, containing the following:
 - (1) Estimated revenue and expenses on an accrual basis;
 - (2) The amount of the total cash reserves of the Club currently available for replacement or major repair of the Resorts and for contingencies;
 - (3) The repair, replacement or additions to the major components of the Resorts and facilities for which the Club is responsible (Capital Repairs) require an annualized itemized estimate of the following:
 - (i) Remaining life of Repairs;
 - (ii) The current replacement costs of Repairs; and
 - (iii) The methods of funding to defray the costs of Repairs.
 - (4) A general statement setting forth the procedures used by the governing body in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Resorts and facilities for which the Club is responsible.
 - (b) Annual Report. Within one hundred twenty (120) days after the last day of the Club's fiscal year, an Annual report containing the following:

- (1) A balance sheet as of such accounting date;
 - (2) An operating (income) statement for the fiscal year, including amounts (and description of property) received from Declarant under a Subsidy Agreement, if any;
 - (3) A statement of changes in financial position for the fiscal year;
 - (4) A copy of the review of the Annual Report prepared in accordance with generally accepted accounting principles by a licensee of a State Board of Accounting or similar agency, for any fiscal year in which the gross income of the Club exceeds \$75,000. Such review shall include verification of the respective and total allocations of Vacation Credits;
 - (5) A list of the names of current Directors and their city and state of residence;
 - (6) A description of any transaction or series of transactions by the Club involving \$40,000 or more in which a Director, officer or holder of ten percent (10%) or more of the Voting Power had a direct or indirect financial interest;
 - (7) A description of any indemnifications or advances aggregating more than \$10,000 paid during the fiscal year to any officer or Director of the Club; and
 - (8) If not prepared by an independent accountant, a certificate by an authorized officer that the Annual Report was prepared from the books and records of the Club without independent audit or review.
- (c) Enforcement Policies. Within sixty (60) days prior to the beginning of the fiscal year, a statement of the Club's policies and practices in enforcing its remedies against Members for defaults in the payment of regular and special assessments, including the foreclosing of liens against Memberships.

8.7 Review. The Annual Report shall be reviewed by an independent public accountant for any fiscal year in which the gross income of the Club exceeds \$75,000.

9.0 INSURANCE.

9.1 Generally. Where practicable, insurance policies shall be blanket policies covering the Resorts, to the extent the Club may have exposure for liability or property loss, any properties owned or administered by the Club, activities of the Club and its employees and agents, within or without the Resorts, and any property or activities of Declarant, located within or nearby the Resorts, in which case the Club and Declarant shall each pay their proportionate share of the premium and be named co-insureds.

- (a) Trustee of Interests. With respect to insurance proceeds paid in connection with a loss of Club property only, the Board shall be deemed trustee of the interests of all Members in any insurance proceeds paid to it under any such policies, and shall have full power to receive and to issue a receipt for their interest in such proceeds and to deal therewith as set forth in the Declaration and Bylaws. The limits and coverage should be reviewed at least every three (3) years.
- (b) Conditions. Every policy of insurance obtained by the Club shall contain:
 - (1) An express waiver, if available, of any and all rights of subrogation against Declarant, Declarant's agents and representatives, any person, firm or corporation affiliated with Declarant in the Resorts or Program, the Board and individual members of the Board, and individual Members of the Club;
 - (2) A severability of interest endorsement, as applicable; and
 - (3) A cross-liability endorsement, as applicable. No act or omission by a Member, unless acting in the scope of authority on behalf of the Club, will void a policy or operate as a condition to recovery under a policy by any other person.

9.2 Policies. The Board shall obtain and maintain in force at all times the following policies of insurance:

- (a) Extended Coverage. Fire and extended coverage insurance on all personal property, structures and Improvements, including building service equipment, owned by the Club in the Resorts, insuring eighty percent (80%) of the aggregate full insurable value, meaning actual replacement value, exclusive of the cost of land, excavations, foundations and footings, from an insurance carrier designated Class VI or better in Best's Key Rating Guide, or any successor or similar guide. Such insurance shall insure the Club, shall contain cost effective deductible levels as determined at the time, shall contain an inflation guard endorsement, and shall insure against loss or damage by fire, theft and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm, water damage and other risks customarily insured against in similar projects.
- (b) Public Liability. Public liability insurance, with limits of not less than Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars (\$1,000,000) per occurrence for personal injury, not less than One Hundred Thousand Dollars (\$100,000) for property damage, and at cost effective deductible levels as determined at the time, insuring against liability for bodily injury, death and property damage, including water damage, arising from the activities of the Club or with respect to property

under its jurisdiction or used for its benefit or business, such as non-owned and hired automobiles, and for such other risks as are customarily covered in similar programs.

- (c) Separate Insureds. Liability insurance shall name as separately protected insureds the Declarant, the Club, the Board and the Members, and their representatives, members and employees, with respect to any liability arising out of the maintenance or use of any Resorts or Club Property.
- (d) Workers' Compensation. Workers' Compensation insurance, to the extent necessary to comply with any applicable laws, shall cover the risk of all Members as well as the Club.
- (e) Bonds. Fidelity bond or bonds in a penal amount equal to at least the maximum amount of funds of the Club over which the principal(s) under the bond(s) may reasonably be expected to have control or access at any time, naming the members of the Board, officers, employees, any person responsible for handling funds, and such other persons as may be designated by the Board as principals, and the Club as obligee, and containing waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or a similar expression.
- (f) Additional Insurance. Such other insurance, including indemnity and other bonds, as the Board shall deem necessary or expedient to carry out the Club's functions as set forth in the Declaration, Articles and Bylaws.

10.0 GENERAL BYLAWS.

- 10.1 Principal Office. The principal office of the Club shall be at such specific location as may from time to time be designated by the Board of Directors.
- 10.2 Liability of Agents. No Director, officer, employee, agent or representative of the Club (collectively "Club Agent") shall be personally liable in any action or proceeding to any Member, person, or the Club for any damage, loss or prejudice suffered or claimed on account of any act, negligence, error of omission of the Club, the Board or any Club agent or any committee, provided that such agent has acted in good faith and without willful or intentional misconduct upon the basis of such information as may be possessed by him or available to him upon reasonable inquiry.
- 10.3 Indemnification. Subject to California Corporations Code section 7237, or its successor provision(s), if any action or proceeding is brought against any Club agent because such person is or was an agent of the Club, then upon approval of:
 - (a) A majority of a quorum of Directors who are not parties to such proceeding;

- (b) The majority of the Voting Power, pursuant to Bylaw section 3.38, excluding those who are parties to such action; or
 - (c) The court in which such action is or was pending; the Club shall indemnify such person against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding or action, if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Club and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.
 - (1) The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Club or that the person had reasonable cause to believe that the person's conduct was unlawful.
 - (2) If the Club is required to incur any cost or expense hereunder, the Club shall be entitled to levy a special assessment for the amount so expended.
- 10.4 Distributions. There shall be no distribution of gains, profits or dividends to any Member except upon dissolution or upon the lawful redemption of a Membership.
- 10.5 Dissolution. Upon dissolution and winding up of the Club, the Board of Directors, or trustee shall dispose of all Club assets. After payment or making provision for the payment of all liabilities of the Club, the Board of Directors or trustee shall distribute all of the remaining assets to the Members in the same proportion that the Vacation Credits held by a Member bears to the total outstanding Vacation Credits. For purposes of this section 10.5, Declarant shall be deemed to hold the number of Vacation Credits allocable to each Basic Membership held by it regardless of qualification or registration for sale to the public. If the Club or its trustee fails to liquidate the assets of the Club within one year from the date which the Club voted as the date of dissolution, then the State in which the assets are located will perform the liquidation. Each State is hereby granted a permanent and irrevocable power of attorney to perform such liquidation.
- 10.6 Amendments. New Bylaws may be adopted, or these Bylaws may be amended or repealed, only by the affirmative vote or written assent of:
- (a) At least twenty-five percent (25%) of Voting Power residing in Memberships other than Declarant; and
 - (b) At least twenty-five percent (25%) of the total Voting Power; provided, however, the votes required for an amendment shall not be less than the affirmative votes required for action to be taken under the clause being affected.

- 10.7 Master Association. The Board is authorized to appoint and authorize the Manager of the Club, one or more of the Directors of the Club, or a Member of the Club to represent the Club at any meeting or in an election or ballot of a Master Association to which the Property or a portion of the Property of the Club is subject to represent the Club and vote in a manner that such authorized agent shall, in its sole discretion, deem to be in the best interest of the Club.
- 10.8 Severability. If any provision of these Bylaws, to any extent, is ruled or adjudged under any applicable legal authority, to be invalid, illegal, or incapable of being enforced, such provision shall be excluded to the extent of such invalidity, illegality, or unenforceability; and all other terms and provisions hereof shall remain in full force and effect.

11.0 CERTIFICATION.

I, the undersigned, do hereby certify:

- 11.1 That I am the Secretary of WorldMark, The Club, a California nonprofit mutual benefit corporation.
- 11.2 That the foregoing Bylaws, comprising thirty-one (31) pages, including Exhibit A, constitute the Bylaws of said corporation as duly adopted by the incorporator on the 3rd day of August, 1989, and as amended and restated by approval of the Members pursuant to Bylaw 9.6 on December 2, 1994, on November 9, 2009, April 18, 2011 and October 20, 2016.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 7th day of June, 2017.



Secretary

WorldMark, The Club

Bylaws

EXHIBIT A

Formula for Determining Annual Assessments*

1. \$ X per year for each Basic Membership of 5,000 Vacation Credits.
2. Plus 30.4% of \$ X per year for each additional 2,500 Vacation Credits or portion thereof in the same Membership.

* "X" is set by the Board each year based upon the budget and the total number of Vacation Credits expected to be in the Club.