

[VACATION CONDOS] VACATION VILLAS

RULES AND REGULATIONS

The following Rules and Regulations have been established for the benefit of all Users of Vacation Points which grant use rights in the [Vacation Condos] Vacation Villas located in [location], Mexico (the "Resort"). These Rules and Regulations are subject to the Unilateral Declaration for [Vacation Condos] Vacation Villas (the "Declaration") which has been filed in the Public Registry of the Municipality of [municipality] in the State of [state], Mexico.

1. DEFINED TERMS

These Rules and Regulations include certain defined and capitalized terms. Some of these terms are defined in the body of the Rules and Regulations for ease of reference. All other terms are defined in Schedule 1 attached hereto.

2. USE RIGHTS AND THE POINTS SYSTEM

2.1 *Use Rights*

Subject to all the terms and conditions of these Rules and Regulations, the Resort shall be and operate as a "vacation use project" in which each User shall have the right during the term of the Vacation Point Program (as specified in Section 2.2 below), to use and occupy, pursuant to a first requested, first confirmed priority system:

- (i) a Dedicated Unit of a particular Unit Type,
- (ii) all Common Furnishings contained in such Dedicated Unit, and
- (iii) the non-exclusive right to use and enjoy the Common Areas of the Resort,

for one or more Use Periods during the User's Use Year.

2.2 *Allocation of Vacation Points*

- (a) The use and occupancy rights of each User in the Resort is determined by an annual allotment of "Vacation Points," owned by each User and the allocation of these Points among all of the Users. The Vacation Points owned by each User include those initially purchased and any Vacation Points a User may purchase at a later date. Subject to these Rules and Regulations, each User may use his or her annual allotment of Vacation Points as he or she desires to make reservations and utilize the Resort and its facilities.
- (b) The number of Vacation Points a User must use for each night of lodging will depend on: (i) the size or "Unit Type" of the Resort accommodations used; (ii) the time of the year or "Season" in which the reservation is made; and (iii) the specific day(s) of the week or "Use Period" reserved by the User. For example, a reservation for a 3-bedroom Unit, on a weekend during a high demand time period, will require the use of more Vacation Points than a reservation for a 1-bedroom Unit on a weekday, during a lower demand time period.

The number of Vacation Points required to make a reservation for a specific Use Period during a particular Season and for a specific Unit Type are set forth in a schedule known as the "Vacation Points Schedule". The Point "values" set forth in the Vacation Point Schedule may be adjusted from time to time by the Program Manager for the Vacation Point Program, as described in sub-clause (f) below.

- (c) At the commencement of each User's Use Year, each User will be allocated and credited with the number of Vacation Points he or she owns. Such allocation and crediting of Vacation Points will be based on the purchase price per Point set forth in the Purchase Agreement and the number of Points contracted for and paid for by the User. The Vacation Points credited may be applied by

each User to reserve one or more Use Periods in a residential unit in the Resort which has been dedicated to the Vacation Point Program (a "Dedicated Unit"), subject to the requirements and procedures regarding reservations and the use of Vacation Points.

- (d) Unit Types and Associated Vacation Point Values. The Dedicated Units within the Resort are divided into the following [number of types] Unit Types:

[list unit types and sizes]

A detailed description of the Units is attached hereto as Schedule 2. Each of these Unit Types has an associated Vacation Point value for each day of the calendar year depending on the day of the week and the Season of the particular Use Period. The total number of Vacation Points in the Vacation Point Program is the sum of all of the daily Vacation Point values represented by each Dedicated Unit, provided that such total may vary slightly from year to year due to the variances in weekday and weekend distribution in each year.

- (e) The banking, borrowing, transferring and renting features of the Vacation Point Program, which are explained in more detail in Article 4 below, are intended to give Users maximum flexibility in their use and occupancy of the Resort. By using these features the actual number of Vacation Points used by a User in a given Use Year may vary from a User's annual allotted Vacation Points for that year.
- (f) The Program Manager shall have the right, in the best interest of the Users, to reallocate Vacation Points across Seasons, Unit Types, and days of the week based upon the supply and demand of the Dedicated Units as determined over at least a two-year period. Such annual reallocation shall not exceed _____ percent (____%) of the total of all Vacation Points in the various categories (Seasons, Unit Types, and days of the week) being redistributed. If, as a result of any such reallocation of Points, the number of Points required for a particular season, Unit Type, and/or day of the week is increased, there will be a proportional reduction of the number of Points required for other season(s), Unit Type(s), and/or day(s) of the week.