

WELK RESORTS PLATINUM PROGRAM Rules and Regulations

The following Rules and Regulations have been established for the benefit of all purchasers (known as "Owners" or "Platinum Owners") of an interest in Welk Resorts Platinum Program (the "Program") and are subordinate to the Master Declaration of Restrictions and Bylaws of Welk Resort Platinum Program (the "Declaration") and, in the event of conflict between the Declaration and these Rules and Regulations, the Declaration shall control.

Section 1. DEFINITIONS

The terms used in these Rules and Regulations shall have the same meanings as those set forth in the Declaration. In addition, "Rewards Points" are point equivalents to which the developer has access and which are given to purchasers by the developer as an incentive for purchasers to complete the purchase of Platinum Points ("Points") for annual Use Terms. Rewards Points expire upon use or the termination of the use year for which they are given. Prior to their expiration, Rewards Points may be used or combined with Points to reserve and use villa accommodations at a Welk Resort or other specified resort property. However, reservations made using Rewards Points are for personal use only, and may not be used for rental. Rewards Points are non-transferable, non-assignable, do not grant ownership rights, may not be borrowed or accrued, may not be used for exchange, and are subject to other limitations set by the developer that may be changed or modified at any time in the developer's sole discretion.

The "Platinum Rewards Program" only applies to annual Use Terms and is a package of benefits provided by the developer to Platinum Premier Owners, Platinum Select Owners, Platinum Elite Owners, and Platinum Pinnacle Owners. "Platinum Premier Owners" are Owners who have obtained a minimum of 540,000 Points, or any combination of Points and Rewards Points totaling 540,000, from the developer; "Platinum Select Owners" are Owners who have obtained a minimum of 780,000 Points, or any combination of Points and Rewards Points totaling 780,000, from the developer; "Platinum Elite Owners" are Owners who have obtained a minimum of 1,020,000 Points, or any combination of Points and Rewards Points totaling 1,020,000, from the developer; "Platinum Pinnacle Owners" are Owners who have obtained a minimum of 1,500,000 Points, or any combination of Points and Rewards Points totaling 1,500,000, from the developer.

Section 2. AMENDMENT

The Board of Directors of the Association may amend these Rules and Regulations from time to time, in its discretion, as set forth in the Declaration.

Section 3. VIOLATIONS

Your failure to abide by these Rules and Regulations or to the terms and conditions contained in the Declaration may result in suspension of your rights and privileges as an Owner and, in some cases, fines.

Section 4. POINTS - GENERAL EXPLANATION

4.1 The Points Account: When you purchase Points in the Program, the Association will establish a Points Account for you, to be used to keep track of the number of Points you have and use each Use Term. A "Use Term" is the 12-month term commencing on the first day of January each year and ending on the last day of December, and may be every "odd" year or every "even" year (biennial).

4.2 Crediting the Points Account: On the first day of each Use Term, the Association will credit your account with the number of Points you own.

4.3 The Points Valuation Schedule: The Points Valuation Schedule allocates the Points among the type of unit, season, and day of the week. Using the Points Valuation Schedule, you can determine how many Points you will need in order to reserve a Use Period for Resort Accommodations within the Program based upon your selection of the type of unit, day of the week and season. It is designed to give you the greatest flexibility by allowing you to have one continuous Use Period or break up your Use Period into several shorter stays. You have choices as to unit type and which days of the week and time of the year you want to stay. Subject to certain fees and restrictions applicable to the Welk Platinum Rewards Program, Platinum Premier, Platinum Select, Platinum Elite, and Platinum Pinnacle Owners have the right to combine Points in their Points Account with a prescribed amount of developer-owned Points (“Bonus Points”) in order to make a reservation, or to upgrade to a larger Unit Type.

4.4 Changes to Points Valuation Schedule: The Board of Directors may wish to change Point allocations currently in effect because of changes in demand for different nights, seasons or unit types. The Association's Board of Directors has reserved the right to change the allocations of Points, subject to the following limitations:

- A. The total number of Points authorized and outstanding within the Program must stay the same before and after each reallocation;
- B. No single change to the value of a day, unit type or season may result in an increase or decrease of the Points valuation for that item of greater than ten percent (10%);
- C. The Association may not change the Points Valuation Schedule more than one time for each Fiscal Year (as defined in the Declaration) of the Association; and no changes in Points valuation shall affect any pending reservations at the time the reallocation is made. You will be notified in writing of all changes to the Points Valuation Schedule.

4.5 Debiting the Points Account:

A. Basic Points Use: The Points you are credited with in a Use Term may only be used for stays in the same Use Term, except when you use “Points Borrowing” or “Points Accrual”, defined below. The Association will debit (subtract) the Points from your Points Account on the first day of your Use Period whether or not you occupy the Resort Accommodations, unless you cancel your Confirmed Reservation as provided below. You will be debited with the number of Points assigned to your Use Period based on the then current Points Valuation Schedule.

B. Points Expiration: Unless you use “Points Accrual”, defined below, your Points will automatically be debited from your Points Account at the end of the Use Term in which they were originally credited if: (i) you fail to request a reservation within the Use Term; or (ii) you request a reservation but it is not confirmed in writing by the Managing Agent within the Use Term. You will lose all Basic Use rights associated with the debited Points for that Use Term.

C. Points Borrowing: You may “borrow” Points from the next Use Term, only: (i) in order to complete the balance of a reservation for a 1-week stay or for the purpose of depositing the reserved week with an exchange company; (ii) within 5 months or less prior to check-in for Platinum Pinnacle Owners, 4 months or less prior to check-in for Platinum Elite and Select Owners, 3 months or less prior to check-in for Platinum Premier Owners, and 2 months or less prior to check-in for all other Owners; and (iii) if you pay the estimated Basic Assessment for the following year for the Points borrowed.

D. Points Accrual: You may accrue (roll over) unutilized Points credited during one Use Term to the next successive calendar year. If notice of accrual is delivered to the Association by December 15 for Platinum Pinnacle Owners, November 30 for Platinum Elite Owners, October 31 for Platinum Select Owners,

September 30 for Platinum Premier Owners, and August 31 for all other Owners, 100% of all unutilized Points may be accrued; if notice is delivered after the foregoing cutoff dates, 50% of all unutilized Points may be accrued. Utilization of Points which have been accrued may only be reserved 5 months or less prior to check-in for Platinum Pinnacle Owners, 4 months or less prior to check-in for Platinum Select and Platinum Elite Owners, and 2 months or less prior to check-in for all other Owners. The developer may permit an Owner who is current on all obligations to the developer and Association, and purchases Points from June 1 to December 31 for the current Use Term (annual or biennial), to extend the use for all of the Owner's unutilized Points from such Use Term until the end of the next successive calendar year (for example, Points purchased from June 1, 2017 to December 31, 2017, having a 2017 Use Term, would be available for use, along with other unutilized Points credited in 2017, until December 31, 2018). Such extended Points shall not be subject to the reservation windows stated in this paragraph (the reservation periods stated in Section 5.2 below shall apply). Such extended Points may also be accrued to the Use Term following the next successive year, but in such case the notice requirements and limited reservation windows set forth in this paragraph shall apply (for example, the unutilized Points with a 2017 Use Term, which were extended for use through December 31, 2018, may be accrued for use through December 31, 2019, subject to the limited reservation windows in this paragraph and provided these Points are accrued by the cutoff dates defined in this paragraph).

Section 5. RESERVATION SYSTEM

5.1 How to Make a Reservation Request for Basic Use: A reservation request may be made by contacting the Owner Services Department. Although this can be done by company website, by telephone, telefax, e-mail or mail, the Association recommends that you make your reservation request by either website or telephone. A "Week" consists of seven (7) consecutive nights, commencing on the check-in day established by the Resort at which a reservation is made (check-in dates may vary by Resort).

5.2 Reservation Periods: There are several different reservation types, described as follows:

From 18 to 15 months prior to check-in, Owners of Fixed Ownerships (those who at the time of purchase, specify in their purchase agreement a unit, unit type or Week at a specified Welk Resort) will have the right to reserve such unit, unit type or Week at the specified Welk Resort. If such a reservation is not confirmed during this timeframe, such inventory shall be released into inventory available to all Platinum Owners.

From 15 to 4 months prior to check-in, Owners of Fixed Ownerships who have not made a reservation and Owners of Flex Ownerships have the right to make a reservation, subject to space availability, for a Week at any of the Welk Resorts.

The 15-month reservation window for Flex Ownerships is extended by 3 months for Platinum Premier Owners, 4 months for Platinum Select Owners, 5 months for Platinum Elite Owners, and 6 months for Platinum Pinnacle Owners (these expanded periods are collectively referred to as "Expanded Reservation Windows"). A limited percentage of available inventory, no more than 20% overall ("Limited Inventory"), shall be available for reservations by Platinum Rewards Owners during their Expanded Reservation Windows. For Platinum Rewards Owners, this Limited Inventory is made available for reservations first to Pinnacle Owners (15 to 21 months), then Elite Owners (15 to 20 months), then Select Owners (15 to 19 months), and then Premier Owners (15 to 18 months). Expanded Reservation Windows may not be used to make reservations to rent to others and may not be available at all resorts. A Platinum Rewards Owner's use of Expanded Reservation Windows may be suspended or revoked for any violation of these restrictions without limiting other remedies that may be available to the Association.

Four months or less prior to check-in, Owners have the right to make a Split Week reservation, subject to space availability. A "Split Week" is a period less than a Week, a period more than a Week that does not equal a 7-night increment, or any period that does not begin on a Resort's designated check-in day, all with a 2-night minimum stay and does not include any part of a Holiday Week. A "Holiday Week"

is a week that begins on a Resort's designated check-in day and contains New Year's Eve, New Year's Day, Easter, Memorial Day, Fourth of July, Labor Day, Thanksgiving, or Christmas.

Two months or less prior to check-in, Owners have the right to make a Holiday Split Week reservation, subject to space availability. A "Holiday Split Week" is a period less than a Week, a period more than a Week that does not equal a 7-night increment, or any period that does not begin on a Resort's designated check-in day, all with a 2-night minimum stay and includes any part of a Holiday Week. This reservation window is extended to 3 months for Platinum Elite Owners and 4 months for Platinum Pinnacle Owners. The developer or the Association may also have access to inventory for their rental programs.

5.3 Processing Reservation Requests: All reservation requests are subject to availability. The Managing Agent will process all reservation requests on an "as received" basis (subject to the foregoing priority reservation windows). In the event reservation requests are received at approximately the same time and cannot all be confirmed for a particular Use Period, the Association will confirm reservations to Owners in an equitable manner. Every reasonable attempt will be made to fulfill each Owner's requests. Processing of reservation requests by the Managing Agent may include telephone follow-up.

5.4 Confirmation of Reservation Requests: Your reservation request must be confirmed in writing via mail, telefax, or by e-mail by the Association's Managing Agent before it is valid, except that reservation requests confirmed less than seven (7) days prior to occupancy may be confirmed by telephone or e-mail. The confirmation form will contain a reservation number and a statement of your Points Account showing the Points to be debited for the Use Period confirmed and any remaining Points balance for the current Use Term. If you do not receive a reservation confirmation or other response within 14 days after making your reservation request, you should telephone the Owner Services Department.

5.5 Cancellation of Reservations: Reservations may be canceled subject to the following rules (a change in reservation date is considered a cancellation):

A. Any reservation that is canceled is subject to cancellation charges, policies, and procedures imposed by the Resort at which the reservation was made, together with any cancellation fee charged by the Managing Agent.

- (i) Reservations cannot be canceled/changed to utilize Points Accrued (as referenced in Section 4.5D) in substitution for Basic Points Use (as referenced in Section 4.5A). You cannot cancel/change a reservation to change the combination of Points types or use years (e.g., borrowed or accrued Points) utilized when making your reservation.
- (ii) Reservations cannot be canceled/changed to decrease days of a full Week reservation when originally booked as a Week.
- (iii) Reservations cannot be canceled/changed to utilize Bonus Points, under section 4.3.
- (iv) Reservation cancelation/change must be a different week choice or reservation is forfeited in full.

B. Any reservation is automatically canceled if you are delinquent 30 days or more in your Assessments or in any other financial obligation to the developer or its assignee(s) regarding the purchase of an interest in the Program.

C. Cancellations made 2 months or more before check-in are subject to a \$50.00 cancellation fee, and 100% of the Points will be fully reinstated to the Owner's Points Account.

D. Cancellations made less than 2 months before check-in are subject to the \$50.00 cancellation fee, and 100% of the Points will be reinstated to the Owner's Points Account, but the reinstated Points will be subject to a 2 month booking window (you may only use them to make reservations 2 months or less before the check-in date). Otherwise, the reinstated Points will be forfeited.

E. Cancellations made 7 days or less before check-in are subject to the \$50.00 cancellation fee, and 50% of the Points will be reinstated to the Owner's Points Account, but the reinstated Points will be subject to a 2 month booking window (you may only use them to make reservations 2 months or less before the check-in date). Otherwise, the reinstated Points will be forfeited.

F. An Owner who does not check-in within 48 hours of his check-in time, and does not notify the Resort of his expected late arrival, shall forfeit his reservation and 100% of the Points associated with making the reservation.

5.6 Bonus Time: Reservations may be made for Bonus Time (space to which the Association has access that is unused at the Resort) 2 months prior to check-in, based on nightly rental rates set by the Association, which rates may change from time to time.

5.7 Day Use: shall mean Owners who request use of certain common areas and/or facilities outside of their regular Use Period (while they are not overnight guests). Requests for Day Use reservations may be made, when available, at participating Welk resorts from 2 days to 30 days prior to the requested date. The Day Use program may be altered, restricted, revoked or eliminated, at any time based upon the sole discretion of the resort manager, his/her designated assistant(s), and/or the applicable vacation owners associations at each of the resorts. Resort managers and/or their designees may alter, restrict, suspend, revoke or eliminate Day Use for any reason, including, without limitation: to prevent overcrowding; where Day Use guests are disrespectful or disruptive to the staff or other Owners/guests; where Day Use guests fail to comply with applicable laws, rules or regulations at the resort; where an Owner is not present on the resort premises when the Owner's Day Use guests have been granted Day Use reservations; or where an Owner accesses the Day Use facilities without obtaining proper approval. Limitations apply and fees may be assessed for the use of certain common areas, facilities and/or programs affiliated with Day Use. Fees apply for the use of the fitness center at Lawrence Welk Resort Villas ("LWRV fitness center"). While reservations are not required at the LWRV fitness center, space may be limited and access to the facility is not guaranteed. The LWRV fitness center fee does not apply to Owners and their guests who utilize the LWRV fitness center during their regular use period (while they are staying overnight at the resort).

Section 6: RESERVATION LIMITATIONS

Reservations may be made for any number of consecutive nights, and for as short as a two (2) night stay. Reservations for less than seven (7) consecutive nights may be subject to a Split Week fee in an amount set by the Board of each resort.

Section 7. EXCHANGE OF INTERVALS

If you are a member of any exchange program, you may have the option of exchanging your use entitlement in the Program through the exchange program. You should consult your exchange program materials for details.

Section 8. CHECK-IN AND CHECK-OUT TIME

The check-in day is set by the Underlying Resort, and may vary from resort to resort and from unit to unit. Check-in time and check-out times are set by each resort, but check-in generally commences at 4:00 p.m. and check-out time is generally no later than 10:00 a.m. Platinum Pinnacle, Platinum Elite, Platinum Select, and Platinum Premier Owners may utilize curbside check-in privileges at resorts where curbside check-in is available, and may check-in earlier, based on availability of their reserved unit. Platinum Pinnacle Owners may check-out up to one hour later, based upon the subsequent need for their reserved unit. Your reservation confirmation will

specify the appropriate times at the resort you are visiting. Check-in and check-out will be handled at the Resort front desk. The six-hour period between Use Periods is reserved exclusively as a service period (in addition to the Maintenance Period) for the cleaning, repair, and maintenance of the Unit.

Section 9. FAILURE TO VACATE

If you or your Permitted User fail to vacate a Unit at the end of your Use Period, such failure to vacate will subject you to additional costs and expenses and other consequences as set forth in the Declaration and in the governing documents of the resort at which you are staying.

Section 10. CARE OF INTERIOR FURNISHINGS AND EQUIPMENT

When you or your Permitted User use an assigned Unit, you, the Owner, are responsible for any damage done to the Unit and its furnishings during your Use Period, other than normal wear and tear.

Any unreimbursed charges for damages or loss will be added to your bill at check-out Time or will be billed directly to you. Non-payment of such a charge will be cause for suspension of use rights until such charge has been paid. You should report any damage or deterioration to your assigned Unit or its Common Furnishings to the Managing Agent as soon as possible after checking in. All Owners and their Permitted Users shall be responsible for removing all their personal property from their assigned Unit at check-out Time.

Section 11. BUILDING MODIFICATIONS

You may not make any changes, reorganization or removal of furniture, wall hangings, or floor coverings or redecoration of any type within the assigned Units or other areas of the resort.

Section 12. INSPECTION OF ASSOCIATION RECORDS

If you seek to inspect and/or copy the Association's books and records pursuant to the Declaration, you shall make such request in writing to the Managing Agent no less than twenty (20) days prior to the date for which such inspection is sought. Personal inspection of the Association's books and records may be made by appointment with the Managing Agent during the Agent's regular business hours. If you request copies of the Association's books and records, you shall pay the cost of reproducing such copies in the amount of \$.25 per page plus mailing costs.

Section 13. MAID SERVICE/LINENS

Maid service is provided without additional charge to assure that your assigned Unit will be clean and neat upon your arrival. Additional maid service is available to you for an additional charge. A charge shall also be made for maid service required by reason of your (or your Permitted User's) use and occupancy of a Unit which in any way violates the governing documents of the resort at which you are staying. Charges for maid service shall be payable upon departure. You understand that you are entitled to fresh linens upon arrival, and a mid-week "mini-clean" with each full Week's stay. Additional towels are available for a nominal fee.

Section 14. INVENTORY OF INTERIOR FURNISHINGS AND EQUIPMENT

During the service period between each Use Period, a complete inventory of the furnishings and equipment allocated to each Unit may be conducted. At check-in, you may be given an inventory list for approval. The cost of replacing or repairing any item(s) which, in the inventory conducted during the service period immediately following your departure or the departure of your Permitted User, are found to be missing or damaged, may be charged to you. Thus, you should carefully examine the inventory list provided to you at the

beginning of your Use Period to protect yourself from undeserved charges. During your use and occupancy of your assigned Unit, please report any damage to, or loss of, any item of the Common Furnishings to the Managing Agent at the Resort in which you are staying as soon as possible.

Section 15. PASS KEY

The Managing Agent at each Resort is provided with a pass key to all rooms. In case of an emergency, the Managing Agent or his employee may enter your Unit and, in such case, shall notify you, as soon as reasonably possible, of the reason for such entry.

Section 16. SAFETY AND HEALTH RULES

16.1 Establishment of Specific Rules: The Underlying Associations reserve the right to establish specific rules governing such potentially loud or disturbing activities as the use of musical instruments, stereo equipment, or late evening entertaining.

16.2 Animals: No animals may be brought to any Resort, except for certified service animals.

Section 17. CONTROL OF CHILDREN

You shall be responsible for the conduct of your children and/or those of your Permitted User. Children will not be permitted to play in corridors, stairways, parking areas, lobby, or any other Common Areas not specifically set aside for such purposes. Children under the age of 18 must be supervised by an adult at all times while using the Resort facilities.

Section 18. MAXIMUM OCCUPANCY

The maximum allowable occupancy for any Unit is set forth below:

<u>Unit Type:</u>	<u>Number of Bedrooms</u>	<u>Permitted Occupancy</u>
	Studio	2
	1	4
	2	6
	2 Deluxe	8
	3	8-10 (depending on location)

An Owner shall not authorize or permit a greater number of persons to occupy a Unit than the occupancy number set forth in these Rules and Regulations.

Section 19. PLATINUM BENEFITS CARDS

No more than two (2) Platinum Benefits Cards may be issued per Ownership, one name per card, name as listed on the contract.

Section 20. GUESTS

You may lend your Use Period to others without charge and may invite guests to share occupancy of your assigned Unit during your Use Period(s), provided that maximum allowable occupancy limits are not exceeded. The Managing Agent will not give access to any Unit without written permission from the Owner

in whose name there is a confirmed reservation. If you intend for a guest to use your reserved Use Period, you must inform the Association in writing prior to the first day of the Use Period reserved of the name(s) and address(es) of the guest(s). Upon check-in, guests will be required to show proof of identification and sign a registration card. Persons under 21 years of age, who are not Owners, shall not be permitted to use and occupy the Resort unless accompanied by you or a Permitted User over 21 years of age.

Section 21. EMPLOYEE RELATIONS

Each Underlying Association has employed personnel who are responsible for maintenance of the Resort, and who perform those duties necessary to make your stay at the Resort pleasant and comfortable. All employees at the Resort are under the sole direction of the on-site manager employed by the Underlying Association and, during working hours, shall not be diverted to the employment of any Owner. Complaints regarding employees and requests by Owners for assistance by employees should be made through the manager or his/her designated assistant.

Section 22. PERSONAL CHARGES

You shall be responsible for the prompt payment of charges which may be incurred by you, your family and guests from time to time during your stay. These personal charges are independent of and in addition to your annual maintenance fee and ordinarily must be paid at check-out Time. Non-payment of such charges will result in the suspension of your use rights.

Section 23. DESK HOURS

The Front Desk hours are set by each Resort, but are generally from 7:00 a.m. to 11:00 p.m. every day, seven (7) days per week.

Section 24. RESPECT AND COMMON SENSE

The foregoing Rules and Regulations are a compilation of common sense ideas that reflect sensitivity to and respect for your fellow homeowners and exchange users. If they are strictly observed, your stay will be greatly enhanced and the management will be able to serve you more efficiently.

Section 25. FEES FOR TRANSACTIONS AND SERVICES

Fees may apply for services provided by the Owner Services department in connection with the following types of transactions (current fee amounts are listed in the online Owners Lounge):

- Reservations made by phone (including Day Use reservations);
- Guest authorizations by phone and through the Owners Lounge;
- Points accrual by phone;
- Post-deadline accruals (permitted for first-year owners only at the Association's sole discretion);
- Collection of maintenance fees (VOA Dues) by phone; and
- Deposits with outside/third-party exchange companies (excluding Interval International).

Section 26. RULES APPLICABLE TO CERTAIN RESORTS.

Upon check-In, you will be provided with a copy of additional Rules applicable to the Welk Resort at which you are staying, which may include the following areas:

Use of Recreational Facilities
Soliciting
Telephone Call Charges
Parking
Restricted Activities
Laundry Facilities
Owner Cards
Lost & Found
Emergencies
Smoking
Fire Regulations

THANK YOU!