

**THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL
A LEASEHOLD CONDOMINIUM**

This public offering statement contains important matters to be considered in acquiring an interest in a vacation ownership plan. The statements contained herein are only summary in nature. A prospective purchaser should refer to all references, exhibits hereto, contract documents, and sales materials. You should not rely upon oral representations as being correct. Refer to this document and accompanying exhibits for correct representations. The seller is prohibited from making any representations other than those contained in the contract and this public offering statement.

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I. DEFINITIONS AND ABBREVIATIONS

All terms contained in this Public Offering Statement shall have the meanings ascribed to them by California Statutes or the Condominium Documents. The following definitions shall prevail to the extent that they are not in conflict with the statutory or Condominium Document definitions:

Additional Ownership Interest means any Ownership Interest purchased to supplement an existing Ownership Interest. An Additional Ownership Interest may have the same Use Year as the original Ownership Interest it supplements.

Ad Valorem Real Estate Taxes means those real property taxes assessed against the Units and their respective undivided interests in the Common Areas by Orange County, California and Anaheim, California. The Association shall serve as the agent of the Owners of Units committed to the Vacation Ownership Plan for the purpose of collection of Ad Valorem Real Estate Taxes.

Annual Dues means that portion of the Estimated Budgets that has been assessed against an individual Owner's Ownership Interest together with the Owner's proportionate share of the Ad Valorem Real Estate Taxes for the Ownership Interest.

Articles of Incorporation means the Articles of Incorporation of the Association, as they may be amended from time to time.

Association means THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM ASSOCIATION, INC., a California nonprofit mutual benefit corporation, and its successors, which is responsible for the operation of DVC's Grand Californian Resort (as hereinafter defined). In the event that the Property Management Agreement terminates for any reason, the name of the Association shall, at the option of DVD or DVCMC and without any action to be taken by the Board of Directors, simultaneously and automatically be changed to The Katella Avenue Condominium Association, Inc. In the event that the name The Katella Avenue Condominium Association, Inc. is unavailable for use by the Association, the Board of Directors shall be empowered to select an alternative name for the Association; provided, however, that prior to the use of any name to identify the Association, such name shall be submitted to WORLDCO for its consent. WORLDCO may consent to the use of such name in its sole, absolute and unfettered discretion and, if given, the consent shall be set forth in writing.

Association Property means all real and personal property owned, leased or held for use by the Association. All personal property related to the Home Resort Reservation Component and the DVC Reservation Component made available to DVC's Grand Californian Resort, including, without limitation, all computer hardware and software and intellectual property, shall not be Association Property and is and always shall be the personal property of the owner of such property.

BVTC means Buena Vista Trading Company, a Florida corporation, its successors and assigns. BVTC is an exchange company registered under applicable law.

Board of Directors means the board of directors of the Association.

Bylaws means the Bylaws of the Association, as they may be amended from time to time.

Club or Disney Vacation Club means the Disney Vacation Club. The Club is not a legal entity or association of any kind, but rather is a service name for the services and benefits appurtenant to and the restrictions imposed upon the use and enjoyment of Ownership Interests. These services presently include, among other things, the operation of a central reservation system consisting of the Home Resort Reservation Component and the DVC Reservation Component.

Club Member means the owner of record of an Ownership Interest in a DVC Resort.

Common Area shall include (i) all of those items defined by applicable law as Common Areas and the items declared in the Declaration to be included within the Common Areas and (ii) DVD's interest in the Ground Lease for that portion of the property described in the Ground Lease that is declared as part of this Condominium for which the Association will assume the obligations of DVD under the Ground Lease to the extent of that portion of the property described in the Ground Lease that is declared as part of the Condominium.

Common Expenses means Condominium Common Expenses and Vacation Ownership Common Expenses.

Common Facilities Agreement shall mean that certain Common Facilities Agreement by and between WORLDCO and DVD effective the 16th of December 2008, recorded as Instrument No. 2008000590840 in the Official Records of Orange County, California.

Common Furnishings means all furniture, furnishings, wall coverings, floor coverings, appliances, systems, fixtures and equipment and other personal property located within the Common Areas but excluding Hotel Unit EUCAs.

Common Surplus means any excess of all receipts of the Association over the amount of Common Expenses.

Condominium Documents means the Declaration together with all exhibits attached thereto and all other documents expressly incorporated therein by reference, as the same may be amended from time to time.

Condominium Common Expenses shall include (i) expenses of administration and management of the Condominium Property, the Association Property, and of the Association; (ii) expenses of maintenance, operation, repair and replacement of the Common Areas (excluding Exclusive Use Common Areas), Common Furnishings (excluding Common Furnishings within Exclusive Use Common Areas) and Association Property; (iii) any valid charge against the Condominium Property or the Association Property as a whole (iv) all costs and expenses arising under the Master Declaration and assessed against the Condominium Property, Association Property or the Association; (v) expenses incurred by the Association in connection with regulatory compliance.; (vi) expenses of carrying out the powers and duties of the Association in managing Common Areas, Common Furnishings and Association Property; (vii) all reserves for replacement and maintenance of the Common Areas and Common Furnishings; (viii) all costs and expenses assessed against the Association pursuant to the Ground Lease; provided, however, that neither the Association nor the Owners are liable for payment of any rent under the Ground Lease, all rent charged thereunder being payable by DVD to WORLDCO; (ix) Any taxes assessed directly against the Condominium Property or Association Property; (x) Casualty, flood and/or liability insurance on the Association Property Common Furnishings and Common Areas.

Condominium Plan means the Condominium Plan for The Villas at Disney's Grand Californian Hotel, a Leasehold Condominium, Anaheim, California Tract No. 659 filed for record in the Office of the County Recorder, Orange County, California, as such may be amended from time to time and attached as Exhibit "A" to the Declaration.

Condominium Property means the lands, leaseholds, easements and personal property that are subjected to condominium ownership from time to time, whether or not contiguous, and all improvements thereon and all easements and rights appurtenant thereto intended for use in connection with DVC's Grand Californian Resort.

Cotenant means the owner of an Ownership Interest in a Unit and shall include all other Cotenants who own Ownership Interests in that Unit as tenants-in-common.

Disney's Grand Californian Hotel means the existing hotel commonly known as DISNEY'S GRAND CALIFORNIAN Hotel & Spa.

Divisions means the Division of Florida Condominiums, Timeshares and Mobile Homes.

DVC's Grand Californian Resort means The Villas at Disney's Grand Californian Hotel, a leasehold condominium, subject to a Vacation Ownership Plan and marketed by DVD under the name The Villas at Disney's Grand Californian Hotel.

DVC Reservation Component shall mean the exchange component of the Club central reservation system through which Vacation Homes in any DVC Resort may be reserved using DVC Vacation Points pursuant to priorities, restrictions and limitations established by BVTC from time to time and as set forth in the Disclosure Document.

DVC Resort means each resort which is entitled to access and use the DVC Reservation Component and other applicable Club services and benefits provided by BVTC by virtue of and pursuant to the terms and conditions of a DVC Resort Agreement.

DVC Resort Agreement shall mean the agreement pursuant to which a resort becomes and remains a DVC Resort in accordance with the terms and conditions of such agreement.

DVCMC means Disney Vacation Club Management Corp., a Florida corporation, its successors and assigns.

DVC Vacation Points shall mean Vacation Points utilized by Club Members to make a reservation through the central reservation system at a DVC Resort other than their Home Resort.

DVD means Disney Vacation Development, Inc., a Florida corporation, its successors and assigns.

Declaration means the Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Ownership Plan of The Villas at Disney's Grand Californian Hotel, a leasehold condominium, as it may be amended from time to time.

Exclusive Use Common Areas means those Common Areas reserved for the use of a certain Unit or Units to the exclusion of other Units.

Estimated Budgets means the operating and capital reserves budgets that establish the estimated annual Common Expenses and reserves of DVC's Grand Californian Resort.

External Exchange Company means any company that owns, operates or owns and operates an External Exchange Program.

External Exchange Program shall mean the contractual arrangement between DVCMC, the Association or individual Club Members and an External Exchange Company or Companies under which Club Members may request and reserve, under certain conditions, the use of accommodations in resorts other than the DVC Resorts.

Ground Lease means that certain Ground Lease by and between WORLDCO as lessor and DVD as lessee effective the 1st day of December 2007, as memorialized in the public records by that certain Memorandum of Ground Lease for Recordation effective the 1st day of December 2007, and recorded as Instrument No. 2008000590364 in the Official Records of Orange County, California.

Home Resort means any DVC Resort in which an Owner owns an Ownership Interest which is symbolized by Home Resort Vacation Points.

Home Resort Reservation Component means the component of the Club central reservation system through which Vacation Homes may be reserved using Home Resort Vacation Points pursuant to the priorities, restrictions and limitations of the Vacation Ownership Plan as set forth in the Condominium Documents.

Home Resort Rules and Regulations means the rules and regulations for DVC's Grand Californian Resort which DVCMC in its sole, absolute and unfettered discretion determines are necessary or desirable from time to time in order to enforce the provisions of the Membership Agreement in accordance with California law.

Home Resort Vacation Points means Vacation Points symbolizing an Ownership Interest at a Home Resort, which Vacation Points may be utilized to reserve Vacation Homes at that Home Resort where that Ownership Interest is held.

Hotel Unit means a Unit which includes hotel rooms and other amenities but which is not included as part of the Vacation Ownership Plan and does not include any Vacation Homes or Vacation Ownership Units.

Hotel Unit EUCA means the those Exclusive Use Common Areas, if any, identified in the Condominium Plan, and labeled as Hotel Unit EUCA's.

Master Declaration means the Master Declaration of Covenants, Conditions and Restrictions, effective 16th day of December 2008, and recorded as Instrument No. 2008000589933 in the Official Records of Orange County, California.

Master Declaration Property means the lands, leaseholds, easements and all improvements on such property that are subject to Master Declaration from time to time, whether or not contiguous.

Membership Agreement means the Disney Vacation Club Membership Agreement for the Grand Californian Resort, as amended from time to time. The Membership Agreement provides for the operation of the Vacation Ownership Plan and the Home Resort Reservation Component.

Management Company means DVCMC or any entity engaged to manage DVC's Grand Californian Resort.

Owner means the owner of a Vacation Ownership Unit. Unless the context requires otherwise, the term Owner shall include Cotenants but shall not include owners of Ownership Interests at DVC Resorts other than DVC's Grand Californian Resort.

Ownership Interest means an undivided percentage interest in a Vacation Ownership Unit and in the Vacation Ownership Unit's undivided interest in the Common Areas and Common Surplus.

Parking Easement shall mean that certain Non-Exclusive Parking Easement Agreement by and between WORLDCO and DVD effective the 16th of December 2008, recorded as Instrument No. 2008000590365 in the Official Records of Orange County, California.

Property Management Agreement means the agreement between the Association and any Management Company pursuant to which the Association assigns its responsibilities and duties relating to the management and operation of DVC's Grand Californian Resort to the Management Company.

Purchaser means a prospective Owner, but shall not include DVD.

Resort Agreement means the DVC Resort Agreement for DVC's Grand Californian Resort, pursuant to which DVC's Grand Californian Resort becomes and remains a DVC Resort in accordance with the terms and conditions of the agreement.

Shared Facilities means all of the following improvements on the Condominium Property, which are included in one or more of the Hotel Units: (1) all landscaping, hardscaping, sidewalks, driveways and paved surfaces (excluding subterranean parking facilities) and outside areas located within the boundaries of the Condominium Property; (2) all exterior surfaces of the improvements located on the Condominium Property.

Shared Facilities Costs means the costs incurred by Hotel Unit Owner in (or reasonably allocated to) the repair, replacement, improvement, maintenance, management (including a commercially reasonable management fee), operation, Ad Valorem Real Estate Tax obligations and insurance of the Shared Facilities (including reasonable reserves if established by Hotel Unit Owner), which costs shall be assessed to all Owners on an proportional basis.

Shared Facilities Easement means those easements granted in the Declaration by DVD in favor of the Vacation Ownership Units over the Shared Facilities.

The TWDC Companies means TWDC and all subsidiaries of TWDC, including, but not limited to, DVD, DVCMC, WORLDCO and BVTC.

TWDC means The Walt Disney Company, a Delaware corporation, its successors and assigns.

Unit means a condominium unit as that term is defined in Article V of the Declaration and refers to that portion of the Condominium Property which is subject to exclusive ownership by one or more persons. Unless the context requires otherwise and except with respect to the Vacation Ownership Plan, all references to "Unit" shall include the Hotel Units.

Use Day means a twenty-four hour period (or such lesser period as may be designated by DVCMC in the Membership Agreement from time to time) in a Vacation Home subject to use reservation by Owners.

Use Year means, for each Vacation Ownership Unit, the twelve-month period beginning on the first day of the month designated by DVD in each purchase agreement selling an Ownership Interest to a Purchaser in that Vacation Ownership Unit and in each deed conveying an Ownership Interest to an Owner in that Vacation Ownership Unit. All Ownership Interests in a given Vacation Ownership Unit shall have the same Use Year. The Use Year shall continue for successive twelve-month periods for so long as the Vacation Ownership Plan continues.

Vacation Home means and refers to those portions of a Vacation Ownership Unit designed and intended for separate use and occupancy.

Vacation Ownership Common Expenses shall mean all costs and expenses incurred in operating the Vacation Ownership Plan and operating, maintaining, repairing and replacing the Vacation Ownership Units, including, without limitation, the following: (i) the Vacation Ownership Units' proportional share of Shared Facilities Cost; (ii) expenses of maintenance, operation, repair and replacement of the Vacation Ownership Units, Vacation Ownership Furnishings and Vacation Ownership EUCAs; (iii) all costs, fees and expenses incurred in the operation of the reservation system (including the Home Resort Reservation Component and the DVC Resort Reservation Component) and the Disney Vacation Club that are allocable to the Condominium pursuant to the Membership Agreement, the DVC Resort Agreement and the Home Resort Rules and Regulations; (iv) All reserves for replacement and maintenance of the Vacation Ownership Units, Vacation Ownership Furnishings and Vacation Ownership EUCAs; (v) utility service for the Vacation Ownership Units to the extent that any such utility services serve the Vacation Ownership Units and are not included in Condominium Common Expenses; (vi) insurance coverage relating to the interior of the Vacation Ownership Units, Vacation Ownership Furnishings and Vacation Ownership ECUAs and any other insurance relating to the operation of the Vacation Ownership Plan; (vii) any other expenses incurred in the operation and maintenance of the Vacation Ownership Units (and their Exclusive Use Common Areas) that cannot be attributed to a particular Owner; (viii) Expenses declared Vacation Ownership Common Expenses by the provisions of the Condominium Documents or applicable law; (ix) Uncollected Ad Valorem Real Estate Taxes assessed against Vacation Ownership Units; (x) To the extent collectively assessed against the Owners of Ownership Interests in Vacation Ownership Units as a whole and/or collected and paid by the Association on behalf of all Vacation Ownership Units, all Ad Valorem Real Estate Taxes assessed against Vacation Ownership Units; (xi) assessment and other similar governmental charges levied on or attributable to the Vacation Ownership Units, including, without limitation, any hotel or bed tax or any governmental charge levied in lieu of such hotel or bed tax; (xii) a proportionate share of the costs and expenses relating to transportation to, from and around the DISNEYLAND® Resort for the use and benefit of the Owners, which may be charged to the Association by TWDC or any affiliate or subsidiary from time to time; and (xiii) the Vacation Ownership Units' share of Condominium Common Expenses.

Vacation Ownership Furnishings means all furniture, furnishings, wall coverings, floor coverings, appliances, systems, fixtures and equipment and other personal property located and

contained within the Vacation Ownership Units and Vacation Ownership Unit EUCAs from time to time and which are not the property of individual Owners.

Vacation Ownership Plan means the arrangement pursuant to California law, the Declaration and the Membership Agreement whereby a Cotenant receives an Ownership Interest in a Vacation Ownership Unit under which the exclusive right of use, possession or occupancy of all Vacation Ownership Units circulates among the various Cotenants on a recurring basis during the term of the arrangement.

Vacation Ownership Unit means a Unit consisting of one or more Vacation Homes and which is part of the Vacation Ownership Plan. Hotel Units are not Vacation Ownership Units.

Vacation Ownership Unit EUCA means the those Exclusive Use Common Areas, if any, identified in the Condominium Plan, and labeled as Vacation Ownership Unit EUCAs.

Vacation Point means the symbolic unit of measurement used to gauge the respective rights of an Owner to enjoy the benefits of the Ownership Interest within the Club.

WORLDSCO means WALT DISNEY PARKS AND RESORTS U.S., INC., a Florida corporation (formerly known as Walt Disney World Co., a Florida corporation), its successors or assigns, and the lessor under the Ground Lease.

II. REQUIRED DISCLOSURES

This public offering statement contains important matters to be considered in acquiring an interest in a vacation ownership plan. The statements contained herein are only summary in nature. A prospective purchaser should refer to all references, exhibits hereto, contract documents, and sales materials. You should not rely upon oral representations as being correct. Refer to this document and accompanying exhibits for correct representations. The seller is prohibited from making any representations other than those contained in the contract and this public offering statement. [Page 1 of this Public Offering Statement]

The right to reserve a timeshare period is subject to rules and regulations of the timeshare plan reservation system. [Paragraph 1.a.(3) of this Public Offering Statement]

The managing entity shall have the right to forecast anticipated reservation and use of the accommodations of the timeshare plan and is authorized to reasonably reserve, deposit, or rent the accommodations for the purpose of facilitating the use or future use of the accommodations or other benefits made available through the timeshare plan. [Paragraph 1.a.(3) and 5.a.(1)(b) of this Public Offering Statement]

There is a lien or lien right against each Ownership Interest to secure the payment of assessments or other exactions coming due for the use, maintenance, upkeep, or repair of the recreational or commonly used facilities. A Purchaser's failure to make these payments may result in foreclosure of the lien. [Paragraph 2. of this Public Offering Statement]

Recreational facilities may be expanded or added without consent of the Purchasers or the Association. [Paragraph 5.c.(5) of this Public Offering Statement]

The developer has the right to retain control of the Association after a majority of the Vacation Ownership Units have been sold. [Paragraph 5.h. of this Public Offering Statement]

The sale, lease or transfer of Ownership Interests is restricted and controlled. [Paragraph 7.d. of this Public Offering Statement]

The purchase of an Ownership Interest should be based upon its value as a vacation experience or for spending leisure time, and not considered for purposes of acquiring an appreciating investment or with an expectation that the Ownership Interest may be rented or resold. [Paragraph 7.d. of this Public Offering Statement]

Each Owner, and each Owner's successor(s) in title, has an obligation and responsibility to pay assessments for as long as he or she owns an Ownership Interest in the Resort. [Paragraph 7.d. of this Public Offering Statement]

A vacation ownership plan will be created with respect to Vacation Ownership Units in the condominium. [Article 2.3 of the Declaration of Condominium]

The developer is required to provide the managing entity of the Club a copy of the approved public offering statement text and exhibits filed with the Division and any approved amendments thereto, and any other component site documents as described in

Section 721.07 or Section 721.55, Florida Statutes, that are not required to be filed with the Division, to be maintained by the managing entity for inspection as part of the books and records of the plan. [Purchase Agreement]

Any resale of this Ownership Interest must be accompanied by certain disclosures in accordance with Section 721.065, Florida Statutes. [Purchase Agreement]

You may cancel the purchase contract without any penalty or obligation within 10 calendar days after the date you sign the purchase contract or the date on which you receive the last of all documents required to be given to you pursuant to Section 721.07(6), Florida Statutes, whichever is later. If you decide to cancel the purchase contract, you must notify the developer in writing of your intent to cancel. Your notice of cancellation shall be effective upon the date sent and shall be sent to Disney Vacation Development, Inc., Attention: Membership Administration at 1390 Celebration Blvd., Celebration, Florida 34747. Your notice of cancellation may also be sent via facsimile to 407-938-6586. Any attempt to obtain a waiver of your cancellation rights is void and of no effect. While you may execute all closing documents in advance, the closing, as evidenced by delivery of the deed or other documents, before expiration of your 10-day cancellation period, is prohibited. [Purchase Agreement]

Please refer to the Multi-site Public Offering Statement for a summary of additional required disclosures pertaining to the Vacation Club.

III. DVD DISCLOSURES

None of The TWDC Companies, including, but not limited to, DVD, make any warranty of any kind, express or implied, and each of The TWDC Companies hereby disclaims any and all warranties, including, without limitation, implied warranties of merchantability and fitness for a particular purpose, with respect to the construction of the Units and the Common Areas and with respect to the personal property located within the Units or on the Condominium Property, and the Owners assume all risk and liability resulting from the use of this property. [Paragraph 5.b.(1) of this Public Offering Statement]

Since the Ownership Interest acquired by Purchasers is an interest in real estate under California law, Purchasers may be entitled to deduct, for federal income tax purposes: (i) interest paid under a promissory note which is secured by a mortgage encumbering the Ownership Interest, and (ii) the Purchaser's allocable share of Ad Valorem Real Estate Taxes (to the extent paid via Annual Dues). Purchasers should understand that DVD intends to report such mortgage interest to Purchasers and to the United States Internal Revenue Service as mortgage interest paid on form 1098. [Paragraph 7.b.(2) of this Public Offering Statement]

Purchasers should understand, however, that since there can be no assurance as to this federal income tax treatment, as well as the fact that actual tax results will depend upon a Purchaser's particular circumstances (including, without limitation, among other factors, whether or not the Purchaser itemizes deductions on the Purchaser's federal income tax return or whether the Purchaser already owns an existing vacation home), The TWDC Companies do not make any representations as to the income tax treatment of the purchase, use or exchange of an Ownership Interest and related rights and appurtenances or as to the deductibility of related expenses such as interest, taxes and depreciation. Each Purchaser should consult his or her own tax advisor as to these issues. An Ownership Interest should not be purchased in reliance upon any anticipated tax benefits or any particular kind of tax treatment. [Paragraph 7.b.(2) of this Public Offering Statement]

The budget contained in this public offering statement has been prepared pursuant to applicable California law, and is a good faith estimate only and represents an approximation of future expenses based on facts and circumstances existing at the time of its preparation. Actual costs of such items may exceed the estimated costs. Such changes in cost do not constitute material adverse changes. [Paragraph 6 of this Public Offering Statement]

Ownership Interests are offered for personal use and enjoyment only and should not be purchased by any prospective Purchaser for resale or as an investment opportunity or with any expectation of achieving rental income, capital appreciation, or any other financial return or valuable benefit, including any tax benefit. Owners attempting to resell or rent their Ownership Interests would have to compete, at a substantial disadvantage, with DVD in the sale or rental of its Ownership Interests. The many restrictions upon the

use of an Ownership Interest may adversely affect its marketability or rentability. [Paragraph 7.d. of this Public Offering Statement]

Ownership Interests should also not be purchased with any expectation that any Vacation Home located at DVC's Grand Californian Resort can be rented, or if it is rented, that any particular rental rate can be obtained for such rental. Owners should be aware that several resort hotels are in operation within and around DVC's Grand Californian Resort and the other DVC Resorts, including, but not limited to, hotels owned and/or operated by The TWDC Companies, and that DVD will also rent its Ownership Interests to the general public. Accordingly, any Owner who attempted to rent reserved Vacation Homes for his or her own account would compete with these resort hotels and DVD for renters without any assistance from The TWDC Companies, and would be at a substantial competitive disadvantage. Owners should not purchase an Ownership Interest based upon any expectation of deriving any rental or other revenue or profit therefrom. [Paragraph 7.d. of this Public Offering Statement]

There is no guaranty that any portion of Disney's Grand Californian Hotel (which is not part of the Condominium Property) (including restaurants, bars and other hotel amenities) will continue in operation and The TWDC Companies shall be entitled to cease operations of those portions of Disney's Grand Californian Hotel at any time. Do not purchase an interest in the DVC's Grand Californian Resort in reliance upon the continued operation of Disney's Grand Californian Hotel. [Paragraph 5.f.(1) of this Public Offering Statement]

California law permits a closing prior to the completion of construction in the event the California Department of Real Estate approves an alternate assurance in lieu of completion of construction. In the event such an alternate assurance is approved and construction of such Vacation Ownership Units, Vacation Homes, recreational facilities and other commonly used facilities is not completed in accordance with the purchase agreement, the purchaser shall be entitled to all the rights and remedies set forth in the purchaser's purchase agreement. [Paragraph 7.b. of this Public Offering Statement]

The closing of the sale of an Ownership Interest located in any phase of DVC's Grand Californian Resort may take place prior to the completion of construction of the Vacation Ownership Units, Vacation Homes, recreational facilities and other commonly used facilities contained in such phases. In such event, Owners will not be entitled to use such Vacation Ownership Units, Vacation Homes and other facilities until a certificate of occupancy is obtained. Because of safety concerns, Owners will be prohibited from accessing many portions of the Condominium Property during the construction process. In the event an Owner's closing takes place prior to completion of construction, DVD has agreed to pay any maintenance fees due on such Owner's behalf to the Association until a certificate of occupancy is obtained for such Owner's Unit. [Paragraph 5.b.(2) of this Public Offering Statement]

Section 2 of Article XIII A of the California Constitution (enacted by Proposition 13) establishes an acquisition-value assessment system. It provides that real property is to be assessed at its value when acquired through a change of ownership or by new construction. Thereafter, increases in the taxable value of property are limited. As a result, similar properties may have different taxable values. However, the Condominium Documents permit the Association to allocate Ad Valorem Taxes in any equitable manner, including in the same manner in which Common Expenses are allocated. [Purchase Agreement]

If DVD determines, in its sole, absolute and unfettered discretion, that any amendments or additions to the Offering Documents (“Amendments or Additions”) are Non-Material Changes, then DVD may, but is not obligated to, deliver the Amendments or Additions to Purchaser prior to or after closing, in which event the Amendments or Additions shall not entitle Purchaser to an additional ten-day cancellation period pursuant to Florida law. If, however, DVD determines, in its sole, absolute and unfettered discretion, that the Amendments or Additions constitute Material Changes, DVD shall deliver to Purchaser copies of the Amendments or Additions, in which event Purchaser shall be entitled to an additional ten-day cancellation period from the date that DVD delivers the Amendments or Additions with Material Changes to Purchaser.

Do not purchase an interest in a Disney Vacation Club Resort in reliance upon the continued existence of any other Disney Vacation Club Resort(s) beyond the express termination dates for those resorts. Each Disney Vacation Club Resort has its own termination date.

Neither DVD nor any of The TWDC Companies have any obligation to build any additional Disney Vacation Club resorts or to add additional component sites to the Disney Vacation Club multi-site timeshare plan.

Please refer to the Multi-site Public Offering Statement for a summary of additional DVD disclosures pertaining to the Vacation Club.

I. PUBLIC OFFERING STATEMENT TEXT

1. The Vacation Ownership Plan.

a. The Plan. The legal name of the condominium is The Villas at Disney's Grand Californian Hotel, a leasehold condominium, and is located at 1600 South Disneyland Drive, Anaheim, California 92802.

(1) Ground Lease. The Villas at Disney's Grand Californian Hotel is being created on a Ground Lease, and the portion of DVD's interest in the Ground Lease that will be declared to the condominium form of ownership will be a Common Area of The Villas at Disney's Grand Californian Hotel.

(2) Ownership Interests. Ownership Interests are fee interests in real property and are "time-share estates" as those terms are defined in Section 721.05(34), Florida Statutes, and Section 721.57, Florida Statutes. Purchasers of an Ownership Interest receive an undivided percentage real property interest in a Vacation Ownership Unit as a tenant-in-common with other purchasers of undivided percentage interests in that Vacation Ownership Unit in accordance with the Declaration. Fee title to an Ownership Interest will be conveyed to the Purchaser until January 31, 2060, unless otherwise extended in accordance with the Condominium Documents, at which time the Ground Lease will expire, DVC's Grand Californian Resort will terminate and title to the Ownership Interest and the Condominium Property will vest in WORLDCO as the lessor. Ownership Interests in DVC's Grand Californian Resort are conveyed by virtue of the delivery of a grant deed.

(3) Vacation Ownership Plan and the Disney Vacation Club. Each Purchaser of an Ownership Interest shall be subject to the Vacation Ownership Plan, as set forth in the Declaration and the Membership Agreement. Notwithstanding the specific Vacation Ownership Unit in which a Purchaser acquires an Ownership Interest, the Vacation Ownership Plan requires that all Vacation Homes at DVC's Grand Californian Resort be available for use by all Purchasers of Ownership Interests at DVC's Grand Californian Resort at all times on a first come, first served reservation basis, through the Home Resort Reservation Component and in accordance with the provisions of the Condominium Documents.

The right to reserve a timeshare period is subject to rules and regulations of the timeshare plan reservation system.

The managing entity shall have the right to forecast anticipated reservation and use of the accommodations of the timeshare plan and is authorized to reasonably reserve, deposit, or rent the accommodations for the purpose of facilitating the use or future use of the accommodations or other benefits made available through the timeshare plan.

In addition to the Vacation Ownership Plan, membership in the Club is an appurtenance to each Ownership Interest in accordance with the terms of the Condominium Documents and the DVC Resort Agreement. As an appurtenance, the Club membership, as it is comprised from time to time, may not be partitioned, hypothecated, bought, sold, exchanged, rented or otherwise transferred separately from each Ownership Interest. Provided that the Owner complies with all restrictions on the transfer of an Ownership Interest, any transferee of the Owner's Ownership

Interest will automatically become a Club Member, and the transferor will cease to be a Club Member unless he or she has another Ownership Interest. See the Multi-site Public Offering Statement for details regarding a description of the Club's central reservation system, including operation of the Home Resort Reservation Component and the DVC Reservation Component.

Owners do not acquire any legal or beneficial interest in any of The TWDC Companies or their assets, including, but not limited to, the Club, and no right or interest in the property, contract rights or businesses of any of The TWDC Companies. Owners will not be entitled to any share of income, gain or distribution by or of any of The TWDC Companies and will not acquire any voting rights in respect of any of The TWDC Companies.

b. Apportionment of Common Expenses and Ownership of Common Areas. Each Vacation Ownership Unit (and each Ownership Interest in a Vacation Ownership Unit) and each Hotel Unit has appurtenant to it a share of the Common Surplus and an undivided interest in the Common Areas of DVC's Grand Californian Resort on a fractional basis as set forth in the Percentage Interest in the Common Areas exhibit.

The Common Expenses consist of the Condominium Common Expenses and the Vacation Ownership Common Expenses. The Condominium Common Expenses are expenses of the Condominium as a whole (as more particularly described in the Declaration) and are shared by and allocated between the Hotel Units and the Vacation Ownership Units in accordance with the allocation methodologies set forth in the Declaration. Each Vacation Ownership Unit (and each Ownership Interest in a Vacation Ownership Unit) and each Hotel Unit has appurtenant to it a share of the Condominium Common Expenses allocated in accordance with such allocation methods. The Vacation Ownership Expenses are the expenses incurred in maintaining, managing and operating the Vacation Ownership Plan, Vacation Ownership Units and Vacation Homes (including Vacation Home Furnishings and Vacation Homes EUCAs) and are the sole responsibility of the Vacation Ownership Units. Because the Hotel Units are not included in the Vacation Ownership Plan and do not receive any benefit from the Vacation Ownership Expenses, the Hotel Units are not responsible for any share of the Vacation Ownership Expenses. Each Vacation Ownership Unit (and each Ownership Interest in a Vacation Ownership Unit) has appurtenant to it a share of the Vacation Ownership Common Expenses on a fractional basis as set forth in the Percentage Interest in the Common Areas exhibit.

The number of Home Resort Vacation Points available for use by a Purchaser in connection with the Home Resort Reservation Component of the Club's central reservation system is determined using a formula based upon the total square footage relating to the Ownership Interest acquired by the Purchaser, as more particularly described on Exhibit A of the Master Cotenancy Agreement. The total number of Home Resort Vacation Points at DVC's Grand Californian Resort is 1,136,876. The total number of Home Resort Vacation Points will increase if additional accommodations are added by DVD to the resort pursuant to the process described in paragraph 5.b. or may decrease if accommodations are removed from DVC's Grand Californian Resort due to condemnation as described in the Declaration. Purchasers should refer to their Purchase Agreement and deed for the amount of the undivided percentage interest that they are purchasing and the number of Home Resort Vacation Points that symbolize that Ownership Interest.

2. Club Membership and Recreational Leases. With respect to DVC's Grand Californian Resort, none of the recreational facilities or other facilities offered by DVD for use by Owners are leased or part of a recreational club.

There is a lien or lien right against each Ownership Interest to secure the payment of assessments or other exactions coming due for the use, maintenance, upkeep, or repair of the recreational or commonly used facilities. A Purchaser's failure to make these payments may result in foreclosure of the lien.

There are no recreational facilities being declared as part of DVC's Grand Californian Resort. Pursuant to the Master Declaration and the Common Facilities Agreement, Club Members will have access to certain recreational facilities and other commonly used facilities of Disney's Grand Californian Hotel to the same extent that guests of Disney's Grand Californian Hotel have access to such recreational facilities. Those facilities will be used by renters and guests of Disney's Grand Californian Hotel, Club Members, their guests, exchangers and renters; by renters of Vacation Homes; and potentially by owners of interests in property common to DVC's Grand Californian Resort under the Master Declaration or in adjoining resort properties. A portion of the costs of maintenance, repair and replacement of such facilities will be borne by the Owners and shall be assessed to the Owners, pursuant to the terms of the Declaration and the Master Declaration. There is a lien or lien right against each Ownership Interest to secure the payment of these assessments.

3. Duration of the Vacation Ownership Plan. The term of the Vacation Ownership Plan as to DVC's Grand Californian Resort will continue through January 31, 2060, the expiration date of the Ground Lease and DVC's Grand Californian Resort, unless the Ground Lease is sooner terminated in accordance with its terms, or unless the Vacation Ownership Plan is sooner terminated in accordance with the Condominium Documents, or unless the term is otherwise extended in accordance with the Condominium Documents.

4. DVC's Grand Californian Resort Operations; Judgments and Pending Lawsuits.

a. DVC's Grand Californian Resort Operations.

(1) DVD. The developer of DVC's Grand Californian Resort is DVD. The General Manager and Senior Vice President of DVD is Kenneth M. Potrock, who has experience in the resort and leisure industries as a result of his tenure at The TWDC Companies. DVD has developed and operated the vacation ownership plan at:

- Disney Vacation Club at WALT DISNEY WORLD Resort, a leasehold condominium, since October 1991,
- Disney Vacation Club at Vero Beach, a condominium, since September 1995.
- Disney Vacation Club at Hilton Head Island Horizontal Property Regime since March 1996,
- Disney Vacation Club at Disney's BoardWalk Villas, a leasehold condominium, since June 1996,
- The Villas at Disney's Wilderness Lodge, a leasehold condominium, since January 2001,
- Disney's Beach Club Villas, a leasehold condominium, since July 2002,
- Disney's Saratoga Springs Resort, a leasehold condominium, since May 2004,
- Disney's Animal Kingdom Villas, a leasehold condominium, since July 2007,
- Bay Lake Tower at Disney's Contemporary Resort, a leasehold condominium, since September 2009,

- The Villas at Disney's Grand Californian Hotel, a leasehold condominium, since September 2009,
- Aulani, Disney Vacation Club Villas, KoOlina, Hawaii, a condominium, since September 2011, and at
- The Villas at Disney's Grand Floridian Resort, a leasehold condominium, beginning October 2013.

DVD may or may not be the developer of future DVC Resorts, if any.

(2) The TWDC Companies. DVD and DVCMC are affiliates of TWDC; however, DVD and DVCMC are separate and distinct entities from TWDC, and from WORLDCO. Neither TWDC, WORLDCO, nor any other subsidiary or affiliate of TWDC, has agreed or will agree to assume, guarantee or otherwise be responsible for any of the obligations, acts or omissions of DVD or DVCMC in connection with this offering or any other DVC Resort or the Club.

(3) The Association and DVCMC. The Villas at Disney's Grand Californian Hotel Condominium Association, Inc., a California nonprofit mutual benefit corporation, is the entity responsible for the maintenance and operation of DVC's Grand Californian Resort. Pursuant to the Property Management Agreement, the Association has delegated its management, maintenance and operation duties for DVC's Grand Californian Resort to DVCMC.

DVCMC, whose address is 1390 Celebration Blvd., Celebration, Florida 34747, is responsible for providing for the operation of the Home Resort Reservation Component and for providing for the site management of DVC's Grand Californian Resort. DVCMC has acted as the management company for:

- Disney Vacation Club at WALT DISNEY WORLD Resort, a leasehold condominium, since October 1991,
- Disney Vacation Club at Vero Beach, a condominium, since September 1995,
- Disney Vacation Club at Hilton Head Island Horizontal Property Regime since March 1996,
- Disney Vacation Club at Disney's BoardWalk Villas, a leasehold condominium, since June 1996,
- The Villas at Disney's Wilderness Lodge, a leasehold condominium, since January 2001
- Disney's Beach Club Villas, a leasehold condominium, since July 2002,
- Disney's Saratoga Springs Resort, a leasehold condominium, since May 2004,
- Disney's Animal Kingdom Villas, a leasehold condominium, since July 2007,
- Bay Lake Tower at Disney's Contemporary Resort, a leasehold condominium, since September 2009,
- The Villas at Disney's Grand Californian Hotel, a leasehold condominium, since September 2009,
- Aulani, Disney Vacation Club Villas, KoOlina, Hawaii, a condominium, since September 2011, and at
- The Villas at Disney's Grand Floridian Resort, a leasehold condominium, beginning October 2013.

There are no service, maintenance, management or recreational contracts or leases with a term in excess of one (1) year that may be canceled by the Owners, except for the Property Management Agreement. The Property Management Agreement has an initial term of five (5) years as permitted under California law, and shall automatically renew itself for successive three (3) year periods, unless either party gives notice of non-renewal pursuant to the terms of the Property Management Agreement, or unless sooner terminated in accordance with its provisions. DVD may not change the managing entity or its control without the approval of the Board of Directors or the Association; however, the Board of Directors and the Association is subject to the control of DVD as set forth in paragraph 5.g. of this Public Offering Statement.

As set forth in the Property Management Agreement, DVCMC will be compensated for its site management services by receiving an annual management fee (consisting of a

Vacation Ownership Management and a Condominium Management Fee) equal to a percentage of the Dues Assessment Revenue plus the total Capital Reserves Budget contained in the Estimated Budgets exclusive of the management fee itself and transportation fees (if applicable) . Owners are responsible for the Vacation Ownership Management Fee and their share of the Condominium Management Fee. It is anticipated that, for the current year of operation at DVC's Grand Californian Resort, DVCMC will receive an annual management fee equal to twelve percent (12%) of the Estimated Budgets, which is equal to the sum of \$57,165 per month or \$685,982 per year. This percentage level for compensation may not be increased without the approval of the Board of Directors controlled by DVD; however, the actual compensation received by DVCMC for these services will increase as the Estimated Budgets increase.

In addition, pursuant to the Membership Agreement, the Association has assigned its rights and obligations to operate the Vacation Ownership Plan to DVCMC. Unless sooner terminated in accordance with its provisions, the Membership Agreement has a term equal to the term of the Vacation Ownership Plan. As consideration, the Association has assigned to DVCMC any and all rights of the Association to rent unreserved Vacation Homes (in accordance with the reservation priorities of the Home Resort Reservation Component) and to receive the proceeds therefrom in excess of the following: (i) the rental proceeds equaling an amount up to two and one-half percent (2 1/2%) of the Estimated Budgets shall be remitted by DVCMC to the Association; and (ii) the rental proceeds, if any, in an amount equal to BVTC's costs for providing those services as set forth in the DVC Resort Agreement plus five percent (5%) of such costs.

b. Judgments and Pending Lawsuits. There are no judgments or pending litigation against DVD, DVCMC, BVTC, or the Association that are material to the Vacation Ownership Plan at DVC's Grand Californian Resort.

5. Description of DVC's Grand Californian Resort.

a. Resort Accommodations and Facilities. DVD has currently declared Ownership Interests in DVC's Grand Californian Resort as follows:

Number of Buildings:	1
Number of Vacation Homes in Each Building:	48
Number of Seven (7) Use Day Availability Periods in Each Vacation Home:	51
Total Number of Vacation Homes:	48
Total Number of Each Type of Vacation Home:	
Grand Villa Vacation Home (3 Bedroom/4 Bath)	2
Two-Bedroom Vacation Home - can be locked-off into One-Bedroom and Studio Vacation Homes (2 Bedroom/3 Bath)	23
Two-Bedroom Vacation Home – can not be locked-off into One-Bedroom and Studio Vacation Homes (2 Bedroom/3 Bath)	23
Total Number of Seven (7) Use Day Availability Periods:	2,448

The Vacation Ownership Plan uses a flexible Vacation Point system. Under the Vacation Point System, the Ownership Interest purchased by an individual will vary from that purchased by another individual depending upon his or her respective vacation needs. Therefore, it is impossible to anticipate the exact number of undivided Ownership Interests that will be sold in each

Vacation Ownership Unit; however, it is anticipated that individuals will generally purchase an Ownership Interest equal to the right to reserve seven (7) Use Days. In all events, DVD will not sell a number of Ownership Interests that would result in a greater than "one-to-one use right to use night requirement ratio" as that term is defined in Section 721.05(25), Florida Statutes.

(1) Restrictions on Use of Vacation Ownership Units and Vacation Homes.

(a) DVC's Grand Californian Resort Restrictions. Purchase of an Ownership interest or use of the Vacation Homes and facilities of DVC's Grand Californian Resort for commercial purposes (excluding use by the TWDC Companies) or for any purpose other than the personal use described in this Public Offering Statement (excluding use by the TWDC Companies) is expressly prohibited. To encourage purchase for personal use, Owners may not currently aggregate Ownership Interests so as to compile more than 4000 Home Resort Vacation Points per DVC Resort or an aggregate of 8000 Home Resort Vacation Points at all DVC Resorts, and use by corporations or other business entities is strictly limited to recreational use by their directors, officers, principals, or employees. For the purpose of determining the total number of Vacation Points compiled, no separation shall be made of Ownership Interests owned by the same person(s) with other person(s) or entity(ies) in which any such person has a partnership, membership, beneficial or ownership interest. For specific restrictions on the use of the Vacation Homes and facilities of DVC's Grand Californian Resort, Owners should refer to the Condominium Rules and Regulations promulgated by the Board of Directors. There are no restrictions upon children, but pets are prohibited at DVC's Grand Californian Resort. The provisions of this paragraph shall not apply to service animals, as defined by the Americans With Disabilities Act.

(b) Use of the Central Reservation System. As previously noted, the services provided through the Club include the operation of the central reservation system which consists of the Home Resort Reservation Component for DVC's Grand Californian Resort and the DVC Reservation Component. Owners' rights to reserve Vacation Homes at DVC's Grand Californian Resort through the Home Resort Reservation Component are set forth in the Membership Agreement and the Home Resort Rules and Regulations for DVC's Grand Californian Resort. See the Multi-site Public Offering Statement for a detailed explanation of Owners' rights to reserve Vacation Homes at DVC's Grand Californian Resort through the Home Resort Reservation Component or at DVC Resorts through the DVC Reservation Component, including the beginning and ending dates for the period during which a purchaser must make a reservation and any contingencies which may result in a purchaser's loss of occupancy rights.

(2) Lock-Out Provisions. Should an Owner fail to pay an assessment (with respect to any of Owner's Ownership Interests) as provided in the Condominium Documents, DVCMC is authorized to suspend all of the Owner's privileges under the Condominium Documents including, without limitation, denying to the Owner or the authorized user, the use and enjoyment of the Vacation Homes and facilities of the Vacation Ownership Plan in accordance with applicable law and the Master Cotenancy Agreement entered into by DVCMC, the Cotenants in each Unit and the Association. In addition, DVCMC is authorized, in accordance with applicable law, to rent out the Ownership Interests of delinquent Owners and apply the proceeds of such rental, less any rental commissions, cleaning charges, travel agent commissions, or any other commercially reasonable charges reasonably and

usually incurred by the managing entity in securing rentals, to the delinquent Owner's account. DVCMC is also authorized, upon prior written notice to an Owner and an opportunity for the Owner to present a defense, to impose a monetary penalty on an Owner and/or suspend all of the Owner's privileges under the Condominium Documents including, without limitation, denying to the Owner or the authorized user, the use and enjoyment of the Vacation Homes and facilities of the Vacation Ownership Plans, or take other disciplinary action that is appropriate, short of the forfeiture of the Owner's Ownership Interest, if such Owner or any of Owner's guests, licensees or invitees violate the provisions of the Condominium Documents.

b. Phasing and Completion of Construction.

(1) Phasing Plan. DVC's Grand Californian Resort is not being developed as a phase condominium. However, DVD reserves the right (but shall have no obligation) to annex additional property which may not be included within the overall boundary in accordance with the annexation procedures set forth in the Declaration and as permitted by applicable law. DVD further reserves the right (but shall have no obligation) to convert (and sub-divide or combine) Hotel Units into Vacation Ownership Units.

DVD is under no obligation to submit property to DVC's Grand Californian Resort in any sequence or to construct, develop or add or annex any additional property other than the property that DVD is initially declaring as part of DVC's Grand Californian Resort. DVD may, from time to time, annex property in accordance with the procedures set forth in the Declaration and as permitted by applicable law, without selling Ownership Interests therein or ultimately adding such property to the Vacation Ownership Plan.

DVD also specifically reserves the right to amend the Condominium Documents, without the approval of Owners as follows: (i), at any time prior to the first (1st) anniversary of the first close of escrow for the sale of an Ownership Interest in a Vacation Ownership Unit, in DVD's sole, absolute and unfettered discretion; (ii) for so long as DVD owns any portion of the Condominium Property, as may be required by any lending institution or title insurance company, or to conform the Condominium Documents to the requirements of any applicable law or any regulations then in effect of the California Department of Real Estate, FNMA, GNMA, FHLMC or any other regulatory agency with jurisdiction over the Condominium Property; (iii) at any time to convert and subdivide or combine Hotel Units into Vacation Ownership Units in accordance with applicable law; (iv) at any time to add any necessary easements and/or use rights consistent with the overall development of the Condominium Property, and to make technical corrections, correct errors or omissions, or more precisely describe the actual sizes and locations of the areas of improvements described herein or therein, including, without limitation, such adjustments to Unit boundary lines, Common Area boundaries and/or any other matters as necessary to accommodate minor encroachments of improvements in, to, over, or across any Unit or Common Area

None of The TWDC Companies, including, but not limited to, DVD, make any warranty of any kind, express or implied, and each of The TWDC Companies hereby disclaims any and all warranties, including, without limitation, implied warranties of merchantability and fitness for a particular purpose, with respect to the construction of

the Units and the Common Areas and with respect to the personal property located within the Units or on the Condominium Property, and the Owners assume all risk and liability resulting from the use of this property.

(2) Completion of Construction. The construction, equipping and finishing of phases of DVC's Grand Californian Resort that are currently being offered for sale is complete.

As described in paragraph 7.e., the closing of the sale of an Ownership Interest located in any phase of DVC's Grand Californian Resort may take place prior to the completion of construction of the Vacation Ownership Units, Vacation Homes, recreational facilities and other commonly used facilities contained therein. In such event, Owners will not be entitled to use such Vacation Ownership Units, Vacation Homes and other facilities until a certificate of occupancy is obtained. Because of safety concerns, Owners will be prohibited from accessing many portions of the Condominium Property during the construction process. In the event an Owner's closing takes place prior to completion of construction, DVD has agreed to pay any maintenance fees due on such Owner's behalf to the Association until a certificate of occupancy is obtained for such Owner's Unit.

c. Recreational Facilities. There are no recreational facilities included as part of the Condominium Property. The recreational facilities to which the Club Members will have access are constructed and complete.

(1) Maximum Number of Vacation Ownership Periods that will Use the Accommodations and Facilities. The maximum number of vacation ownership periods that will use the accommodations and facilities of DVC's Grand Californian Resort will vary. The Vacation Ownership Plan uses a flexible Vacation Point system, under which the Ownership Interest purchased by an individual will vary from that purchased by another individual depending on his or her vacation needs. Therefore, it is impossible to anticipate the exact number of undivided Ownership Interests in a Vacation Ownership Unit that will be sold; however, it is anticipated that individuals will generally purchase an Ownership Interest equal to the right to reserve seven (7) use days.

(2) Description of Recreational and Other Commonly Used Facilities Used Only by Owners. There are no recreational or other commonly used facilities that will be used only by Owners. There are no recreational facilities included in the Condominium Property.

(3) Description of Recreational and Other Commonly Used Facilities that will not be Used Only by Owners. Pursuant to the Master Declaration and the Common Facilities Agreement, Club Members will have access to certain recreational facilities and other commonly used facilities of Disney's Grand Californian Hotel to the same extent that guests of Disney's Grand Californian Hotel have access to such recreational facilities. Those facilities will be used by renters and guests staying at Disney's Grand Californian Hotel, Club Members, their guests, exchangers and renters; by renters of Vacation Homes; and by owners of interests in property common to DVC's Grand Californian Resort under the Master Declaration or in adjoining resort properties. A portion of the costs of maintenance, repair and replacement of any such additional recreational facilities will be borne by the Owners and

shall be assessed to the Owners, pursuant to the terms of the Declaration, the Master Declaration and the Common Facilities Agreement.

(a) Recreational and other Commonly Used Facilities located on Condominium Property. No recreational and other commonly used facilities will be declared as part of DVC's Grand Californian Resort.

(b) Recreational and other Commonly Used Facilities located outside the Condominium Property. The following recreational and other commonly used facilities located at Disney's Grand Californian Hotel will be used by renters and guests staying at Disney's Grand Californian Hotel, Owners, Club Members, their guests, exchangers and renters; by renters of Vacation Homes; and by owners of interests in property common to the DVC's Grand Californian Resort under the Master Declaration or in adjoining resort properties. Access to and use of these recreational and other commonly used facilities may cease at any time. The recreational and other commonly used facilities located at Disney's Grand Californian Hotel and available to Owners, but which are not part of the Condominium Property, are described as follows:

(i) Feature Pools. The two existing feature pools located at Disney's Grand Californian Hotel and the related adjacent facilities (e.g. sunbathing deck, pool slides, interactive play area, hot tubs, etc.) will be available for use by Owners, pursuant to and limited by the terms of the Common Facilities Agreement. A portion of the costs of maintenance, repair and replacement of these feature pools will be borne by the Owners and shall be assessed to the Owners pursuant to the terms of the Common Facilities Agreement and the Master Declaration.

(4) Leases and Options to Purchase. There are no leases or options to purchase associated with the facilities available for use by Owners as described herein.

(5) Additions to Recreational Facilities.

Recreational facilities may be expanded or added without consent of the Purchasers or the Association.

DVD is not required to construct or declare as part of DVC's Grand Californian Resort any recreational or other commonly used facilities other than those facilities, if any, contained in the property initially declared to the condominium form of ownership for DVC's Grand Californian Resort. However, DVD has reserved the right to add recreational facilities to DVC's Grand Californian Resort without the consent of the Owners, Club Members, or the Association, provided that all costs of construction of such additional recreational facilities shall be borne exclusively by DVD.

At such time as DVD does add recreational or other commonly used facilities to DVC's Grand Californian Resort, those facilities will be included as part of the Common Areas of DVC's Grand Californian Resort. All costs of maintenance, repair and replacement of any such additional recreational facilities will be borne by the Owners and shall be assessed to the Owners as a part of their Annual Dues subject to the limitation in the increase of the Estimated Budgets under California law. Any increase in Annual Dues resulting from adding additional recreational facilities will be limited to an amount that will not result in an increase in the Estimated Budgets in excess of one hundred twenty percent (120%) of the previous year's Estimated Budgets, excluding capital reserves, except as permitted under California law.

d. Financial Arrangements for Promised Improvements. DVD has sufficient cash reserves or other internal financial resources so that it will not be required to borrow money from any other source in order to complete construction of all promised improvements.

e. Insurance Coverage. The Association will obtain and maintain casualty and public liability insurance as to all buildings, Vacation Ownership Units, Vacation Homes, facilities and furnishings located upon the Condominium Areas and Vacation Ownership Units in an amount as required by California law. The cost of such insurance is a Common Expense and will be included in the Estimated Budgets.

f. Unusual and Material Features of the Condominium Property.

(1) Shared Building. The Condominium Property includes both Vacation Ownership Units and Hotel Units. The Hotel Units are not part of the Vacation Ownership Plan and do not have access to any components of the Vacation Ownership Plan or the Club. It is contemplated that the Hotel Units will be owned, managed and operated as a traditional hotel unless and until DVD exercises its rights under the Declaration to convert Hotel Units into Vacation Ownership Units. Except for Owners' rights in and to the Shared Facilities, Owners have no right, title or interest in or to the Hotel Units and may be denied access to all or any portion of the Hotel Units (excluding the Shared Facilities) at any time. Portions of the Hotel Units are identified as Shared Facilities and include (1) all landscaping, hardscaping, sidewalks, driveways and paved surfaces (excluding subterranean parking facilities) and outside areas located within the boundaries of the Condominium Property; (2) all exterior surfaces of the improvements located on the Condominium Property. Pursuant to the Shared Facilities Easement granted to Owners in the Declaration, Owners have easement rights to the use and enjoyment of the Shared Facilities and an allocated portion of the Shared Facilities Costs are included in the Vacation Ownership Common Expenses.

(2) Parking Structure. The Condominium Property includes a subterranean, two-floor parking structure which is included as part of a Hotel Unit. Owners have no right, title or interest in and to the parking structure and may be denied access to all or any portion of the parking structure at any time.

(3) Disney's Grand Californian Hotel. The remaining portions of Disney's Grand Californian Hotel are not a part of the Condominium Property. However, Owners have certain access, use and structural support easements to certain portions of the Disney's Grand Californian Hotel, as more particularly described in the Master Declaration.

There is no guaranty that any portion of Disney's Grand Californian Hotel (which is not part of the Condominium Property) (including restaurants, bars and other hotel amenities) or any portion of the Hotel Units will continue in operation and The TWDC Companies shall be entitled to cease operations of those portions of Disney's Grand Californian at any time. Do not purchase an interest in the Grand Californian Resort in reliance upon the continued operation of Disney's Grand Californian Hotel.

(4) Description of Land Available for Use by Owners, but not Owned or Leased by the Owners or the Association. DVC's Grand Californian Resort is subject to the Master Declaration of Covenants, Conditions and Restrictions, which governs the use of the Condominium Property and the

property in the surrounding area not declared as part of the Grand Californian Resort. In addition, pursuant to the Parking Easement, Owners have an easement to access and park in an existing parking lot on the west side of Disneyland Drive, subject, however, to DVD's rights under the Parking Easement to modify, alter or relocate such parking, including DVD's right to relocate such parking to a parking lot further away from the Condominium Property.

(5) Ground Lease. DVC's Grand Californian Resort is subject to the terms and conditions of the Ground Lease.

It is expressly contemplated that Hotel Units, Hotel Unit EUCAs, portions of the adjacent Master Property, and nearby properties owned by The TWDC Companies may be operated as commercial spaces containing stores, restaurants, transportation facilities (including monorail facilities), entertainment areas and other public establishments which may have nighttime hours of operation and which may result in noise or light levels in excess of levels typically occurring in areas consisting solely of residential accommodations, including, without limitation, fireworks and concerts.

There is no land that will be made available for use by Owners, but not owned or leased by the Owners or the Association except as set forth in the Condominium Documents and the Master Declaration.

g. Control of the Association.

The developer has the right to retain control of the Association after a majority of the Units have been sold.

Pursuant to paragraph 4 of the Master Cotenancy Agreement, DVD is the authorized voting representative of the Owners who own Ownership Interests in each Vacation Ownership Unit at meetings of the Association and will cast all votes for such Owners at such meetings. DVD will be authorized to cast the vote of a given Vacation Ownership Unit at Association meetings in whatever manner it deems appropriate unless it is otherwise instructed in writing in advance of such meetings by the Owners who own sixty percent (60%) of the Ownership Interests in that Vacation Ownership Unit. In this regard, DVD has agreed in the Master Cotenancy Agreement that it will not cast the Vacation Ownership Unit's vote in any of the following respects without the prior concurrence of the Owners of sixty percent (60%) of the Ownership Interests in the Vacation Ownership Unit:

(1) waiver of any material rights of the Association or of the Cotenants against DVD or any of its affiliates;

(2) waiver or reduction of required replacement reserves;

(3) any increase in the Association's annual operating budget in excess of one hundred twenty percent (120%) of the previous year's budget, excluding capital reserves and Ad Valorem Real Estate Taxes;

(4) any increase in the calculation of compensation paid to DVCMC under the Property Management Agreement;

(5) reallocation of the undivided interests in the Common Areas appurtenant to each Unit other than the reallocation that results from the addition of phases to DVC's Grand Californian Resort;

(6) amendment of the Declaration, the Articles of Incorporation or the Bylaws in any manner that is materially adverse to the Owners as a whole; or

(7) voluntary termination of DVC's Grand Californian Resort, or any proposition not to reconstruct, repair or replace any portion of any Unit or Common Element after casualty.

In addition, during any period of time in which DVD owns in excess of forty percent (40%) of the Ownership Interests in a given Vacation Ownership Unit, the Owners who own sixty percent (60%) of the Ownership Interests in that Vacation Ownership Unit, other than those Ownership Interests owned by DVD, may instruct DVD as to the manner in which the Vacation Ownership Unit's vote will be cast.

6. Estimated Budgets and Schedule of Purchasers' Expenses; Developer Subsidy.

The budget contained in this public offering statement has been prepared in accordance with California law, and is a good faith estimate only and represents an approximation of future expenses based on facts and circumstances existing at the time of its preparation. Actual costs of such items may exceed the estimated costs. Such changes in cost do not constitute material adverse changes.

a. Estimated Budgets and Schedule of Purchasers' Expenses. The Estimated Budgets are comprised of the Common Expenses and reserve requirements of DVC's Grand Californian Resort, as set forth in the Condominium Documents, and the Ad Valorem Real Estate Taxes assessed against Ownership Interests. DVCMC will allocate and assess the Condominium Common Expenses between the Hotel Units and the Vacation Ownership Units in accordance with the allocation methodologies set forth in the Declaration and will assess the Vacation Ownership Common Expenses and Ad Valorem Real Estate Taxes to each Ownership Interest each year in the ratio that the number of Home Resort Vacation Points assigned to that Ownership Interest bears to the total number of Home Resort Vacation Points in DVC's Grand Californian Resort at that time.

As set forth in paragraph 4 of the Master Cotenancy Agreement, DVD as the voting representative of a Vacation Ownership Unit may not cast the Vacation Ownership Unit's vote at a meeting of the Association to increase the Estimated Budgets in excess of one hundred twenty percent (120%) of the previous year's Estimated Budgets, excluding capital reserves and Ad Valorem Real Estate Taxes, without the prior concurrence in writing of the Owners who own sixty percent (60%) of the Ownership Interests in that Vacation Ownership Unit. In the event that the requisite approval to increase the budgets beyond the twenty percent (20%) cap is not obtained, DVCMC as the Management Company would be forced to reduce services to keep expenses within the approved budgeted amount. Owners are only responsible for the expenses and taxes assessed against them at DVC's Grand Californian Resort, and Owners are not liable for the cost of maintenance or repair of DVC Resorts other than DVC's Grand Californian Resort. Pursuant to the Resort Agreement and the Declaration, all Owners are required to pay Annual Dues which include their share of the cost and expenses of the Club attributed to DVC's Grand Californian Resort.

As set forth in the Declaration, the Association has a lien right against each Unit and each undivided Ownership Interest in each Unit to secure the payment of assessments for Common Expenses and assessed Ad Valorem Real Estate Taxes, including interest, costs of collection and reasonable attorneys' fees. Pursuant to the Master Cotenancy Agreement, DVD also has the option but not the obligation to acquire a lien against the Ownership Interest of any Cotenant who fails to timely pay all assessments due by paying the delinquent amounts due by the Cotenant. If DVD does not exercise its option to acquire the lien, any other Cotenant may pay the delinquent amounts and acquire the lien. If no Cotenant pays the delinquent assessments of another Cotenant, the Association has the right to collect the delinquency through foreclosure of its lien against the Ownership Interest of the delinquent Cotenant.

Certain of the variable and semi-variable expenses related to the provision of hospitality services to DVC's Grand Californian Resort as set forth in the Estimated Annual Operating Budget, including expenses for housekeeping, maintenance and front desk operations, may be lower than they otherwise would be if such services were being provided by independent third parties, because such services are being provided by the operator of the Disney's Grand Californian Hotel through a property management subcontract that takes into account that the services are also being provided to adjacent accommodations that are not part of DVC's Grand Californian Resort.

b. Basis for Assessments.

Pursuant to a maintenance/subsidy agreement between DVD and the Association, DVD has agreed to guarantee to each Purchaser and Owner that they will only be required to pay an assessment for operating expenses of \$3,606.00 per Vacation Point through December 31, 2014, exclusive of ad valorem real estate taxes which are billed separately. In consideration of this guarantee and pursuant to California law, DVD will be excused from the payment of its share of the expenses which otherwise would have been assessed against its unsold Ownership Interests during the term of the guarantee. As a consequence of this exemption, during the term of this guarantee, existing Owners and current Purchasers will not be specially assessed with regard to Common Expenses if Common Expenses exceed the guarantee per Vacation Point amount and DVD will pay any difference between actual expenses and assessments collected from all Owners and income from other sources. DVD will pay such expenses as needed to meet expenses as they are incurred. However, any expenses incurred during the guarantee period resulting from a natural disaster or an act of God and/or repair or replacement of damage to the Condominium, which are not covered by insurance proceeds from the insurance maintained by the Association, will be assessed against all Owners owning Ownership Interests on the date of such natural disaster or act of God or other damage, or their successors or assigns, including DVD. Any special assessment imposed for amounts excluded from the guarantee pursuant to this paragraph shall be paid proportionately by all Owners, including DVD with respect to the Ownership Interests owned by DVD, in accordance with the Condominium Documents. The maintenance/subsidy agreement shall automatically be renewed for successive one-year periods unless DVD elects to terminate the Maintenance/Subsidy Agreement upon thirty (30) days prior written notice to the Association. DVD is under no obligation to extend and/or increase the amount of this guarantee beyond December 31, 2014. Your 2014 annual

assessment (exclusive of ad valorem real estate taxes) will be calculated by multiplying the number of Vacation Points associated with your Ownership Interest by \$4.0691 per Vacation Point.

7. Purchase of a Vacation Ownership Interest.

a. Purchasers' Right of Cancellation. Purchasers may cancel their Purchase Agreement without any penalty or obligation within ten (10) days after the date of execution of their Purchase Agreement or the date on which they receive the last of all documents required to be provided pursuant to Section 721.07(6), Florida Statutes, whichever is later. If Purchasers decide to cancel their Purchase Agreement, then the Purchasers must notify DVD in writing of their intent to cancel. The notice of cancellation shall be sent to DVD, Attention: Membership Administration at 1390 Celebration Blvd., Celebration, Florida 34747. Any attempt to obtain a waiver of Purchasers' cancellation rights is void and of no effect. While Purchasers may execute all closing documents in advance, the closing, as evidenced by delivery of the Purchasers' deed to the appropriate recording office, before expiration of the 10-day cancellation period is prohibited. If your notice of cancellation is sent more than ten (10) days after the date you sign the Purchase Agreement, DVD shall have the right to retain the total of all funds and property received under the Purchase Agreement. The notice of cancellation shall be considered given on the date postmarked if mailed, or the date transmitted, so long as the notice is actually received by DVD. If given by means other than by mail or telegraph, the notice of cancellation shall be considered given at the time delivered to DVD at its address stated above.

In addition, Florida law provides that you have the right to cancel your Purchase Agreement until midnight of the tenth (10th) calendar day following whichever of the following occurs later: (a) the execution date; or (b) the day on which you received the last of all documents required to be provided to you pursuant to Section 721.07(6), Florida Statutes. Because DVD is providing you with all of the documents required to be delivered to you, your cancellation right will expire on midnight of the tenth (10th) calendar day following the date on which you executed your Purchase Agreement. You may receive a separate and distinct cancellation right in the event that DVD makes amendments or additions which are material changes (as explained below and in your Purchase Agreement), but you should not rely on that possibility.

Amendments, additions, or changes to the Condominium Documents may be made after closing in accordance with the terms of the Condominium Documents and Florida law. To the extent permitted by applicable law, DVD may make changes to the documents comprising the offering, including the component site public offering statement, multi-site public offering statement, and the exhibits thereto, including the Condominium Documents (collectively, "Offering Documents") prior to closing. If, in DVD's sole, absolute and unfettered discretion, these changes do not materially alter or modify the offering in a manner adverse to Purchaser, they shall be considered "Non-Material Changes." Non-Material Changes may include changes set forth in the previous paragraph; an increase in the component site budget of no more than 120% of such budget for the previous year; changes to update component site or Club disclosure information as required by applicable law (including changes in the officers or directors of DVD, DVCMC or BVTC; any action taken pursuant to any reserved and previously disclosed right; completion of improvements; and transfer of control of the Association); correction of grammatical or typographical errors; formatting changes; any change to or addition of a document affecting prospective purchaser only; any substitution of an executed, filed, or

recorded document for the same unexecuted, filed, or recorded copy; or any increase in insurance coverage. If, in DVD's sole, absolute and unfettered discretion, a change materially alters or modifies the offering in a manner adverse to Purchaser, it shall be considered a "Material Change."

b. Total Financial Obligation of the Purchaser.

(1) Schedule of Estimated Closing Costs. As set forth in the Purchase Agreement, Purchaser shall pay (i) a document preparation fee; (ii) the cost of recording the grant deed; (iii) the transfer tax due on the deed as required under California law; and (iv) the premium cost for an owner's policy of title insurance. If any portion of the purchase price is financed through DVD, Purchaser shall pay the taxes due on the deed of trust, if any, as required under California law and the cost of recording the deed of trust. DVD shall pay the premium for a mortgagee policy of title insurance if it elects to obtain a mortgagee policy.

(2) Total Obligation. A Purchaser's total financial obligation includes the purchase price paid for the Ownership Interest, closing costs, Ad Valorem Real Estate Taxes, External Exchange Company use fees, Annual Dues, all finance charges, and the closing costs specified above in paragraph 7.b.(1).

Since the Ownership Interest acquired by Purchasers is an interest in real estate under California law, Purchasers may be entitled to deduct, for federal income tax purposes: (i) interest paid under a promissory note which is secured by a mortgage encumbering the Ownership Interest, and (ii) the Purchaser's allocable share of Ad Valorem Real Estate Taxes (paid via Annual Dues). Purchasers should understand that DVD intends to report such mortgage interest to Purchasers and to the United States Internal Revenue Service as mortgage interest paid on form 1098.

Purchasers should understand, however, that since there can be no assurance as to this federal income tax treatment, as well as the fact that actual tax results will depend upon a Purchaser's particular circumstances (including, but not limited to, among other factors, whether or not the Purchaser itemizes deductions on the Purchaser's federal income tax return or whether the Purchaser already owns an existing vacation home). The TWDC Companies do not make any representations as to the income tax treatment of the purchase, use or exchange of an Ownership Interest and related rights and appurtenances or as to the deductibility of related expenses such as interest, taxes and depreciation. Each Purchaser should consult his or her own tax advisor as to these issues. An Ownership Interest should not be purchased in reliance upon any anticipated tax benefits or any particular kind of tax treatment.

(3) Charges by Other Entities. The following entities may alter the charges to which the Purchaser may be subject: the Board of Directors, any applicable governmental entities including, without limitation, the county tax assessor, DVD as the assignee of WORLDCO's assessment rights for shared facilities pursuant to the terms of the Master Declaration, any External Exchange Company, DVCMC, WORLDCO and BVTC. The owners of the Hotel Units and surrounding commercial areas may also increase or decrease the user fees for the use of any service or enterprise conducted on such Hotel Units or surrounding commercial areas.

c. Status of Title to Property Underlying DVC's Grand Californian Resort. Each Purchaser's Ownership Interest in a Unit shall be free and clear of all liens, encumbrances, defects, judgments and mortgages, except that each such Ownership Interest shall be subject to the following matters of title: the Condominium Documents; the Master Declaration; the Master Cotenancy Agreement; membership in the Club, which is an appurtenance to each Ownership Interest pursuant to the Declaration, the Membership Agreement and the Resort Agreement; any mortgage placed upon the Purchaser's Ownership Interest in connection with purchase-money or third-party financing; taxes and assessments for the year of purchase and subsequent years; and restrictions, reservations, conditions, limitations, and easements of record prior to purchase or imposed by governmental authorities having jurisdiction or control over the subject property. In addition, Ownership Interests shall be subject to the Ground Lease.

The right to reserve a timeshare period is subject to rules and regulations of the timeshare plan reservation system.

Please refer to the Multi-site Public Offering Statement for more details.

d. Restrictions Upon the Sale, Transfer, Conveyance or Leasing of Units or Ownership Interests.

The purchase of an Ownership Interest should be based upon its value as a vacation experience or for spending leisure time, and not considered for purposes of acquiring an appreciating investment or with an expectation that the Ownership Interest may be rented or resold.

Ownership Interests are offered for personal use and enjoyment only and should not be purchased by any prospective Purchaser for resale or as an investment opportunity or with any expectation of achieving rental income, capital appreciation, or any other financial return or valuable benefit, including any tax benefit. Owners attempting to resell or rent their Ownership Interests would have to compete, at a substantial disadvantage, with DVD in the sale or rental of its Ownership Interests. The many restrictions upon the use of an Ownership Interest may adversely affect its marketability or rentability.

Each Owner, and each Owner's successor(s) in title, has an obligation and responsibility to pay assessments for as long as he or she owns an Ownership Interest in the Resort.

Ownership Interests should also not be purchased with any expectation that any Vacation Home located at DVC'S GRAND CALIFORNIAN RESORT can be rented, or if it is rented, that any particular rental rate can be obtained for such rental. Owners should be aware that several resort hotels are in operation within and around DVC'S GRAND CALIFORNIAN RESORT and the other DVC Resorts, including, but not limited to, hotels owned and/or operated by The TWDC Companies, and that DVD will also rent its Ownership Interests to the general public. Accordingly, any Owner who attempted to rent

reserved Vacation Homes for his or her own account would compete with these resort hotels and DVD for renters without any assistance from The TWDC Companies, and would be at a substantial competitive disadvantage. Owners should not purchase an Ownership Interest based upon any expectation of deriving any rental or other revenue or profit therefrom.

The sale, lease or transfer of Ownership Interests is restricted and controlled.

No Owner may directly rent, exchange or otherwise use his or her Ownership Interest without making a prior reservation of an available Vacation Home at DVC's Grand Californian Resort on a first come, first served basis. DVD's approval of a rental by an Owner is not required after a reservation has been made in the renter's own name. However, Ownership Interests should not be purchased with any expectation that Vacation Homes may be reserved and rented to third parties. Any permitted sale between an Owner and a bona fide third party shall be deemed to contain a provision requiring that any sums due to the Association as assessments must be paid in full as a condition of closing of the sale. Any lease or rental agreement shall be deemed to contain a provision requiring that any sums due to the Association as assessments must be deducted from the gross rentals and paid directly to the Association. Resale of an Ownership Interest is also subject to a right of first refusal in favor of DVD as set forth in the Declaration and in the Purchase Agreement.

e. Pre-completion of Construction Closing. The purchase of an Ownership Interest may be closed prior to completion of construction of the Vacation Ownership Units, Vacation Homes, recreational facilities and other commonly used facilities contained in a phase of DVC's Grand Californian Resort, as permitted by applicable law.

California law permits a closing prior to the completion of construction in the event the California Department of Real Estate approves an alternate assurance in lieu of completion of construction. In the event such an alternate assurance is approved and construction of such Units, Vacation Homes, recreational facilities and other commonly used facilities is not completed in accordance with the purchase agreement, the purchaser shall be entitled to all the rights and remedies set forth in the purchaser's purchase agreement.

8. Exchange Program Opportunities. See the Multi-site Public Offering Statement Text for details regarding exchange program opportunities.

SUMMARY OF DOCUMENTS NOT DELIVERED TO PURCHASERS

Unless otherwise defined herein, the terms which are used in this document are intended to have the same meanings as are set forth in the Public Offering Statement text. Below is a list of documents (and their descriptions) for The Villas at Disney's Grand Californian Hotel, a leasehold condominium, (the "**Grand Californian Resort**") that Disney Vacation Development, Inc., a Florida corporation ("**DVD**"), is required to file with the Division of Florida Condominiums, Timeshares and Mobile Homes, but is not required to deliver to the purchasers of Ownership Interests in the Grand Californian Resort. Copies of the following documents are available upon request at no cost to Purchasers.

1. Memorandum of Ground Lease for Recordation. The Memorandum of Ground Lease is the document that summarizes the provisions of the Ground Lease for the Grand Californian Resort between WALT DISNEY WORLD CO., a Florida corporation qualified to do business in Florida ("**WORLDSCO**"), as lessor, and DISNEY VACATION DEVELOPMENT, INC., a Florida corporation ("**DVD**"), as lessee (the "**Ground Lease**"). The Ground Lease provides that DVD will lease the property that is declared as part of the Grand Californian Resort from WORLDSCO until January 31, 2060, at which time the property reverts back to WORLDSCO and the Grand Californian Resort will terminate.
2. Property Management Agreement. The Property Management Agreement is an agreement between The Villas at Disney's Grand Californian Hotel Condominium Association, Inc. (the "**Association**") and Disney Vacation Club Management Corp. ("**DVCMC**") pursuant to which the Association delegates its management, maintenance and operational duties (which may properly be delegated under applicable law) to DVCMC in consideration for the payment of a management fee. The initial term of the Property Management Agreement is five (5) years as permitted under California law, and automatically renewable thereafter for successive three (3) year periods. The services to be provided by DVCMC include: hiring, paying and supervising maintenance personnel; arranging for the maintenance and repair of the Grand Californian Resort property; enforcing compliance with all laws, rules and regulations, and the Grand Californian Resort documents; purchasing equipment and supplies necessary to properly maintain and operate the Grand Californian Resort; ensuring that all insurance required by the Grand Californian Resort documents is obtained and kept in full force and effect; maintaining the Association's financial record books, accounts and other records in accordance with the Bylaws and applicable law; collecting all maintenance assessments; providing all required annual financial reports to Owners; and arranging for an annual independent audit.
3. License Agreement. The License Agreement is an agreement between the Association and DVD pursuant to which DVD grants to the Association a limited, royalty-free, nonexclusive, nontransferable and non-assignable license to use, in connection with the operation and management of the Grand Californian Resort, the name "Disney" and certain other intellectual property owned by DVD or its affiliated companies ("**Disney IP**"), all such uses being subject to DVD's review and approval. The term of the License Agreement continues until the Grand Californian Resort terminates. However, if the Property Management Agreement terminates, DVD may terminate the License Agreement, in which case the Association and all owners shall be required to cease using the name "Disney" and any other Disney IP in connection with the Grand Californian Resort. The term of the License Agreement continues until the Grand Californian Resort terminates.
4. Survey, Floor and Plot Plans. The survey, floor and plot plans for the Grand Californian Resort are graphic descriptions of the property and improvements of the Grand Californian Resort which, together with the Declaration, are in sufficient detail to identify Common Areas and each Unit and their relative locations and approximate dimensions.
5. Purchaser Deposit Escrow Agreement. The Purchaser Deposit Escrow Agreement for the Grand Californian Resort (the "**Purchaser Deposit Escrow Agreement**") is an agreement, required under California law, pursuant to which DVD has agreed to deposit all funds collected from Purchasers into an escrow account, maintained by an independent escrow agent. The funds contained in the escrow account cannot be released to either DVD or the Purchaser unless one of the following has occurred: (i) the Purchaser's rescission period has expired and the purchase and sale of the Ownership Interest has closed; (ii) the Purchaser or DVD has defaulted under the Purchase Agreement; (iii) the Purchaser has validly exercised his or her cancellation rights; or (iv) DVD has provided for an alternate assurance arrangement acceptable under Florida law.
6. Letter of Escrow Agent. The independent escrow agent pursuant to the Purchaser Deposit Escrow Agreement is First American Title Insurance Company, with offices located in Las Vegas, Nevada and Orlando, Florida.
7. Percentage Interest in the Common Areas. The Percentage Interest in the Common Areas exhibit to the Declaration describes the share of Common Expenses and Common Surplus, and the undivided interest in the Common Areas that is appurtenant to each Unit and Ownership Interest in the Grand Californian Resort.
8. Home Resort Rules and Regulations. Purchasers will receive a copy of this document as part of the Multi-site Public Offering Statement.

**This Document was electronically recorded by
First American NVOD LV**

This instrument prepared by and return to:

John McGowan, Esquire
c/o Compliance Department
Disney Vacation Development, Inc.
200 Celebration Place Celebration, FL 34747
(407) 566-3000

**Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder**

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND CONDOMINIUM AND VACATION OWNERSHIP PLAN
OF
THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL
A LEASEHOLD CONDOMINIUM**

PREAMBLE

DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, whose address is 200 Celebration Place, Celebration, Florida 34747, the lessee of those certain lands located in Orange County, California, and more particularly described in this Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Ownership Plan of The Villas at Disney's Grand Californian Hotel, a leasehold condominium, and in its exhibits, does this 16th day of December 2008, submit its interest described in Section 2.2 below, together with the improvements on such property, to the condominium form of ownership in accordance with California Law and the following provisions:

1. **DEFINITIONS.** The terms used in this Declaration and in its exhibits are defined in accordance the Timeshare Act (as defined below), the Qualified Resort Vacation Club Provisions (as defined below) and as follows unless the context otherwise requires:

1.1 **Ad Valorem Real Estate Taxes** means those real property taxes and special assessments, including Supplemental Tax Assessments, assessed against the Units and their respective undivided interests in the Common Areas by Orange County, California. To the extent permitted by applicable law, and at the election of the Association, the Association will serve as the agent of the Owners of Units committed to the Vacation Ownership Plan for the purpose of collection and payment of Ad Valorem Real Estate Taxes.

1.2 **Articles of Incorporation** means the Articles of Incorporation of the Association, as they may be amended from time to time. A copy of the initial Articles of Incorporation is attached as Exhibit "B" and incorporated in this Declaration by reference.

1.3 **Association** means THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM ASSOCIATION, INC., a California nonprofit mutual benefit corporation, and its successors, which is responsible for the operation of the Condominium. If the Property Management Agreement terminates for any reason, the name of the Association will, at the option of DVD or DVMCM and without any action to be taken by the Board, simultaneously and automatically be changed to THE KATELLA AVENUE CONDOMINIUM ASSOCIATION, INC. If the name "THE KATELLA AVENUE CONDOMINIUM ASSOCIATION, INC." is unavailable for use by the Association, the Board will be empowered to select an alternative name for the Association, provided, however, that prior to the use of any name to identify the Association, such name will be submitted to WORLDCO for its consent. WORLDCO may consent or withhold its consent to the use of such name in its sole, absolute and unfettered discretion and, if given, the consent will be set forth in writing.

1.4 **Association Property** means all real and personal property owned, leased or held for use by the Association. All personal property related to the Home Resort Reservation Component and the DVC Reservation Component made available to the Condominium, including all computer hardware and software and intellectual property, is not Association Property and is and always will be the personal property of the owner of such property.

1.5 **BVTC** means Buena Vista Trading Company, a Florida corporation, its successors and assigns. BVTC is an exchange company.

1.6 **Board** means the board of directors of the Association, as it is constituted from time to time.

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1.7 Bylaws means the Bylaws of the Association, as they are amended from time to time. A copy of the initial Bylaws is attached as Exhibit "C" and incorporated in this Declaration by reference.

1.8 Club or Disney Vacation Club means the Disney Vacation Club. The Club is not a legal entity or association of any kind, but rather is a service name for the services and benefits appurtenant to and the restrictions imposed on the use and enjoyment of Ownership Interests in Vacation Ownership Units. These services presently include, among other things, the operation of a central reservation system consisting of the Home Resort Reservation Component and the DVC Reservation Component.

1.9 Common Areas means the definition of "Common Area" more particularly set forth in the Condominium Plan and include:

1.9.1 All items declared in this Declaration to be included within the Common Areas.

1.9.2 All portions of the Condominium that are not included in the Units.

1.9.3 DVD's interest in the Ground Lease for that portion of the property described in the Ground Lease that is declared as part of this Condominium. The Association will assume the obligations of DVD under the Ground Lease to the extent of that portion of the property described in the Ground Lease that is declared as part of the Condominium.

1.9.4 Common Areas also include, but are not limited to, all personal and intellectual property related to the operation of the Condominium, except:

1.9.4.1 all of the Management Company's personal and intellectual property related to its operation of the Condominium including the Management Company's trade name and the trade names of the Management Company's affiliates and subsidiaries and any and all personal and intellectual property related to the operation of any reservation system by the Management Company, which shall always be the personal property of the Management Company;

1.9.4.2 all personal and intellectual property of the any of the TWDC Companies, which is and shall always be the property of the TWDC Companies;

1.9.4.3 any reservation system provided to the Condominium by the Management Company or BVTC (including, without limitation, the Home Resort Reservation Component and the DVC Reservation Component), and any and all computer hardware and software, which shall always be the personal property of the Management Company or BVTC, as applicable;

1.9.4.4 any lines, wires, conduits, equipment or systems used for transmitting or receiving communications (including cable television) which may serve the Condominium but are owned by a third party, regardless of whether contained within a Unit; and

1.9.4.5 any other personal property which is not owned by the Association or in common by all of the Owners.

Common Expenses means Condominium Common Expenses and Vacation Ownership Plan Common Expenses. It shall be an affirmative and perpetual obligation of the Board set forth in the Bylaws to fix annual assessments for Common Expenses in an amount estimated by the Board to be sufficient to cover the aforementioned costs, maintain the Condominium Property and to maintain and operate the Common Areas in conformance with the Disney Standard. The amount of monies for annual assessments for Common Expenses of the Association deemed necessary by the Board and the manner of expenditure thereof shall be a matter for the sole discretion of the Board. Common Expenses shall not include the Shared Facilities Costs, as billed to the Association by Hotel Unit Owner pursuant to this Declaration.

1.10 Common Furnishings means all furniture, furnishings, wall coverings, floor coverings, appliances, systems, fixtures and equipment and other personal property located within the Common Areas but excluding Hotel Unit EUACAs.

1.11 Common Surplus means any excess of all receipts of the Association over the amount of Common Expenses.

1.12 Condominium means The Villas at Disney's Grand Californian Hotel, a leasehold condominium.

1.13 Condominium Common Expenses shall include:

1.13.1 Expenses of administration and management of the Condominium Property, the Association Property, and of the Association, including, but not limited to, compensation paid by the Association to the Management Company, accountants, attorneys, or other employees or independent contractors, including compensation of the Management Company for management of Common Areas (excluding Hotel Unit EUCAs).

1.13.2 Expenses of maintenance, operation, repair and replacement of the Common Areas (excluding Exclusive Use Common Areas), Common Furnishings (excluding Common Furnishings within Exclusive Use Common Areas) and Association Property, as determined by the Board, as well as other costs and expenses properly incurred by the Association.

1.13.3 Expenses declared Condominium Common Expenses by the provisions of this Declaration and the Condominium Documents.

1.13.4 Any valid charge against the Condominium Property or the Association Property as a whole.

1.13.5 All costs and expenses arising under the Master Declaration and assessed against the Condominium Property, Association Property or the Association, including such costs and expenses contemplated under Article 7 of the Master Declaration.

1.13.6 Expenses incurred by the Association in connection with regulatory compliance.

1.13.7 Expenses of carrying out the powers and duties of the Association in managing Common Areas, Common Furnishings and Association Property.

1.13.8 All reserves for replacement and maintenance of the Common Areas and Common Furnishings as required by this Declaration or determined by the Board.

1.13.9 All costs and expenses assessed against the Association pursuant to the Ground Lease; provided, however, that neither the Association nor the Owners are liable for payment of any rent under the Ground Lease, all rent charged thereunder being payable by DVD to WORLDCO.

1.13.10 All costs and expenses associated with any master antenna television system or duly franchised cable television service obtained pursuant to a bulk contract by the Association or on behalf of the Association.

1.13.11 Any taxes assessed directly against the Condominium Property or Association Property.

1.13.12 Casualty, flood and/or liability insurance on the Association Property Common Furnishings and Common Areas.

1.14 Condominium Documents means this Declaration together with all exhibits attached to this Declaration and all other documents expressly incorporated in this Declaration by reference, as the same may be amended from time to time.

1.15 Condominium Plan means the Condominium Plan for The Villas at Disney's Grand Californian Hotel, a Leasehold Condominium, Anaheim, California filed for record contemporaneously herewith in the Office of the County Recorder, Orange County, California, as such may be amended from time to time. A reduced copy of the Condominium Plan is attached to this Declaration as Exhibit "A".

1.16 Condominium Parcel means a Unit together with the undivided share in the Common Areas and Common Surplus which are appurtenant to the Unit as set forth in Exhibit "D", and together with all other appurtenances to the Unit. Membership in the Disney Vacation Club is an appurtenance to each Ownership Interest in a Vacation Ownership Unit in accordance with the terms of this Declaration, the Membership Agreement, and the DVC Resort Agreement. Membership in the Disney Vacation Club is not an appurtenance to the Hotel Units.

1.17 Condominium Property means the lands, leaseholds, easements and personal property that are subjected to the condominium form of ownership from time to time as part of the Condominium, whether or not contiguous, and all improvements located on such property and all easements and rights appurtenant to such property and intended for use in connection with this Condominium.

1.18 Condominium Rules and Regulations means the rules and regulations concerning the use of the Condominium Property as may be promulgated and amended from time to time by the Board. A copy of the initial Condominium Rules and Regulations is attached as Exhibit "E" and incorporated in this Declaration by reference.

1.19 Cotenant means the owner of an Ownership Interest and includes all other Cotenants who own Ownership Interests in that Unit as tenants in common.

1.20 Declaration means this Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Ownership Plan of The Villas at Disney's Grand Californian Hotel, a leasehold condominium, as it may lawfully be amended from time to time pursuant to the provisions of this Declaration.

1.21 Disney Standard means the standard of quality for the maintenance, repair, replacement, improvements, renovation and overall appearance of the Condominium existing from time to time as defined in the Master Declaration.

1.22 DVCMC means Disney Vacation Club Management Corp., a Florida corporation, its successors and assigns.

1.23 DVC Reservation Component means the exchange component of the Club central reservation system through which accommodations in any DVC Resort may be reserved using DVC Vacation Points pursuant to priorities, restrictions and limitations established by BVTC from time to time.

1.24 DVC Resort means each resort, including that portion of the Condominium subject to the Vacation Ownership Plan, which is entitled to access and use the DVC Reservation Component and other applicable Club services and benefits provided by BVTC by virtue of and pursuant to the terms and conditions of a DVC Resort Agreement. The Hotel Units are not included within a DVC Resort.

1.25 DVC Resort Agreement means the agreement pursuant to which a resort becomes and remains a DVC Resort in accordance with the terms and conditions of such agreement. A copy of the Condominium's initial DVC Resort Agreement is attached as Exhibit "H" and incorporated in this Declaration by reference.

1.26 DVC Vacation Points means Vacation Points utilized by a Club Member to make a reservation through the DVC Reservation Component at a DVC Resort.

1.27 DVD means Disney Vacation Development, Inc., a Florida corporation, its successors and assigns. No party other than DVD shall exercise the rights and privileges reserved in this Declaration to DVD unless such party receives and records in the Official Records of Orange County, California, a written assignment from DVD of all or a portion of such rights and privileges.

1.28 Exclusive Use Common Areas means those Common Areas reserved for the use of a certain Unit or Units to the exclusion of other Units. Those physical areas designated as Exclusive Use Common Areas are shown and located on the Condominium Plan. The Hotel Unit EUCAs are Exclusive Use Common Areas and are also governed by Article 18. Unless the context otherwise requires and except with respect to the Vacation Ownership Plan and the Club and in accordance with Article 18, all references to "Exclusive Use Common Areas" include Hotel Unit EUCAs.

1.29 Ground Lease means that certain Ground Lease by and between WORLDCO as lessor and DVD effective the 1st day of December 2007, a short form of which is described in that certain Memorandum of Ground Lease For Recordation effective the 1st day of December 2007, and recorded DECEMBER 26, 2008 as Instrument No. 2008000590364, in the Official Records of Orange County, California. A copy of the Memorandum of Ground Lease for Recordation is attached as Exhibit "J" and incorporated in this Declaration by reference.

1.30 Home Resort means any DVC Resort in which an owner owns an Ownership Interest which is symbolized by Home Resort Vacation Points.

1.31 Home Resort Priority Period means the period of time at each DVC Resort during which only owners having an Ownership Interest at that DVC Resort are entitled to request a reservation for the accommodations at that DVC Resort through that DVC Resort's Home Resort Reservation Component.

1.32 Home Resort Reservation Component means the component of the Club central reservation system through which Vacation Homes may be reserved using Home Resort Vacation Points pursuant to the priorities, restrictions and limitations of the Vacation Ownership Plan and as set forth in this Declaration and the Membership Agreement.

1.33 Home Resort Rules and Regulations means the rules and regulations governing the reservation and use of Vacation Homes, which rules and regulations have been promulgated, adopted and/or amended from time to time by DVCMC in its sole, absolute and unfettered discretion. A copy of the initial Home Resort Rules and Regulations is attached hereto as Exhibit "I".

1.34 Home Resort Vacation Points means Vacation Points symbolizing an Ownership Interest at a Home Resort and which Vacation Points may be utilized to reserve accommodations at that Home Resort where that Ownership Interest is held.

1.35 Hotel Unit means a Unit which includes hotel rooms and other amenities but which is not included as part of the Vacation Ownership Plan and does not include any Vacation Homes or Vacation Ownership Units and refers to the Unit(s) designated as a Hotel Unit(s) in the Condominium Plan. Unless the context requires otherwise, any general reference to "Unit" includes the Hotel Unit.

1.36 Hotel Unit EUCA means the those Exclusive Use Common Areas, if any, identified in the Condominium Plan, and labeled as Hotel Unit ECAs. Hotel Unit ECAs are governed as Exclusive Use Common Areas and all references to "Exclusive Use Common Areas" include Hotel Unit ECAs, except where specifically noted otherwise and except with respect to the Vacation Ownership Plan and Club, and in accordance with Article 18.

1.37 Hotel Unit Owner means the Owner of a Hotel Unit.

1.38 Management Company means DVCMC or any entity engaged to manage the Condominium.

1.39 Master Declaration means the Master Declaration of Covenants, Conditions and Restrictions as recorded ~~DECEMBER 24~~ 2008 as Instrument No. ~~200800589933~~.

1.40 Master Declaration Property or Master Property means the lands, leaseholds, easements and all improvements on such property that are subject to Master Declaration from time to time, whether or not contiguous.

1.41 Membership Agreement means the Disney Vacation Club Membership Agreement, as amended from time to time. The Membership Agreement provides for the operation of the Vacation Ownership Plan and the Home Resort Reservation Component. A copy of the initial Membership Agreement is attached as Exhibit "G" and incorporated in this Declaration by reference.

1.42 Mortgagee means DVD (and any successor in interest to DVD as to a purchase-money mortgage or deed of trust), the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any trust, savings and loan association, credit union, mortgage company, bank, insurance company, or other commercial loan company, to the extent that any of the same hold a first mortgage or first deed of trust encumbering any Unit or any Ownership Interest.

1.43 Owner means the owner of a Unit. Unless the context requires otherwise, the term Owner includes Cotenants but does not include owners of Ownership Interests at DVC Resorts other than the Condominium.

1.44 Ownership Interest means the property interest in a DVC Resort. In the case of the Condominium, an Ownership interest is an undivided percentage interest in a Unit and in the Unit's undivided interest in the Common Areas and Common Surplus.

1.45 Property Management Agreement means the agreement between the Association and any Management Company pursuant to which the Association assigns its responsibilities and duties relating to the management and operation of

the Condominium to the Management Company. A copy of the initial Property Management Agreement is attached hereto as Exhibit "F" and incorporated in this Declaration by reference.

1.46 Qualified Resort Vacation Club Provisions means Cal. Bus. & Prof. Code Section 11219.

1.47 Shared Facilities means all of the following improvements on the Condominium Property, which are included in one or more of the Hotel Units: (1) all landscaping, hardscaping, sidewalks, driveways and paved surfaces (excluding subterranean parking facilities) and outside areas located within the boundaries of the Condominium Property; (2) all exterior surfaces of the improvements located on the Condominium Property.

1.48 Shared Facilities Costs means the costs incurred by Hotel Unit Owner in (or reasonably allocated to) the repair, replacement, improvement, maintenance, management (including a commercially reasonable management fee), operation, Ad Valorem Real Estate Tax obligations and insurance of the Shared Facilities (including reasonable reserves if established by Hotel Unit Owner), which costs shall be assessed to all Owners on an proportional basis.

1.49 Shared Facilities Easement means those easements granted herein by DVD in favor of the Vacation Ownership Units over the Shared Facilities.

1.50 Supplemental Tax Assessment means any supplemental tax assessment for Ad Valorem Real Estate Taxes levied by Orange County California from time to time against the Condominium Property, a Vacation Ownership Unit or an Ownership Interest as a result of any reassessment pursuant to the provisions of California Revenue and Taxation Code Sections 75 through 75.80 (Chapter 498 of Statutes of 1983)(as amended).

1.51 Timeshare Act means the provisions of the Vacation Ownership and Time-Share Act of 2004 as set forth in the California Business and Professional Code, Section 11210 et. seq., as the same is constituted on the date of the recording of this Declaration, except when specifically noted otherwise and except to the extent that the applicability of future amendments to the Timeshare Act is mandatory and retroactive. Any reference to a provision or specific article, section, paragraph, sub-article, sub-section, or sub-paragraph of the Timeshare Act and the Qualified Resort Vacation Club Provisions shall be a reference to the same as it is constituted on the date of the recording of this Declaration in the Official Records of Orange County, California.

1.52 The TWDC Companies means TWDC and all subsidiaries of TWDC, including, without limitation, DVD, DVMCM, WORLDCO and BVTC.

1.53 TWDC means The Walt Disney Company, a Delaware corporation, its successors and assigns.

1.54 Unit means a condominium unit and refers to that portion of the Condominium Property which is a separate interest in space as defined in Section 1351(f) of the California Civil Code and which is subject to exclusive ownership by one or more persons. Each Unit shall be a separate freehold estate, as separately shown, numbered and designated in the Condominium Plan. In interpreting deeds, declarations and plans, the existing physical boundaries of a Unit constructed or reconstructed in substantial accordance with the Condominium Plan and the original plans therefore, if such plans are available, shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed, Condominium Plan or Declaration, regardless of settling or lateral movement of the building and regardless of minor variations between boundaries, as shown on the Condominium Plan or defined in the deed and Declaration, and the boundaries of the building as constructed or reconstructed. Unless the context requires otherwise and except with respect to the Vacation Ownership Plan and Club, all references to "Unit" include Vacation Ownership Units and Hotel Units.

1.55 Utility Services means electric power, water, steam, heat, fuel, gas, hot water, refuse water, fire alarm services, garbage and sewage disposal, telephone service, and cable television or other cable provided services, and all other public service and convenience facilities servicing the Condominium Property.

1.56 Vacation Home means and refers to those portions of a Vacation Ownership Unit designed and intended for separate use and occupancy.

1.57 Vacation Ownership Common Expenses shall mean all costs and expenses incurred in operating the Vacation Ownership Plan and operating, maintaining, repairing and replacing the Vacation Ownership Units, including, without limitation, the following:

1.57.1 The Vacation Ownership Units' proportional share of Shared Facilities Costs.

1.57.2 All expenses incurred in the repair, maintenance and replacement of the interior of the Vacation Ownership Units including repair, maintenance and replacement of Vacation Ownership Furnishings and all Vacation Ownership Unit EUCAs.

1.57.3 All reserves for replacement and maintenance of Vacation Ownership Units, Vacation Ownership Furnishings and all Vacation Ownership EUCAs.

1.57.4 Insurance coverage relating to the interior of the Vacation Ownership Units, Vacation Ownership Furnishings and all Vacation Ownership EUCAs and any other insurance relating to the operation of the Vacation Ownership Plan, including business interruption or loss of use insurance if obtained by or on behalf of the Board.

1.57.5 Utility Service for the Vacation Ownership Units to the extent that any such Utility Services serve the Vacation Ownership Units and are not included in Condominium Common Expenses.

1.57.6 All costs, fees and expenses incurred in the operation of the reservation system (including the Home Resort Reservation Component and the DVC Resort Reservation Component) and the Disney Vacation Club that are allocable to the Condominium pursuant to the Membership Agreement, the DVC Resort Agreement and the Home Resort Rules and Regulations.

1.57.7 Any other expenses incurred in the operation and maintenance of the Vacation Ownership Units (and their Exclusive Use Common Areas) that cannot be attributed to a particular Owner.

1.57.8 Expenses declared Vacation Ownership Common Expenses by the provisions of this Declaration, the Condominium Documents, the Timeshare Act, or the Qualified Resort Vacation Club Provisions.

1.57.9 Uncollected Ad Valorem Real Estate Taxes assessed against Vacation Ownership Units.

1.57.10 To the extent collectively assessed against the Owners of Ownership Interests in Vacation Ownership Units as a whole and/or collected and paid by the Association on behalf of all Vacation Ownership Units, all Ad Valorem Real Estate Taxes assessed against Vacation Ownership Units.

1.57.11 Assessment and other similar governmental charges levied on or attributable to the Vacation Ownership Units, including, without limitation, any hotel or bed tax or any governmental charge levied in lieu of such hotel or bed tax.

1.57.12 A proportionate share of the costs and expenses relating to transportation to, from and around the DISNEYLAND® Resort for the use and benefit of the Owners, which may be charged to the Association by TWDC or any affiliate or subsidiary from time to time.

1.57.13 The Vacation Ownership Units' share of Condominium Common Expenses.

1.58 Vacation Ownership Unit EUCA means the those Exclusive Use Common Areas, if any, identified in the Condominium Plan, and labeled as Vacation Ownership Unit EUCAs. Vacation Ownership EUCAs are governed as Exclusive Use Common Areas and all references to "Exclusive Use Common Areas" include Vacation Ownership Unit EUCAs, except where specifically noted otherwise.

1.59 Vacation Ownership Furnishings means all furniture, furnishings, wall coverings, floor coverings, appliances, systems, fixtures and equipment and other personal property located and contained within the Vacation Ownership Units and Vacation Ownership Unit EUCAs from time to time and which are not the property of individual Owners. The Board has the

right, in its sole, absolute and unfettered discretion and without the approval of the Owners, to maintain, repair, alter, rearrange, improve, and replace any or all Vacation Ownership Furnishings from time to time.

1.60 Vacation Ownership Plan is the arrangement pursuant to California law, this Declaration and the Membership Agreement where an Owner receives an Ownership Interest in a Vacation Ownership Unit under which the exclusive right of use, possession or occupancy of all Vacation Homes in the Condominium circulates among the various Owners of Ownership Interests on a recurring basis during the term of the plan.

1.61 Vacation Ownership Unit means a Unit consisting of one or more Vacation Homes and which is part of the Vacation Ownership Plan. Hotel Units are not Vacation Ownership Units.

1.62 Vacation Point means the symbolic unit of measuring the respective rights of an owner of an Ownership Interest in a Vacation Ownership Unit to enjoy the benefits of the Ownership Interest within the Club.

1.63 Voting Certificate means a document that designates one of the Cotenants in a Unit, when the Unit is owned by more than one Owner, as the authorized representative to vote on behalf of the Unit and to represent the Unit in all Association matters.

1.64 Voting Representative means the Owner or Cotenant (as designated in a Voting Certificate) who is authorized to vote on behalf of the Unit and to represent the Unit in all Association matters, except as may be limited by the provisions of a Voting Certificate where applicable.

1.65 WORLDCCO means Walt Disney World Co., a Florida corporation, its successors or assigns, which is the declarant under the Master Declaration and the lessor under the Ground Lease.

2. NAME AND LEGAL DESCRIPTION.

2.1 Name. The name of this Condominium is THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL, A LEASEHOLD CONDOMINIUM. If the Property Management Agreement terminates for any reason, the name of this Condominium will, at the option of DVD or DVMC and without requiring any action to be taken by the Board or the Association, simultaneously and automatically be changed to THE VILLAS AT KATELLA AVENUE, A LEASEHOLD CONDOMINIUM. If the name "THE VILLAS AT KATELLA AVENUE, A LEASEHOLD CONDOMINIUM" is unavailable for use by the Condominium, the Board is empowered to select an alternative name for the Condominium; provided, however, that prior to the use of any name to identify the Condominium, such name will be submitted to WORLDCCO for its consent. WORLDCCO may consent or withhold its consent to the use of such name in its sole, absolute and unfettered discretion and, if given, the consent must be in writing. If the name of the Condominium is changed and the name of the Association is changed, as set forth in Section 1.3 above, because of the termination of the Property Management Agreement, the Board and all Owners are prohibited from using the name "Disney" (or any other form thereof) in any manner whatsoever and are immediately required to:

2.1.1 Remove all signs containing the name "Disney" (or any other form thereof) from the Condominium Property and from any offsite location to the extent the sign refers to the Condominium;

2.1.2 Destroy all stationery, descriptive literature or printed or written matter bearing the name "Disney" other than books and records of the Association;

2.1.3 Cease and desist from using the name "Disney" (or any other form thereof) orally or in writing in referring to the Association or the Condominium;

2.1.4 Take immediate action to effect changes to the names of the Association and the documents of the Condominium reflecting the name "Disney" (or any other form thereof) to eliminate the use of such names in any manner; and Remove any architectural or landscaping features from the Condominium Property which contain the "Disney" name or any "Disney" caricature, fanciful character, logo or other trademarked symbol registered by any of The TWDC Companies, unless otherwise approved by WORLDCCO. In this regard, the Association is responsible for repairing or replacing the structure or landscaping from which any such symbol has been removed so as to ensure that the structural integrity of such structure or landscaping is not jeopardized and that the appearance of the structure or landscaping remains consistent with the surrounding area.

The provisions of this Section 2.1 may be enforced by any remedy at law or equity, including mandatory or prohibitory injunctions, and by accepting a deed which incorporates this Declaration, each Owner acknowledges that in the event of non-performance of any of the above-described restrictions, remedies at law for The TWDC Companies, is deemed inadequate to enforce the terms of this Section 2.1.

2.2 Leasehold Interest and Legal Description. DVD is the lessee of that certain real property in Orange County, California, more particularly described in the Ground Lease. The Ground Lease will expire on January 31, 2060 unless sooner terminated in accordance with the terms of the Ground Lease. The Condominium automatically terminates upon the expiration or sooner termination of the Ground Lease, unless the Ground Lease and the Condominium are extended in accordance with the Ground Lease and this Declaration.

This Declaration is subject to the terms and conditions of the Ground Lease, and the provisions of the Ground Lease control and supersede any inconsistent provisions contained in this Declaration. This Declaration and the Ground Lease are subject to the terms, conditions and restrictions of the Master Declaration, which Master Declaration places additional restrictions on the Condominium Property. The provisions of the Master Declaration control and supersede any inconsistent provisions contained in this Declaration and in the Ground Lease and the terms of the Ground Lease control and supersede any inconsistent provisions contained in this Declaration; provided, however, that the provisions of the Master Declaration and Ground Lease governing the Condominium Property may not be inconsistent with the Timeshare Act, or the Qualified Resort Vacation Club Provisions (except to the extent permitted by the Timeshare Act or the Qualified Resort Vacation Club Provisions).

The property that is submitted to the condominium form of ownership under this Declaration consists of that portion of the land demised in the Ground Lease that is more particularly described in The Condominium Plan attached and incorporated in this Declaration, together with those easements more specifically described in Article 4 and described on the Condominium Plan.

2.3 Vacation Ownership Plan.

A VACATION OWNERSHIP PLAN WILL BE CREATED WITH RESPECT TO THE VACATION OWNERSHIP UNITS IN THE CONDOMINIUM.

The degree, quantity, nature and extent of the Vacation Ownership Plan that will be created is defined and described in detail in this Declaration. This Condominium is also a DVC Resort as described in detail in this Declaration.

Notwithstanding the creation of the Vacation Ownership Plan pursuant to this Declaration, DVD reserves the right to convey Units that have not been committed to the Vacation Ownership Plan, or have been removed from the Vacation Ownership Plan pursuant to this Declaration, as whole Units.

No timeshare plans, vacation ownership plans, exchange programs or clubs, or travel or vacation clubs comprised of a trust, corporation, cooperative, limited liability company, partnership, equity plan, non-equity plan, membership program, or any such other similar programs, structures, schemes, devices or plans of any kind (a) shall be created, established, operated or maintained with respect to the Units or the Ownership Interests, (b) shall acquire or accommodate the Units or Ownership Interests, or (c) shall be permitted to incorporate an Ownership Interest into such entity, program, structure, scheme, device or plan, except by DVD or except with the prior written authorization from DVD, which authorization may be given or withheld in DVD's sole and absolute discretion, and which authorization shall be evidenced by a written instrument executed by DVD, recorded in the Official Records of Orange County, California, and containing a reference to this Declaration and this section.

2.4 Shared Facilities. Certain portions of the Condominium (defined herein as Shared Facilities) that would otherwise be Common Area have been included in Hotel Units. The Owners of Vacation Ownership Units and their respective guests, invitees, tenants, agents and licensees will be entitled to use, access to and enjoyment of these Shared Facilities so long as that Owner pays that Owner's proportionate share of the Shared Facilities Costs.

3. EXHIBITS. The Exhibits referred to in this Declaration include the following:

3.1 Exhibit "A." The initial copy of the Condominium Plan with a graphic description of the Units (Vacation Ownership Units and Hotel Units), the Vacation Homes, easements, and recreational areas and facilities which, together with

this Declaration, are of sufficient detail to identify the Common Areas and each Unit and their relative locations and approximate dimensions. As set forth in Exhibit "A," each Unit is identified by a Unit number so that no Unit bears the same designation as any other Unit.

- 3.2 Exhibit "B." The initial copy of the Articles of Incorporation of the Association.
- 3.3 Exhibit "C." The initial copy of the Bylaws of the Association.
- 3.4 Exhibit "D." Percentage Interest in the Common Areas.
- 3.5 Exhibit "E." The initial copy of the Condominium Rules and Regulations
- 3.6 Exhibit "F." The initial copy of the Property Management Agreement
- 3.7 Exhibit "G." The initial copy of the Disney Vacation Club Membership Agreement.
- 3.8 Exhibit "H." The initial copy of the DVC Resort Agreement.
- 3.9 Exhibit "I" The initial copy of the Home Resort Rules and Regulations
- 3.10 Exhibit "J." Memorandum of Ground Lease For Recordation.

Amendments to the Exhibits referred to in this Declaration shall be in accordance with the terms of such documents and do not require an amendment to this Declaration.

4. EASEMENTS. The following easements are expressly reserved or have been granted:

4.1 General Easements. Non-exclusive easements over, across and under the Condominium Property are expressly provided for, reserved, and granted, in favor of DVD and the Owners, and their respective lessees, guests, exchangers and invitees, as follows:

4.1.1 Utilities.

4.1.1.1 Utility Easements Reserved by DVD. Easements are reserved over, across and under the Condominium Property as may be required for the construction, maintenance or delivery of Utility Service in order to adequately serve the Condominium, the Master Declaration Property, or any properties located adjacent to the Condominium or Master Declaration Property that are designated by DVD; including easements providing for such access rights as are necessary to utilize and service any lift station or utility transformer boxes located within the Condominium Property. All cable television and telephone lines servicing the Condominium Property, including all trunk lines but excluding the portions of any lines that are contained within a Unit, are owned by DVD.

4.1.1.2 Utility Easements Declared by DVD. Non-exclusive easements exist for construction, inspection, replacement, operation, maintenance and repair of certain underground utilities, as well as access to and from the easement areas, as more specifically set forth in the Master Declaration

4.1.2 Encroachments. If any Unit encroaches on any of the Common Areas or on any other Unit, or if any Common Area encroaches on any Unit, then an easement exists to permit such encroachment so long as the encroachment exists.

4.1.3 Traffic.

4.1.3.1 Traffic Easements Reserved by DVD. A non-exclusive easement exists for pedestrian traffic over, through and across the Shared Facilities as may be from time to time intended and designated for such purpose and use; and for vehicular and pedestrian traffic over, through and across such portions of the Shared Facilities as may from time to time be paved and intended for such purposes; and for vehicular parking on such portions of the Shared Facilities as may from time to time be paved, intended, and designated for such purposes. In addition, easements shall exist for ingress and egress over

streets, walks and other rights of way that consist of Shared Facilities and are serving the Units as are necessary to provide for reasonable access to the public ways or as is necessary to provide for delivery and pickup services, fire protection, emergency services, United States mail carriers, police and other authorities of the law. Such easements are for the use and benefit of the Owners of Vacation Ownership Units and their guests, invitees, lessees and licensees; provided, however, that nothing in this Declaration is to be construed to give or create any public easement or give in any person the right to park any vehicle on any portion of the Condominium Property except to the extent that the space may be specifically designated and assigned for parking purposes as determined by the Board and approved by DVD with respect to DVD's rights to park on the Condominium Property.

4.1.3.2 Traffic Easements Declared by DVD. A non-exclusive access easement in favor of the Owners and their guests, invitees, lessees and licensees exists for vehicular and pedestrian ingress and egress to the Condominium Property over and across property situated adjacent to the Condominium Property, as well as for vehicular parking, as more specifically set forth in the Master Declaration.

4.1.3.3 Parking Easement. A non-exclusive parking easement exists in favor of the Owners and their guests, lessees and invitees over and across property situated adjacent to the Condominium Property pursuant to that certain Non-Exclusive Parking Easement Agreement recorded as Instrument No. 2008000590365 in the Official Records of Orange County, California.

4.2 Association Easements. Except as limited by this Article and by California law, the Board may grant, modify, or move easements from time to time over the Common Areas or Association Property without obtaining the approval of the Owners; provided, however, that the Board does not have the power to grant easements over the Hotel Unit EUCAs. Prior to the relocation, termination or modification of any easement or right granted to or reserved by DVD, the Board must receive the written approval of DVD. Further, the Board may not make any grant to or reservation in favor of DVD prior to receiving DVD's written approval. The Board also may enter into easements or licenses benefiting all or a portion of the Condominium Property or real property that is Association Property, with all costs incurred in connection with such easements or licenses to be Common Expenses. For so long as DVD owns a Unit or an Ownership Interest in a Unit, such powers may only be exercised with the approval of DVD.

4.3 DVD's Easements. DVD reserves the following easements and rights to grant easements, without obtaining the approval of Owners:

4.3.1 Marketing, Sales and Rental. DVD reserves easement rights over and across the Condominium Property, including any Unit, Vacation Home or Common Area, for the purpose of marketing, sales, rentals, and resales of Units and Ownership Interests in the Vacation Ownership Plan and in other DVC Resorts described in Article 12 of this Declaration, or other related hospitality, realty, or consumer products, and for the purpose of leasing Vacation Homes in Units that have not yet been declared as part of the Condominium. Such rights may include, but are not limited to, the right to establish models; conduct property tours; conduct sales presentations; conduct closings; and to erect, post, maintain, and relocate signs, notices, advertisements, and other promotional information on the Condominium Property. Lessees of DVD-owned Vacation Homes in non-declared Units have, for the term of their leases, the same easement rights over and across the Condominium Property and for the use of the recreational areas and facilities of the Condominium as are reserved for Owners.

4.3.2 Governmental Requirements. DVD, for so long as DVD holds an Ownership Interest in any Unit subject to this Declaration, reserves the right to grant such easements or enter into such development or conservation agreements, from time to time, as may be required by any government agency. Such easements or agreements specifically include any environmental easements or agreements required by state or federal environmental agencies, and such easements or agreements are binding on the Association and all Owners.

4.3.3 Recreational Areas and Commonly Used Facilities. DVD reserves the right to grant such easements, from time to time, to any other third party for the purpose of providing such parties with the same use rights over and across the Condominium Property and the recreational areas and commonly used facilities as those reserved for Owners.

4.3.4 DVD Easements. DVD reserves unto itself and grants to The TWDC Companies, their successors, assigns, lessees, guests, licensees and invitees, the same easement rights granted to Owners under this Declaration and specific easement rights over and across the Condominium Property as DVD or The TWDC Companies may deem necessary or desirable in their sole, absolute and unfettered discretion for their use from time to time, including, without

limitation, easement rights to provide concessions (including, without limitation, hairwrapping services, "penny press" machines, ATM machines, vending machines or operations, and newspaper machines) or other ventures profitable to DVD or The TWDC Companies.

4.3.5 Construction Easements. DVD reserves easement rights over, under and across the Condominium Property as is necessary, from time to time, for the purpose of constructing, maintaining, repairing and replacing improvements located on portions of the Master Declaration Property that have not yet been, and may never be, declared to the Condominium. DVD also reserves easements over, under and across the Condominium Property to access, ingress, egress, excavate, construct and complete construction of any Units, Vacation Homes, recreational facilities or other commonly used facilities ("Incomplete Improvements") that have not been completed prior to recordation of this Declaration. In accordance with applicable law, DVD reserves the right to close on the sale of Ownership Interests in Units prior to completion of construction of Incomplete Improvements. As such, to the extent that there are Incomplete Improvements at the time of recordation of this Declaration, it is intended that the Units and Vacation Homes shall encompass the airspace delineated on Exhibit "A" to this Declaration prior to completion of the Incomplete Improvements. DVD shall have the right, upon completion of construction of the Incomplete Improvements, to unilaterally record an amendment to this Declaration substituting the previously recorded description of such Incomplete Improvements with a survey showing the "as-built" location of the promised Incomplete Improvements, at which time the easements set forth in this Section shall terminate. During construction and until a certificate of occupancy is obtained, Owners are not permitted and shall be prohibited from accessing any Units containing Incomplete Improvements, except as specifically permitted by DVD and only in those areas designated by DVD.

4.3.6 Easements in Hotel Units. In any amendment to this Declaration, DVD shall have the right, without the consent of the Owners or the Association, to provide for non-exclusive easements for ingress and egress through and/or use of the Hotel Unit or any portion of such Hotel Unit in favor of the Owners. Under such circumstances, DVD shall also have the right to provide in such easement that a reasonably allocated portion of the cost of maintenance, upkeep and repair of such Hotel Unit or portion of Hotel Unit shall be assessed to the Owners as a Common Expense. Refer to Article 18 for additional easement rights appurtenant to the Hotel Unit.

4.4 WORLDSCO's Easement. Pursuant to the Master Declaration, WORLDSCO has reserved unto itself a non-exclusive easement over and across all Common Areas, access areas, recreational areas and commonly used facilities of the Condominium Property for the purpose of providing owners of interests in the Master Declaration Property and their guests, invitees and licensees, with the use of such Common Areas, access areas, recreational areas and commonly used facilities. In addition, as more specifically provided in the Master Declaration, WORLDSCO has reserved unto itself easement rights over, under and across all Common Areas for the purpose of constructing, maintaining and supporting a monorail, and/or a street or other right-of-way servicing properties owned by WORLDSCO or the TWDC Companies as part of the larger DISNEYLAND® Resort transportation system. DVD, WORLDSCO, and the TWDC Companies do not contemplate that any monorail constructed pursuant to such easement rights will stop within or otherwise service the Condominium Property. In the event the easement rights described in this Section 4.4 are exercised, it may result in noise or light levels in excess of that typically occurring in areas consisting solely of residential accommodations and may result in an obstruction of views. Nothing contained in this Declaration shall prohibit the exercise of such easement rights.

4.5 Shared Facilities Easement. DVD hereby grants to Owners of Vacation Ownership Units, their guests, invitees, lessees and licensees, an easement to use and enjoy the Shared Facilities. This easement is subject to any rules and regulations regarding access, use, and enjoyment as may be imposed by DVD from time to time. The applicable Hotel Owner in which such Shared Facilities are located shall annually charge the Association for the Shared Facilities Costs which shall be collected from the Owners of Vacation Ownership Units as part of the Vacation Ownership Common Expenses.

4.6 Other Easements. Other easements may have been granted over the Condominium Property. Such easements include, but are not limited to, those contained in the Master Declaration.

5. UNITS.

5.1 Description of Units, Vacation Homes and Hotel Units.

5.1.1 Vacation Ownership Units and Vacation Homes. Each Vacation Ownership Unit declared to the Condominium will consist of all or a portion of an improvement that lies within the boundaries of the Vacation Ownership Unit. The upper and lower boundaries and the perimeter boundaries of each Unit are described in the Condominium Plan. As set

forth in the Condominium Plan, each Vacation Ownership Unit is or will be identified by a unique Unit designation (consisting of one or more numbers and/or letters) so that no Vacation Ownership Unit bears the same designation as any other Vacation Ownership Unit. For administrative convenience, each Vacation Home within each Vacation Ownership Unit is also or will also be identified by a unique designation (consisting of one or more numbers and/or letters).

5.1.2 Hotel Units. Each Hotel Unit designated in the Condominium Plan includes that area containing the Unit that lies within the boundaries as described in the Condominium Plan. In addition, the Hotel Units shall include all Shared Facilities and those other areas which may be more particularly set forth in the Condominium Plan. All items not otherwise specifically designated as a Vacation Ownership Unit, Hotel Unit, Limited Common Area or Common Area are Shared Facilities and shall be deemed part of a Hotel Unit.

5.2 Exclusive Use Common Areas. Those Common Areas reserved for the use of a certain Unit, to the exclusion of other Units, are designated as Exclusive Use Common Areas (either as Vacation Ownership Unit EUCAs or Hotel Unit EUCAs). Those physical areas designated as Exclusive Use Common Areas are shown and located on the Condominium Plan. As may be shown in the Condominium Plan, the Hotel Unit EUCAs are Exclusive Use Common Areas of a specific Hotel Unit. To the extent that a Hotel Unit EUCA is not identified with a specific Hotel Unit, it is reserved for use of all the Hotel Units to the exclusion of the Vacation Ownership Units. To the extent that a Vacation Ownership Unit EUCA is not identified with a specific Vacation Ownership Unit, it is reserved for the use of all Vacation Ownership Units to the exclusion of the Hotel Units. The use and maintenance of the Hotel Unit EUCAs and the allocation of costs associated with the Hotel Unit EUCAs will be governed by Article 18.

5.3 Warranty Limitation. NONE OF THE TWDC COMPANIES, INCLUDING, BUT NOT LIMITED TO, DVD, MAKE ANY WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AND EACH OF THE TWDC COMPANIES HEREBY DISCLAIMS ANY AND ALL WARRANTIES, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE CONSTRUCTION OF THE UNITS AND THE COMMON AREAS AND WITH RESPECT TO THE PERSONAL PROPERTY LOCATED WITHIN THE UNITS OR ON THE CONDOMINIUM PROPERTY, AND THE OWNERS ASSUME ALL RISK AND LIABILITY RESULTING FROM THE USE OF THIS PROPERTY AND THE ENTIRE COST OF ALL SERVICING AND REPAIR.

6. APPURTENANCES.

6.1 Appurtenant Interests. Each Vacation Ownership Unit (and Ownership Interest in a Vacation Ownership Unit) and each Hotel Unit have as an appurtenance, that undivided share of the Common Areas and Common Surplus as more specifically described in the attached Exhibit "D" and by this reference incorporated in this Declaration. Each Unit shall also have those further appurtenances more specifically described in this Declaration.

6.2 Partition of Common Areas. The share of the undivided percentage interest in the Common Areas appurtenant to each Unit must remain undivided, and no Owner may bring, or have any right to bring, any action for partition or division of same.

6.3 Partition of Vacation Ownership Units or Vacation Homes. No action for partition of any Vacation Ownership Unit, any appurtenance to a Vacation Ownership Unit, or any Vacation Home may be brought.

6.4 Disney Vacation Club. Membership in the Disney Vacation Club is an appurtenance to each Ownership Interest in a Vacation Ownership Unit, which is conveyed by virtue of the execution and delivery of a deed, in accordance with and subject to the terms of this Declaration, the Membership Agreement and the DVC Resort Agreement. Upon recording of the deed, the Club Member is automatically entitled to enjoy the services and benefits associated with membership in the Club. As an appurtenance, the Club membership, as it is comprised from time to time, may not be partitioned, hypothecated, bought, sold, exchanged, rented or otherwise transferred separately from each Ownership Interest. Membership in the Disney Vacation Club is not an appurtenance to the Hotel Units.

The Club does not own any property or assets. Members of the Club do not acquire any legal or beneficial interest in The TWDC Companies or their assets, including the Club, and no right or interest in the property, contract rights or business of The TWDC Companies. Members of the Club will not be entitled to any share of income, gain or distribution by or of The TWDC Companies and will not acquire any voting rights with respect to The TWDC Companies.

The terms and conditions governing the use of the Home Resort Reservation Component, including rights to terminate the Membership Agreement and Owners' rights to access the Home Resort Reservation Component of the Club upon the termination of the Membership Agreement, are set forth in and governed by the Membership Agreement and the Home Resort Rules and Regulations. The terms and conditions governing the use of the DVC Resort Component, including rights to terminate the DVC Resort Agreement and Owners' rights to access the DVC Resort Reservation Component upon termination of the DVC Resort Agreement, are set forth in and governed by the DVC Resort Agreement.

Provided that an Owner complies with all restrictions on the transfer of an Ownership Interest in a Vacation Ownership Unit, if any, the transferee of such Ownership Interest automatically becomes a member of the Club. Membership in the Club automatically terminates for a given Owner upon the occurrence of any of the following: (i) the Owner voluntarily or involuntarily transfers the Owner's Ownership Interest in a Vacation Ownership Unit and owns no other Ownership Interest in a Vacation Ownership Unit; (ii) the Owner no longer owns an Ownership Interest in a Vacation Ownership Unit as a result of assessment lien or mortgage foreclosure proceedings; (iii) this Declaration terminates or the Vacation Ownership Unit in which the Owner owns an Ownership Interest is removed from the Condominium by virtue of a casualty or eminent domain action where the Unit is not reconstructed or replaced; or (iv) both the Membership Agreement and the DVC Resort Agreement terminate.

7. MAINTENANCE, ALTERATION AND IMPROVEMENT. Responsibility for the maintenance of the Condominium Property, and restrictions on its alteration and improvement, are as follows:

7.1 Vacation Ownership Units and Common Areas.

7.1.1 By the Association. Except as set forth in Section 7.1.2 below, the Association shall use the highest standards of care and quality in all respects consistent with the Disney Standard and the DVC resorts. The Association is to maintain, repair and replace at the Association's expense:

7.1.1.1 The interior of each Vacation Ownership Unit and of each Vacation Home, except as otherwise provided in the Condominium Documents.

7.1.1.2 All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of Utility Services.

7.1.1.3 All incidental damage caused to a Vacation Ownership Unit or a Vacation Home in a Vacation Ownership Unit by reason of maintenance, repair and replacement accomplished pursuant to the provisions of subsections 7.1.1.1 and 7.1.1.2 above.

7.1.1.4 Except as otherwise expressly set forth herein, the Association has the responsibility to maintain, repair, renovate and replace all Common Areas. Notwithstanding the maintenance and repair responsibilities of the Association set forth in this Article, prior to the commencement of any construction, reconstruction, alteration, renovation, restoration, repair or replacement of any Common Area or any portion of any Common Area, the Association must obtain the written approval of WORLDCO, which approval WORLDCO may grant or withhold in its sole, absolute and unfettered discretion. The Board has the right, in its sole, absolute and unfettered discretion and without the approval of the Owners, to make material alterations or substantial additions to the Vacation Ownership Units, Common Areas (excluding Hotel Unit EUCAs), and Association Property, subject to the prior written approval of DVD, in its sole, absolute and unfettered discretion, for so long as DVD owns a Unit or Ownership interest. Furthermore, the Board has the right, in its sole, absolute and unfettered discretion and without the approval of the Owners, to maintain, repair, alter, rearrange, improve, remove, or replace any or all personal property or furnishings that are part of the Condominium Property and are not the property of individual Owners from time to time, subject to the prior written approval of DVD, in its sole, absolute and unfettered discretion for so long as DVD owns a Unit or an Ownership Interest. In addition, the Board shall have the power, in its sole, absolute and unfettered discretion and without the approval of Owners, but subject to the prior written approval of DVD in its sole, absolute and unfettered discretion, for so long as DVD owns a Unit or an Ownership Interest, to lease the Common Areas; to enter into agreements to acquire leaseholds, memberships, and other possessory or use interests in lands or facilities, including, without limitation, country clubs, golf courses, marinas, and other recreational facilities; and to acquire, convey, lease, or mortgage Association Property. The Board shall have the power to charge a use fee against Owners for the use of Common Areas or Association Property, subject to the approval of the DVD in its sole, absolute and unfettered discretion, for so long as DVD owns a Unit or an Ownership Interest. Except as described in the preceding sentence, all costs associated with the foregoing shall be Common Expenses. The Master Declaration sets forth additional requirements relating to alterations and required approvals.

7.1.2 By the Owner. The responsibility of the Owner of an Ownership Interest in a Vacation Ownership Unit for maintenance, repair and replacement is as follows:

7.1.2.1 To not paint or otherwise decorate or change the appearance of any portion of the Condominium Property without the prior written approval of the Association.

7.1.2.2 To promptly report to the Association any defect or need for repairs for which the Association is responsible.

7.1.2.3 To bear in their entirety any expenses of repairs or replacements to the Condominium Property, including, a Unit, a Vacation Home in a Unit, or its components, furnishings, carpeting, appliances, or other property, real, personal or mixed, occasioned by the specific use or abuse by any Owner or any lessee, guest, exchanger, tenant, or invitee of said Owner. The Association shall have a lien on any such Owner's Unit or Ownership Interest for such expenses of repairs or replacements which is more fully described in, and shall be enforced pursuant to, Article 8 below.

7.2 Hotel Units.

7.2.1 By the Owners. Each Owner of each Hotel Unit shall maintain, repair and replace, at each Owner's expense, its respective Hotel Unit (including Shared Facilities) and Hotel Unit EUCA and shall use the highest standards of care and quality in all respects consistent with the Disney Standard and the DVC resorts. Notwithstanding the foregoing, the Owner of each Hotel Unit shall have the sole, absolute and unfettered discretion to determine all aspects of the aesthetic standards, design standards, maintenance and repair standards for that Owner's Hotel Unit (including, without limitation, any Shared Facilities contained within such Hotel Unit) provided that, at a minimum, the Disney Standard is maintained and subject to the architectural review standards set forth in the Master Declaration and no Owner of a Vacation Ownership Unit shall have approval rights over such standards. Further notwithstanding the foregoing, a portion of the Shared Facilities Cost shall be paid by Owners of Ownership Interests in Vacation Ownership Units as a Vacation Ownership Common Expense.

7.3 Property and Vacation Ownership Plan Management. As set forth in Section 9.8 below, the Association may enter into such management agreements, from time to time, as it deems necessary to engage the services of a management company to carry out all or any part of the maintenance or operational duties and obligations of the Association in accordance with this Declaration, including the operation of the Vacation Ownership Plan for the Condominium. In this regard, the Association has engaged DVCMC as the Management Company for the purposes of performing the duties and obligations contemplated for the Association under the Condominium Documents, the Timeshare Act, the Qualified Resort Vacation Club Provisions, and as set forth in the Property Management Agreement. If the Property Management Agreement is terminated, the maintenance duties and other obligations of the Condominium, as set forth in the Property Management Agreement, will be the responsibility of the Association. In addition, DVCMC has been engaged by the Association to operate the Vacation Ownership Plan for the Condominium as set forth in the Membership Agreement. If the Membership Agreement is terminated, the operation of the Vacation Ownership Plan for the Condominium will be the responsibility of the Association.

7.4 Association's Access to Vacation Ownership Units and Vacation Homes. The Association has the irrevocable right of access to each Vacation Ownership Unit and each Vacation Home whenever necessary for: (i) inspecting, maintaining, repairing, replacing or operating the Condominium Property; (ii) making emergency repairs necessary to prevent damage to the Common Areas or to any Vacation Ownership Unit or Vacation Home; and (iii) determining compliance with the provisions of the Condominium Documents.

7.5 Maintenance Period. Pursuant to the requirements of the Property Management Agreement, DVCMC, as the initial Management Company, has the obligation as the agent of the Association to maintain and repair each Vacation Home in each Vacation Ownership Unit during those time periods made available to it for such purpose pursuant to the Vacation Ownership Plan as set forth in the Membership Agreement. If the Property Management Agreement is terminated for any reason, the Association will have the obligation to schedule all required maintenance within each Vacation Ownership Unit and Vacation Home as a priority over the use of such Vacation Ownership Units and Vacation Homes by the Owner(s) of such Vacation Ownership Units and Vacation Homes.

7.6 Standard of Operation. The Association and Management Company shall operate, manage and maintain the Vacation Ownership Units and the Common Areas in accordance with the requirements of the Disney Standard.

7.7 Assessments to Support Maintenance of the Standard. Management Company's ability to operate the Condominium Property in accordance with the Disney Standard is in large part dependent on the annual approval by Association of an Estimated Budget which is adequate both in terms of operating and reserve assessments to support such efforts by Management Company. In this regard, Management Company shall take such factors into account in the preparation of its annual Estimated Budget recommendations for the Board. The Association may be requested by Management Company on occasion to approve a special assessment against the Owners with respect to an item of operating expense in order for the Condominium Property to continue to conform with the Disney Standard, which item of operating expense is so immediate in nature that a delay in assessment of same until the next Association fiscal year is not practicable. Failure by Association to approve either an Estimated Budget recommendation or a requested special assessment in this regard may result in termination of the Management Agreement by Management Company as more specifically addressed in the Management Agreement.

8. ASSESSMENTS AND COMMON EXPENSES.

8.1 Condominium Common Expenses. Owners of Vacation Ownership Units and Hotel Units, including DVD with respect to the Units it owns, are responsible for any assessments or special assessments for Condominium Common Expenses. In lieu of DVD paying its assessments for Condominium Common Expenses, DVD may enter into a maintenance/subsidy agreement with the Association in accordance with applicable law to guarantee the performance of required maintenance of the Condominium and/or the total amount of Condominium Common Expenses.

8.2 Vacation Ownership Common Expenses. Owners of Vacation Ownership Units, including DVD with respect to the Vacation Ownership Units it owns, are responsible for any assessments or special assessments for Vacation Ownership Common Expenses. Owners of Hotel Units are not responsible for, and shall not be assessed for, any Vacation Ownership Common Expenses. In lieu of DVD paying its assessments for Vacation Ownership Common Expenses for the Vacation Ownership Units it owns, DVD may enter into a maintenance/subsidy agreement with the Association in accordance with applicable law to guarantee the performance of required maintenance of the Condominium and/or the total amount of Vacation Ownership Common Expenses.

8.3 Assessments.

8.3.1 Assessment. Except as otherwise provided in this Section 8.3, on a calendar year basis, the Association shall levy an assessment for Condominium Common Expenses against each Owner of a Vacation Ownership Unit and each Owner of a Hotel Unit in accordance with the allocation methods set forth in Section 8.3.2 below. Except as otherwise provided in this Section 8.3, on a calendar year basis, the Association shall levy an assessment for Vacation Ownership Common Expenses against each Owner of a Vacation Ownership Unit according to the size of the Ownership Interest(s) owned by an Owner bears to all the Ownership Interests in the Vacation Ownership Plan. Regular assessments shall commence on the first day of the month following the closing of the escrow of the first sale of an Ownership Interest in the Vacation Ownership Plan. Voting rights attributable to any Owner's Ownership Interest or Unit shall not vest until assessments against such Ownership Interest or Unit have been levied by the Association.

The Board may impose, without the vote or written approval of the Owners, a regular annual assessment that is as much as twenty percent (20%) greater than the regular annual assessment charged for the immediately preceding year. A regular annual assessment that is greater than twenty percent (20%) higher than the regular annual assessment charged for the immediately preceding year may only be levied with the approval of a majority of the Owners other than DVD. Any increase in the annual assessment resulting from an increase in Ad Valorem Real Estate Taxes shall be excluded in determining whether the annual assessment is greater than twenty percent (20%) higher than the regular annual assessment charged for the immediately preceding year.

8.3.2 Condominium Common Expenses Allocation Methods. The Condominium Common Expenses shall be allocated between the Hotel Units and Vacation Ownership Units in accordance with an allocation methodology that allocates in an equitable manner the Condominium Common Expenses, and equitably apportions the assessments for Condominium Common Expenses in accordance with operational and maintenance costs attributable to the Hotel Units and Vacation Ownership Units, all as determined by the Board in its sole, absolute and unfettered discretion. Any one or more of the following allocation methodologies may be used by the Board in its sole, absolute and unfettered discretion: (i) number of arrivals; (ii) occupancy rates; (iii) room nights; (iii) guest population; (iv) square footage of the Units; (v) number of Vacation Homes and hotel rooms; (vi) labor hours incurred in serving the Vacation Homes and hotel rooms; (vii) number of employees engaged to manage/operate the Vacation Homes and hotel rooms; and (viii) number of housekeeping hours incurred in

maintaining the Vacation Ownership Units and Hotel Units. In addition, the Board may use, in its sole, absolute and unfettered discretion, different allocation methodologies to allocate different components of the Condominium Common Expenses between the Hotel Units and the Vacation Ownership Units. Any other allocation methodology may be used by the Board if, in the Board's judgment, such allocation methodology allocates the Condominium Common Expenses in an equitable manner. The calculations of each Owner's share of the Shared Area Expense shall be made in accordance with generally accepted accounting principles.

8.3.3 Ad Valorem Real Estate Taxes.

8.3.3.1 To the extent that Ad Valorem Real Estate Taxes with respect to Ownership Interests are assessed and billed by the taxing authority directly to the Owners of the Ownership Interests, such Ad Valorem Real Estate Taxes shall not be included in Vacation Ownership Common Expenses but shall be paid directly by Owners. To the extent that Ad Valorem Real Estate Taxes with respect to Ownership Interests are not separately assessed but assessed against the Condominium Property as a whole, such Ad Valorem Real Estate Taxes shall be included in Vacation Ownership Common Expenses and shall be equitably allocated. To the extent that Ad Valorem Real Estate Taxes are separately assessed against each Unit or each Ownership Interest but billed to the Association, the Association shall pay the Ad Valorem Real Estate Taxes, and each Unit or each Ownership Interest shall be billed by the Association its amount of Ad Valorem Real Estate Taxes as calculated by such assessment. Delinquent Ad Valorem Real Estate Taxes assessed against Vacation Ownership Units shall be a Vacation Ownership Common Expense.

8.3.3.2 To the extent that any Supplemental Tax Assessments with respect to Ownership Interests are assessed and billed by the taxing authority directly to the Owners of the Ownership Interests, such Supplemental Tax Assessments shall not be included in Vacation Ownership Common Expenses but shall be paid directly by Owners. To the extent that Supplemental Tax Assessments with respect to Ownership Interests are not separately assessed but assessed against the Condominium Property as a whole, such Supplemental Tax Assessments shall be included in Vacation Ownership Common Expenses and shall be equitably allocated. To the extent that Supplemental Tax Assessments are separately assessed against one or more specific Units or Ownership Interests but billed to the Association, the Units or Ownership Interests responsible for such Supplemental Tax Assessment shall be directly billed by the Association for such Supplemental Tax Assessment. At the Association's election, Supplemental Tax Assessments may either be collected together with assessments for Common Expenses or may be separately billed and collected as and when such Supplemental Tax Assessments become due to the taxing authority.

8.3.3.3 To the extent permitted by applicable law, the Association shall have the authority to elect, from time to time, the manner in which Ad Valorem Real Estate Taxes and Supplemental Tax Assessments are assessed against the Condominium. To the extent that Ad Valorem Taxes and Supplemental Tax Assessments are not separately assessed but assessed against the Condominium Property as a whole, the Association shall be permitted to allocate such taxes among the Owners in any equitable manner, including the manner in which Vacation Ownership Common Expenses are allocated.

8.3.3.4 The assessment, levy and collection of Ad Valorem Real Estate Taxes and Supplemental Tax Assessments shall be subject to and collected in accordance with all of the provisions of this Article 8, including, without limitation, Section 8.4. For purposes of this Article 8, any references to assessments shall be deemed to include Ad Valorem Real Estate Taxes and Supplemental Tax Assessment.

8.3.4 Special Assessments. If the assessment with respect to any Unit is or will become inadequate to meet all expenses incurred by the Association hereunder for any reason, including nonpayment by any Owner of assessments on a current basis, the Association may determine the approximate amount of the inadequacy, prepare and distribute a supplemental budget, and levy against each Owner according to the formula set forth in Sections 8.3.1 and 8.3.2, a special assessment in an amount sufficient to provide for the inadequacy. The special assessment for any purpose other than to restore, repair, or rebuild because of damage or destruction to a Unit, shall not, in the aggregate, exceed five percent (5%) of budgeted gross expenses of the Association for the applicable fiscal year, unless there is a vote or written assent of a majority of Owners other than DVD. A special assessment for the repair, restoration, or rebuilding of a Unit shall not exceed ten percent (10%) of the budgeted gross expenses of the Association for the applicable fiscal year, unless there is a vote or written assent of a majority of Owners other than DVD. The Association may also levy a special assessment against an individual Owner or Owners for the purpose of reimbursing the Association for costs incurred in bringing the Owner or Owners into compliance with the provisions of the Condominium Documents.

8.3.5 **Payments of Assessments.** No Owner may withhold payment of any assessment or special assessment or any portion thereof because of any dispute which may exist between that Owner and the Association, the Board, the Management Company or DVD or among any of them, but rather each Owner shall pay all assessments when due pending resolution of any dispute.

8.3.6 **Notice of Assessment.** The Association shall notify the Owners in writing of any increase in the amount of regular or special assessments. The Association shall provide this notice by first-class mail not less than thirty (30) or more than sixty (60) days prior to the due date of the increased assessment.

8.3.7 **Effect of Nonpayment of Assessments.** Any assessment not paid within fifteen (15) days after the due date shall be delinquent. If an assessment is delinquent, the Association may recover all of the following from the Owner:

8.3.7.1 Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorneys', paralegals and professional fees and collection agency fees as noted below.

8.3.7.2 An administrative late fee on delinquent accounts in an amount equal to the greater of \$10.00 or ten percent (10%) of each installment of the assessment for which payment is late.

8.3.7.3 To the extent permitted by applicable law, a non-sufficient funds fee of \$25.00 for payments by check or electronic direct debit returned by the payor's bank or other depository institution.

8.3.7.4 Interest on the foregoing sums, including the delinquent assessment, reasonable fees and cost of collection, and reasonable attorneys' fees, at the highest interest rate permitted by law, commencing fifteen (15) days after the assessment becomes due until paid.

8.4 Collection of Assessments.

The mailing and collection of assessments against each Owner for Common Expenses, for the costs or expenses for which an individual Owner may be solely responsible pursuant to the terms of the Condominium Documents, and for reserves as may from time to time be established by the Association, are, pursuant to the Bylaws of the Association, subject to the following provisions:

8.4.1 **Interest; Late Charges; Application of Payments.** The Association is further authorized to utilize the services of a collection agency for collection of delinquent accounts (and charge fees and costs for such services which may be determined based upon a percentage of the delinquent amount) and to charge and impose a lien against the delinquent Owner for such costs. All payments on accounts will be first applied to interest that has accrued, then to any late charges, then to any costs and reasonable attorneys' fees incurred in collection (whether or not legal proceedings are initiated and including any incurred in bankruptcy and probate proceedings), and then to the assessment payment first due. The Board has the discretion to increase or decrease the amount of the administrative late fee or interest rate within the limits imposed by law; provided, however, that such increase or decrease will be made effective by amending the Condominium Rules and Regulations and notifying the Owners of same by regular mail addressed to each Owner at the last known address of each Owner as set forth in the Association's books and records. Notwithstanding any provision of this Section 8.4 to the contrary, the Association has the right to waive any interest or late fees that accrue as a result of delinquent payment.

8.4.2 **Lien for Assessments.** The Association has a lien against each Unit or Ownership Interest, as applicable, for any unpaid assessments, or expenses incurred pursuant to sub-section 7.1.2.3 above ("**Repair Expenses**"), and for interest and late charges accruing on such unpaid assessments or Repair Expenses, which lien also secures reasonable attorneys' fees and costs incurred by the Association incident to the collection of such assessment or Repair Expenses or enforcement of such lien, whether or not legal proceedings are initiated and including those incurred in all bankruptcy and probate proceedings, and all sums advanced and paid by the Association for taxes and payments on account of superior mortgages, deeds of trust, liens, or encumbrances which may be advanced by the Association in order to preserve and protect its lien. The lien is effective from and after recording a notice of delinquent assessment in the Official Records of Orange County, California, stating the legal description of the Unit or Ownership Interest, as applicable, the name of the Owner of record, the amount claimed to be due and the due dates. The lien is to continue in effect until all sums secured by the lien have been fully paid or until such time as is otherwise permitted by law. Such claims of lien must be signed and verified by an officer

of the Association, or by an authorized agent of the Association. Upon full payment, the party making payment is entitled to a recordable satisfaction of lien, to be prepared by and recorded at such party's expense. All such liens are subordinate to any mortgage or deed of trust recorded prior to the date of recording the claim of lien, and all such liens may be foreclosed by suit brought in the name of the Association in the same manner as a foreclosure of a mortgage or deed of trust on real property, or as otherwise provided by applicable law. The Association may also sue to recover a money judgment for unpaid assessments or Repair Expenses without waiving any claim of lien.

8.4.3 Mortgagee Liability. If a Mortgagee (or its successors or assigns) obtains title to a Unit or an Ownership Interest as a result of the foreclosure of its first mortgage or first deed of trust (or as otherwise provided by applicable law), or if such Mortgagee obtains title to a Unit or an Ownership Interest as the result of a conveyance in lieu of foreclosure of such first mortgage or deed of trust, the Mortgagee shall be exempt, except to the extent required by California law, from liability for the Common Expenses or assessments chargeable to the Unit or Ownership Interest in the Unit, or the Owner of such Unit or Ownership Interest, which became due prior to the acquisition of title by such Mortgagee. Any such unpaid Common Expenses, or assessments shall be deemed a Common Expense to be paid in the same manner as other Common Expenses by all of the Owners.

8.4.4 Rights of Association. Nothing contained in this Declaration is to be construed as a modification of any rights or remedies of the Association related to assessments pursuant to California law, except to the extent that the Condominium Documents allow additional remedies to those expressly set forth in California law and to the extent that such additional remedies are permitted by California law.

8.4.5 Personal Liability for Unpaid Assessments. Each Owner is personally liable for all assessments made against the Unit pursuant to this Declaration, and the Association may bring an action against a delinquent Owner to collect all sums due the Association, including interest, late charges, costs and reasonable attorneys' fees. If a Unit is owned by more than one person or entity such owners are jointly and severally liable for all assessments made against the Unit. The liability for assessments may not be avoided by waiver of use or enjoyment of any portion of the Condominium Property or by abandonment of the Unit or Ownership Interest for which the assessments are made.

8.4.6 Payments of Assessments. No Owner may withhold payment of any regular or special assessment or any portion of any regular or special assessment because of any dispute which may exist between that Owner and another Owner, the Association, the Board, the Management Company or DVD or among any of them, but rather each Owner must pay all assessments when due pending resolution of any dispute.

8.4.7 Partial Redemption. If the Association places a lien against an entire Unit for all or a portion of unpaid assessments for that Unit, the Association may, in its sole, absolute and unfettered discretion, accept a partial payment from a Cotenant in that Unit, which partial payment is deemed to remove the lien as to that Cotenant's Ownership Interest in that Unit. The Association's acceptance of a partial payment does not preclude the Association from enforcing the remaining portion of the lien against the Unit nor does it preclude the Association from making a special assessment to cover all other unpaid assessments for the Unit.

8.5 Common Surplus. Each Owner owns a share of the Common Surplus attributable to each Unit or Ownership Interest owned in accordance with Exhibit "D" attached.

8.6 Refunds of Common Surplus. If the Association refunds all or a portion of any Common Surplus to the Owners for any fiscal year in which DVD paid any assessment, such refund will be prorated as of the date of closing of any sale of a Unit or Ownership Interest upon which the sale was closed by DVD during such year, and the prorated amount allocable to the period of time of DVD's ownership will be refunded directly to DVD by the Association. Except as to the DVD, on transfer of a Unit or an Ownership Interest, the transferor shall not be entitled to any Common Surplus existing at the time of the transfer, which shall remain with the Association.

8.7 Certificate. Any Owner may require from the Association a certificate showing the amount of unpaid assessments against the Owner or the Owner's Unit or Ownership Interest. The holder of a mortgage or other lien has the same right as to any interest on which it has a lien. Any person who relies on such certificate is protected by such reliance. To the extent permitted by applicable law, the Association shall be entitled to charge a reasonable fee to the requesting party for the certificate.

9. **THE ASSOCIATION.** The Association is responsible for the operation of the Condominium and must fulfill its functions pursuant to the following provisions:

9.1 **Membership in Association.** Each Owner of a Unit, including a Hotel Unit, becomes a member of the Association pursuant to the provisions of the Articles of Incorporation and Bylaws. Each Owner other than DVD is a Class A Member. DVD is the sole Class B Member. Class B membership shall automatically be converted to Class A membership and Class B membership shall thereafter cease to exist when DVD has sold more than eighty percent (80%) of the Ownership Interests in Vacation Ownership Units in all phases of the Condominium. Each Vacation Ownership Unit shall be entitled to one (1) vote for every bedroom contained within the Vacation Ownership Unit. Each Hotel Unit shall be entitled to one (1) vote for every hotel room contained within the Hotel Unit. The vote of the Unit must be cast by its Voting Representative. Where a Unit is owned by more than one Owner, the Cotenants must file a Voting Certificate with the Association, in accordance with the Articles of Incorporation and Bylaws, setting forth which Cotenant is designated as the Voting Representative for that Unit.

9.2 **Limitation On Liability of Association.** Notwithstanding the duty of the Association to maintain and repair portions of the Condominium Property and Association Property in accordance with the Master Declaration, the Association is not liable to Owners for injury or damage, other than for the cost of maintenance and repair, caused by any latent condition of the property to be maintained and repaired by the Association, or caused by the elements or other Owners or persons.

9.3 **Association Powers On Merger; Operation of Other Condominiums.** If this Condominium is merged, pursuant to Article 20 of this Declaration, with another independent and separate condominium to form a single condominium, the Association is expressly empowered to manage and operate the resulting single condominium. The Association is also specifically empowered to manage, operate and maintain any other separate and independent condominiums that the Board elects to manage, operate and maintain from time to time in accordance with applicable law, this Declaration and the declaration of condominium of such other separate and independent condominium.

9.4 **Restraint on Assignment of Shares and Assets.** Each Owner's share in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to the Owner's Unit or Ownership Interest.

9.5 **Administration, Powers, and Services.** Administration of the Condominium and Vacation Ownership Plan, operation maintenance, repair and restoration of the Vacation Ownership Units and their respective Common Furnishings, and any alterations and additions thereto shall be vested in the Association. The Association has the power to make material alterations and improvements to the physical condition of Vacation Ownership Units, Common Areas, Exclusive Use Common Areas and Association Property without the consent of the Owners, so long as such material alterations comply with the terms of the Master Declaration. The Association acting alone (through the Board, its officers, or other duly authorized representatives) may, subject to the provisions of the Articles, the Bylaws, this Declaration and the Condominium Rules and Regulations, exercise any and all rights and powers herein and all the rights and powers of a nonprofit mutual-benefit corporation under the laws of the State of California.

9.6 **Board of Directors.** The Board shall initially consist of the persons appointed by DVD. At the time of the first annual meeting of the Owners, the Owners (including DVD) shall elect, in accordance with the Bylaws, a Board replacing the initial Board as defined in the preceding sentence. From and after the first election of the Board by the Owners, not less than one (1) of the Directors shall be elected solely by the votes of Owners other than DVD; provided, however, that all such votes shall be cast by the Voting Representatives.

9.7 **Special Powers and Duties of Association.** The Association is expressly authorized, in the discretion and on behalf of the Owners, to do any or all of the following:

9.7.1 **Statements and Audit.** To cause statements to be regularly prepared for the Association as follows:

9.7.1.1 A budget for the Condominium and Vacation Ownership Plan operation for each fiscal year, that shall be distributed to Owners not less than fifteen (15) days prior to the beginning of each fiscal year, except the first fiscal year, when the budget shall be distributed as soon as reasonably possible. This statement shall contain: (a) the estimated revenue and expenses on an accrual basis; (b) an identification of the amount of the total cash reserves currently available for replacement or major repair of common facilities and for contingencies; and (c) concerning those major components of the

common areas and facilities for which the Association is responsible, the following information: (i) an itemized estimate of the remaining life, (ii) the methods of funding used to defray the future repair, replacement, or additions, and (iii) a general statement addressing the procedures used for calculating and establishing reserves to defray the expenses listed in (ii).

9.7.1.2 An audit of the financial statements of the association by an independent certified public accountant consisting of the following: (a) a balance sheet as of the end of the fiscal year; (b) an operating (income) statement for the fiscal year; (c) a statement of net changes in the financial position for the fiscal year; (d) for any fiscal year in which the gross income to the Association exceeds Seventy Five Thousand Dollars (\$75,000), a copy of the review of the annual report prepared in accordance with generally accepted accounting principles; and (e) a list of the names, mailing addresses, and telephone numbers of the members of the Board. If this report is not prepared by an independent accountant, it shall be prepared by the Management Company or by an officer of the Association and shall be accompanied by a certificate of the preparer that the statement was prepared without independent audit or review from the books and records of the Association. The annual report shall be made available upon request by an Owner of a Vacation Ownership Unit one hundred twenty (120) days after the close of the fiscal year.

9.7.2 Inspection and Copying of Association's Books and Records and Properties. The Association or Management Company shall make available for inspection and copying, to any Owner or the Owner's duly appointed representative, all records of the Vacation Ownership Plan maintained by the Association, including, without limitation, the membership register, books of accounts and minutes of all meetings. Records shall be made available for inspection at the office where the records are maintained during normal business hours.

Owners shall provide to the Association a written request that states the purpose for the inspection and copying of the Association's books and records. The purpose must be reasonably related to Owner's membership in the Association. Owners shall also provide a fee prescribed by the Board to defray the costs of reproduction. Upon receipt of the written request and fee by the Association, the requested records shall be copied and transmitted to the Owner.

9.8 Property Management Agreement. The Association, on behalf of the Owners, is authorized to contract for management of the Condominium and to delegate to such contractor all powers and duties of the Association except such as are specifically required by California law or the Condominium Documents to have approval of the Board or members of the Association. Notwithstanding any provisions contained in this Declaration to the contrary, it is the intent of this Declaration that the Board does not have the power to independently terminate the Property Management Agreement except as set forth in the Property Management Agreement. The Property Management Agreement may only be terminated in accordance with its own terms or by the vote of the Owners in accordance with California law.

9.9 Vacation Ownership Plan. The Association, on behalf of the Owners, is authorized to contract for the operation of the Vacation Ownership Plan and to delegate to such contractor all powers and duties of the Association in this regard. The initial agreement for the operation of the Vacation Ownership Plan with DVCMC is the Membership Agreement. Notwithstanding any provisions contained in this Declaration to the contrary, it is the intent of this Declaration that the Board does not have the power to independently terminate the Membership Agreement except as set forth in the Membership Agreement. The Membership Agreement may only be terminated in accordance with its own terms.

9.10 Possession and Use of Vacation Homes. The Association, on behalf of the Owners, is authorized to arrange for the assignment of the possession and use of Vacation Homes by owners from other resorts, including other DVC Resorts, and the possession and use of accommodations at other resorts by Owners. In this regard and with respect to the DVC Reservation Component, the Association has entered into the DVC Resort Agreement for the Condominium. Notwithstanding any provisions contained in this Declaration to the contrary, it is the intent of this Declaration that the Board does not have the power to independently terminate the DVC Resort Agreement except as set forth in the DVC Resort Agreement. The DVC Resort Agreement may only be terminated in accordance with its own terms.

9.11 Board's Authority Respecting DVD Easements and Rights. The Board does not have the authority to grant, modify, terminate or move any easement or right granted to or reserved by DVD, with respect to this Declaration or the Condominium Property, without the prior approval of DVD.

9.12 Title to Property. The Association has the power to acquire title to and hold, convey or mortgage non-Condominium Property and Condominium Property, including Association Property and Common Areas; provided, however, that the Association first obtains approval of a majority of the total voting interests and written approval of DVD. The Board has

the authority to lease non-Condominium Property for the Association as lessee, and Condominium Property, including Association Property and Common Areas, for the Association as lessor, without first obtaining approval of the Owners; provided, however, that the Board may only exercise such power when it is in the best interests of the Owners and on receipt of the prior written approval of DVD. Neither the Association nor the Board has the power to convey, mortgage or lease any Unit not owned by the Association. In addition, neither the Association nor the Board may convey, mortgage or lease any Exclusive Use Common Areas or Hotel Unit EUCAs without the approval of the Owners of the Unit or Hotel Unit to which the Exclusive Use Common Area or Hotel Unit EUCA is appurtenant.

9.13 General Enforcement of Restrictions. In the event that any Owner or Owner's guest, licensee or invitee fails to comply with any of the provisions of the Condominium Documents, the Association shall have full power and authority to enforce compliance with the Condominium Documents in any manner provided for herein, by law or in equity, including, without limitation, the right to enforce the Condominium Documents by bringing an action for damages, an action to enjoin the violation or specifically enforce the provisions of Condominium Documents to enforce the liens provided for herein and any statutory lien provided by law, including the foreclosure of the lien and the appointment of a receiver for an Owner and the right to take possession of the Unit or Ownership Interest of any Owner in any lawful manner. In the event the Association shall employ an attorney to enforce the provisions of the Condominium Documents against any Owner or Owner's guest, licensee or invitee, the Association shall be entitled to recover from the Owner or Owner's guest, licensee or invitee violating the provisions reasonable attorneys' fees and costs in addition to any other amounts due as provided for herein. All enforcement powers of the Association shall be cumulative. Each Owner accepting the conveyance of an Ownership Interest in a Vacation Ownership Unit shall be deemed to have covenanted and agreed that the Association shall have all of the rights, powers and remedies set forth in this Article and elsewhere in this Declaration.

9.14 Suspension of Privileges for Delinquent Payments. If any Owner is delinquent in the payment of regular or special assessments or other charges duly levied by the Association, the Association, or the Management Company acting on behalf of the Association, may immediately suspend the right of the Owner and/or Owner's guests, licensees or invitees to reserve and/or occupy one or more of the Vacation Homes and the right of the Owner to participate in any vote or other determination provided for herein and all other rights and privileges as an Owner, during the period of time that the Owner is delinquent.

9.15 Suspension of Privileges and Monetary Penalties. The Association may impose a monetary penalty on an Owner and/or suspend the right of the Owner and/or Owner's guests, licensees or invitees to reserve and/or occupy one or more of the Vacation Homes and the right of the Owner to participate in any vote or other determination provided for herein and all other rights and privileges as an Owner, or take other disciplinary action that is appropriate, short of the forfeiture of the Owner's Ownership Interest, if such Owner or any of Owner's guests, licensees or invitees violate the provisions of the Condominium Documents, including, but not limited to, (1) failure to vacate a Vacation Home upon expiration of the Owner's reserved use period; (2) damage to a Vacation Home or any other real or personal property that is part of the Condominium; (3) permitting an Ownership Interest or Ownership Unit to be subject to a lien, (other than the lien of non-delinquent Ad Valorem Real Estate Taxes or assessments), claim or charge that could result in the sale of Ownership Interests of other Owners; and (4) creating a disturbance that interferes with the use and enjoyment of the facilities of the Vacation Ownership Plan or Condominium by other Owners. Before disciplinary action under this Section 9.15 can be imposed by the Association, the Owners against whom the action is proposed to be taken shall be given thirty (30) days prior written notice and the opportunity to present a written or oral defense to the charges. The Board shall decide whether the Owner's defense shall be oral or written and the Board will rule on the defense. The Owner shall be notified of the Board's ruling before disciplinary action is taken. The Association may delegate to the Management Company the power and authority to carry out disciplinary actions duly imposed by the Board.

9.16 Collection of Damages. The Association shall have the power and duty to use reasonable efforts to collect from each Owner or Owner's guest, licensee or invitee who, by an intentional or negligent act, causes any loss, damage or destruction to the Condominium other than by ordinary wear and tear the cost of the repair, restoration or replacement of the Condominium to the extent such loss, damage or destruction is not covered by insurance proceeds paid to the Association, and to use reasonable efforts to collect from any Owner or Owner's guests, licensee or invitee who is a detaining user the amount for which such Owner or Owner's guests, licensee or invitee would be liable under this Declaration if the person was an Owner.

9.17 Open Meetings. The Board and the Association shall at all times comply with the Common Interest Development Open Meetings Act (California Civil Code Section 1363.05).

10. **INSURANCE.** The insurance, other than title insurance, if any, that is to be carried on the Condominium Property will be governed by the following provisions:

10.1 **Authority to Purchase; Named Insured.** All insurance policies on the Condominium Property other than those purchased pursuant to the Master Declaration will be purchased by or on behalf of the Association from a fiscally responsible company authorized to do business in the State of California and must have a minimum term of one (1) year. The named insured will be the Association individually and as agent for the Owners, without naming them, and as agent for their Mortgagees. Notwithstanding the certain types of insurance and amounts of coverage required to be obtained pursuant to this Article, in obtaining insurance the Board may consider such factors as availability of types of insurance and the market for insurance premiums in deciding which type of insurance and the amounts of coverage to obtain.

10.2 **Personal Property of Owners.** If desired, Owners may obtain insurance coverage on their personal property at their own expense and for their own personal liability and living expenses. Such insurance is not the responsibility of the Association. Insurance policies issued to individual Owners shall provide that the coverage afforded by such policies is excess over the amount recoverable under any other policy covering the same property without the rights of subrogation against the Association.

10.3 **Coverage.**

10.3.1 **Master Declaration Property.** Pursuant to the Master Declaration, WORLDCO shall keep all buildings and improvements on the Master Declaration Property (including the Condominium Property) insured against loss or damage by fire, water, lightning, windstorm, hail, explosion, riot, damage from aircraft, collapse, smoke damage, and such other risks, casualties, and hazards as may from time to time be carried by owners of similar buildings in Orange County, with all risk, extended coverage, and malicious mischief endorsements in an amount equal to one hundred percent (100%) of the replacement value thereof (to the extent available at commercially reasonable prices), less any applicable deductibles, in accordance with the requirements set forth in Article 4 of the Master Declaration. Such casualty insurance shall also contain a Building Code or similar endorsement providing coverage for costs associated with compliance and conformance with applicable federal, state and local codes at the time of reconstruction. Notwithstanding the foregoing, if WORLDCO elects, pursuant to Article 4 of the Master Declaration, not to maintain insurance on the Master Declaration Property or that portion of the Master Declaration Property consisting of the Condominium Property, the Association shall obtain or shall cause to have obtained such insurance. The Association shall annually inspect the insurance certificates to assure such coverage is maintained. In the event that such insurance is not properly maintained or in the event that WORLDCO elects, pursuant to Article 4 of the Master Declaration, not to maintain insurance coverage on the Master Declaration Property or that portion of the Master Declaration Property consisting of the Condominium Property, the Association shall, as required by law, acquire such insurance and pursue such other remedies set forth in the Master Declaration.

10.3.2 **Personal Property.** The Association shall keep all Association Property, Common Furnishings, and Vacation Ownership Furnishings insured against loss or damage by fire, water, lightning, windstorm, hail, explosion, riot, damage from aircraft, collapse, smoke damage, and such other risks, casualties, and hazards as may from time to time be carried by owners of similar property in Orange County, with all risk, extended coverage, and malicious mischief endorsements in an amount equal to one hundred percent (100%) of the replacement value thereof, less any applicable deductibles, all as determined from time to time by the Board. All such coverage, including the coverage amount and the insurance company providing the coverage, is subject to the approval of the Mortgagee holding the greatest dollar amount of first mortgages against Units and Ownership Interests in Units. Such approval is conclusively deemed given if such Mortgagee fails to notify the Association otherwise within ten (10) days of being notified by the Association of the proposed coverage amount and insurance company. At the election of the Board, and with the consent of WORLDCO, such personal property insurance coverage may be included as part of the blanket insurance coverage required to be maintained by WORLDCO pursuant to Section 10.3.1 hereof and Article 4 of the Master Declaration.

10.3.3 **Liability Insurance.** Pursuant to the Master Declaration, WORLDCO and the Association are each required to maintain and keep in full force and effect commercial general liability insurance policies with minimum limits of \$15,000,000 each occurrence and automobile liability insurance policies with \$5,000,000 combined single limit protecting WORLDCO and its parent, related, affiliated and subsidiary companies and the Association against claims for bodily injury, death or property damage occurring upon, in or about the Master Property. These requirements provide that WORLDCO (and its parent, related, affiliated and subsidiary companies) and the Association, as the case may be, shall be made an additional insured, respectively, on each such insurance policy and each policy shall include a waiver of subrogation in favor of the

additional insureds. The Board shall ensure that the appropriate commercial general liability insurance is maintained to satisfy the foregoing and in such additional amounts and with such additional coverage as required by the Board from time to time. Wherever and whenever it is possible and economically feasible to do so, the Board must ensure adequate insurance protection is obtained in reasonably prudent coverages. Except as required in this Declaration, nothing in this Declaration is to be construed to require the Board to obtain such coverage as a condition precedent to the Association conducting business. WORLDCO may obtain and maintain such insurance for the benefit of the Condominium and in such event the Association shall be made a named insured.

10.3.4 Worker's Compensation. Worker's compensation insurance is to be carried to the extent necessary to meet the requirements of law.

10.3.5 Fidelity Bond. At a minimum, fidelity insurance coverage will be carried in the name of the Association for all persons who control or disburse funds of the Association. As used in this Section 10.3.5, the term "all persons who control or disburse funds of the Association" means those persons authorized to sign Association checks, and the president, secretary and treasurer of the Association. The total amount of fidelity bond coverage required for each person must be in the amount not less than the maximum amount of funds of the Association over which the principal(s) under the bond may reasonably be expected to have control or access at any time or such lesser amount as may be required under California law in the future.

10.3.6 Flood Insurance. If the Condominium is located within an area having special flood hazards for which flood insurance has been made available under the National Flood Insurance Program ("NFIP"), then the Association will obtain and pay, as a Common Expense, the premiums on a "master" or "blanket" policy of flood insurance on the buildings and any other Condominium Property covered by the required form of policy ("insurable property"), in an amount deemed appropriate, but not less than the lesser of: the maximum coverage available under the NFIP for all buildings and other insurable property within any portion of the Condominium located within a designated flood hazard area; or One hundred percent (100%) of current "replacement cost" of all such buildings and other insurable property. Such policy will be in a form that meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administration.

10.3.7 Business Interruption. If obtainable and economically feasible, the Board may obtain business interruption or loss of use insurance on any or all Units. The named insured must be the Association individually and as agent for the Owners, without naming them, and as agent for the Mortgagees as their interests may appear.

10.3.8 Other. Such other insurance may be carried as the Board determines from time to time to be desirable.

10.3.9 Waiver of Subrogation. With respect to any loss or damage that may occur to the Condominium Property (or any improvements thereon) or the respective property of the Owners therein, arising from any peril customarily insured under a fire and extended coverage or all risk insurance policy, regardless of the cause or origin, excluding willful acts but including negligence of the Owners, occupants of Units, and Owner or Owner's guests, licensee or invitee, the Association hereby releases the other owners of the Master Declaration Property from all claims with respect to such loss; and the Association agrees that its respective insurance companies shall have no right of subrogation against any other owner of the Master Declaration Property on account of any such loss, and the Association shall, if available at commercially reasonable rates, procure from its respective insurer under all policies of fire and extended coverage or all risk insurance a waiver of all rights of subrogation against the other owners of the Master Declaration Property.

10.4 Premiums and Deductibles. Premiums on insurance policies purchased by the Association (and/or prorated shares of the premiums on insurance policies purchased by or on behalf of WORLDCO for the Master Declaration Property to the extent such insurance covers the Condominium and/or the Association) are to be paid by the Association as a Condominium Common Expense and/or Vacation Ownership Common Expense, as applicable. Any insurance policy required hereunder may include reasonable deductibles as determined by the Board. Any deductible required to be paid, if any, on insurance policies purchased by the Association shall be paid by the Association as a Common Expense.

10.5 Insurance Trustee; Share of Proceeds. All insurance policies purchased by the Association are to be for the benefit of the Association, the Owners, and any Mortgagees as their interests may appear, and must provide that all proceeds covering property losses are to be paid to the Association or, at the election of either (i) the Association or (ii) DVD, in its sole, absolute and unfettered discretion, for so long as DVD owns a Unit or Ownership Interest, to a named Insurance Trustee

(referred to as the "Insurance Trustee"). All references to an Insurance Trustee in this Declaration apply to the Association if neither the Association nor DVD elects to appoint an Insurance Trustee. Any Insurance Trustee will be a commercial bank with trust powers authorized to do business in California or another entity acceptable to the Association and DVD for so long as DVD owns a Unit or Ownership Interest. The Insurance Trustee (other than the Association) is not liable for payment of premiums or for the failure to collect any insurance proceeds. The duty of the Insurance Trustee is to receive such proceeds as are paid and hold the proceeds in trust for the purposes stated in this Declaration for the benefit of the Association, the Owners, and any Mortgagees in the following shares; provided, however, that such shares need not be set forth on the records of the Insurance Trustee:

10.5.1 Proceeds on Account of Damage to Common Areas and Exclusive Use Common Areas.

Proceeds on account of damage to Common Areas and Exclusive Use Common Areas, when such Common Areas and/or Exclusive Use Common Areas are not to be restored, is to be held in undivided shares for each Owner, such share being the same as the undivided share in the Common Areas and Exclusive Use Common Areas appurtenant to each Unit.

10.5.2 Proceeds on Account of Damage to Units. Proceeds on account of damage to Units shall be held in the following undivided shares:

10.5.2.1 When the Condominium Property is to be Restored. For the Owners of damaged Units in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Board.

10.5.2.2 When the Condominium Property is not to be Restored. An undivided share for each Owner, such share being the same as the undivided share in the Common Areas appurtenant to that Owner's interest in that Unit.

10.5.3 Mortgagees. If a Mortgagee endorsement has been issued, any share for the Owner will be held in trust for the Mortgagee and the Owner as their interests may appear; provided, however, that no Mortgagee has the right to determine or participate in the determination as to whether or not any damaged property is reconstructed or repaired, and no Mortgagee has any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions of such insurance proceeds made to the Owner and Mortgagee pursuant to the provisions of this Declaration. Notwithstanding the foregoing, the Mortgagee has the right to apply or have applied to the reduction of its mortgage debt any or all sums of insurance proceeds applicable to its mortgaged interest if the damaged property is not reconstructed or repaired as permitted under this Declaration.

10.6 Distribution of Proceeds. Proceeds of insurance policies received by the Insurance Trustee are to be distributed to or for the benefit of the beneficial owners of such proceeds in the following manner:

10.6.1 All expenses of the Insurance Trustee are to be paid first or provisions made for such payment.

10.6.2 If the damage for which the proceeds are paid is to be repaired or reconstructed, then the remaining proceeds are to be paid to defray the cost of such repair or reconstruction as provided in this Declaration. Any proceeds remaining after defraying such cost will be added to the Association's capital reserve accounts.

10.6.3 If it is determined in the manner provided in this Declaration that the damage for which proceeds are paid will not be reconstructed or repaired, the remaining proceeds are to be distributed to the Owners and Mortgagees; remittances to Owners and their Mortgagees being payable jointly to them. This is a covenant for the benefit of, and may be enforced by, any Mortgagee. In this regard any insurance proceeds resulting from the failure to reconstruct or replace a Unit (or from an eminent domain action as set forth in Section 11.6 below) will be disbursed to affected Owners for their share of the non-reconstructed or replaced Unit resulting in their withdrawal from participation in the Home Resort Reservation Component and the DVC Reservation Component so that members of the Club will not be attempting to make reservations for available DVC Resort Vacation Homes on a greater than "one-to-one purchaser to accommodation ratio".

10.6.4 In making a distribution to Owners and their Mortgagees, the Insurance Trustee may rely on a certificate of the Association made by its president and secretary as to the names of the Owners and their respective shares of the distribution.

10.7 Association as Agent and Attorney-in-Fact. The Association is irrevocably appointed agent and attorney-in-fact for each Owner, Mortgagee, or other lienholder or owner of any other interest in the Condominium Property to adjust all claims arising under the insurance policies purchased by the Association and to execute and deliver releases on the payment of a claim.

11. RECONSTRUCTION OR REPAIR AFTER CASUALTY OR EMINENT DOMAIN.

11.1 Obligation to Reconstruct or Repair. The provisions of this Article 11 are subject to the requirements and limitations of the Master Declaration. Any decision of the Association with respect to reconstruction or repair is subject at all times to the Master Declaration. Except as otherwise provided in the Master Declaration, if any part of the Condominium Property, including any Unit, Vacation Home, Common Area, Exclusive Use Common Area or Association Property, is damaged or destroyed by casualty, then the Association has the obligation to immediately reconstruct, replace or repair the damaged property to the extent the insurance proceeds cover the cost of the reconstruction, replacement or repair. If such proceeds are insufficient, the Association has the obligation to impose and collect a special assessment as provided for in Section 11.4 below. Notwithstanding the foregoing, the damaged Condominium Property will not be reconstructed, replaced or repaired if one of the following occurs:

11.1.1 It is determined that the Condominium will be terminated in accordance with Article 17 below;

and/or

11.1.2 Such reconstruction, replacement or repair is prohibited under applicable law.

The Insurance Trustee may rely on a certificate of the Association made by its president and attested by its secretary as to whether or not the damaged property is to be reconstructed or repaired.

11.2 Plans and Specifications. Any reconstruction, replacement or repairs must be in accordance with the provisions of the Master Declaration and substantially in accordance with (i) the plans and specifications for the damaged property as originally constituted or (ii) plans and specifications approved by the WORLDCO in accordance with the Master Declaration.

11.3 Estimates of Cost. Immediately after the Association determines the need to rebuild, replace or repair damaged property for which the Association has the responsibility of reconstruction, replacement and repair, the Association must obtain reliable and detailed estimates of the cost to rebuild, replace or repair.

11.4 Assessments. The amount by which an award of insurance proceeds to the insurance trustee is reduced on account of a deductible clause in an insurance policy will be assessed against all Owners in proportion to their shares in the Common Areas. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction, replacement or repair by the Association, or if at any time during reconstruction, replacement or repair or on completion of reconstruction, replacement or repair, the funds from insurance for the payment of the costs of reconstruction, replacement or repair are insufficient, special assessments are to be made against all Owners in sufficient amounts to provide funds for the payment of such costs. Such special assessments will be in proportion to the Owners' respective obligations for Common Expenses.

11.5 Construction Funds. The funds for payment of costs of reconstruction and repair after casualty, which consist of proceeds of insurance held by the Association or the Insurance Trustee and funds collected by the Association through assessments against Owners, will be disbursed in payment of such costs in the following manner:

11.5.1 Association. If the total of assessments made by the Association in order to provide funds for the payment of costs of reconstruction, replacement or repair that are the responsibility of the Association is more than Five Hundred Thousand Dollars (\$500,000.00), then the sums paid on such assessments are to be deposited by the Association with the Insurance Trustee (if other than the Association). In all other cases the Management Company, on behalf of the Association, is to hold the sums paid on such assessments and disburse them in payment of the costs of reconstruction, replacement or repair.

11.5.2 Insurance Trustee. The proceeds of insurance collected on account of casualty, and the sums deposited with the Insurance Trustee by the Association from collections of assessments against Owners on account of such casualty, constitute a construction fund to be disbursed in payment of the costs of reconstruction, replacement or repair in the following manner and order:

11.5.2.1 Association - Minor Damage. If the amount of the estimated costs of reconstruction, replacement or repair that is the responsibility of the Association is less than Five Hundred Thousand Dollars (\$500,000.00), then the construction fund is to be disbursed in payment of such costs on the order of the Board; provided, however, that on request by a Mortgagee that is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund is to be disbursed in the manner provided for the reconstruction, replacement or repair of major damage.

11.5.2.2 Association - Major Damage. If the amount of the estimated costs of reconstruction, replacement or repair that are the responsibility of the Association is more than Five Hundred Thousand Dollars (\$500,000.00), then the construction fund is to be applied by the Insurance Trustee to the payment of such costs, and paid to or for the account of the Association from time to time as the work progresses, but not more frequently than once in any calendar month. The Insurance Trustee must make payments on the written request of the Association for withdrawal of insurance proceeds accompanied by a certificate, dated not more than fifteen (15) days prior to such request, signed by a responsible officer of the Association and by an architect in charge of the work, who is to be selected by the Association, setting forth that the sum then requested either has been paid by the Association or is justly due to contractors, subcontractors, materialmen, architects, or other persons who have rendered services or furnished materials in connection with the work, giving a brief description of the services and materials and any amounts paid prior to the request, and stating that the sum requested does not exceed the value of the services and material described in the certificate; that except for the amount stated in such certificate to be due as aforesaid, there is no outstanding indebtedness known to the person signing such certificate after due inquiry, which might become the basis of a vendor's, mechanic's, materialman's or similar lien on such work against the Common Areas or any Unit; and that the cost as estimated by the person signing such certificate of the work remaining to be done subsequent to the date of such certificate does not exceed the amount of insurance proceeds or other funds remaining in the control of the Insurance Trustee after the payment of the sum so requested.

11.5.2.3 Surplus. It is to be presumed that the first monies disbursed in payment of costs of reconstruction, replacement or repair will be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction, replacement or repair for which the fund is established, such balance is to be deposited into the Association's capital reserve accounts.

11.5.2.4 Certificate. Notwithstanding the provisions of this Declaration, the Insurance Trustee is not required to determine any of the following: (i) whether sums paid by the Owners on assessments are deposited by the Association with the Insurance Trustee; (ii) whether the disbursements from the construction fund are to be on the order of the Association or approval of an architect or otherwise; (iii) whether a disbursement is to be made from the construction fund; (iv) the identity of the payee; or, (v) the amount to be paid. Instead, the Insurance Trustee may rely on a Certificate of the Association made by its President and Secretary as to any or all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided, that when a Mortgagee is required in this instrument to be named payee, the Insurance Trustee must also name the Mortgagee as a payee of any distribution of insurance proceeds to an Owner; and further provided, that when the Association, or a Mortgagee that is the beneficiary of an insurance policy whose proceeds are included in the construction fund, so requires, the approval of an architect named by the Association must be first obtained by the Association prior to disbursements in payment of costs of reconstruction, replacement or repair.

11.6 Eminent Domain. The Association is empowered to defend or settle any action or threatened action with respect to the taking in condemnation of any portion of the Common Areas or Exclusive Use Common Areas or any Unit or portion of any Unit. Upon obtaining knowledge of such action or threatened action, the Association will notify all affected Mortgagees of record of same.

11.6.1 Common Areas and Exclusive Use Common Areas. Subject to the requirements and limitations of the Master Declaration, any award or settlement made as a result of such a taking of all or a portion of the Common Areas or Exclusive Use Common Areas is to be made payable to the Association. The Board is responsible or arranging for the reconstruction, replacement or repair of the Common Areas or Exclusive Use Common Areas and disbursing to the contractors engaged for such purpose, in appropriate progress payments, as much of the proceeds of such award or settlement as is reasonably necessary to effect reconstruction, replacement or repair. The balance of such proceeds, or all of such proceeds, will be disbursed by the Association in the same manner as insurance proceeds under Section 10.6 above.

11.6.2 Units. Due to the unique nature of the Vacation Ownership Plan created with respect to this Condominium, any taking in condemnation which involves a portion of a Unit is deemed a taking of the entire Unit, and any

award or settlement must be made on the basis of the taking in condemnation of the entire Unit. Under such circumstances, all interests in any such Unit are deemed conveyed to the governmental or other entity responsible for the taking and the Unit ceases to be part of the Condominium Property. Any award or settlement for the taking in condemnation of a Unit is to be made payable to the Association for the benefit of the Owners of such Unit and any Mortgagees, in proportion to their respective interests in such Unit. Any award or settlement, including any award or settlement received for a temporary taking, is to be disbursed by the Association in the same manner as insurance proceeds under Section 10.6 above.

11.7 Interruption of Use. During any reconstruction, replacement or repair period, Owners may temporarily attempt to make reservations for available Vacation Homes under the Vacation Ownership Plan on a greater than "one-to-one purchaser to accommodation ratio". In no event is the interruption of use to be deemed to relieve affected Owners from any obligation to pay assessments due under this Declaration or from any obligation to make payments due to a Mortgagee.

If the Association has acquired business interruption insurance as contemplated under Section 10.3.7 above, such insurance proceeds are to be used to secure replacement accommodations or related facilities for Owner use during any reconstruction, replacement or acquisition period. If the Association has not acquired business interruption insurance, the Board, in its sole, absolute and unfettered discretion, has the right to secure, at the Association's expense, alternate accommodations or related facilities for Owner use during any reconstruction, replacement or acquisition period. Should the Board determine to use Association funds to acquire alternate accommodations or related facilities, special assessments may be made against all Owners in sufficient amounts to provide funds for the payment of such costs. Such special assessments are to be in proportion to the Owners' respective obligations for Common Expenses.

12. USE RESTRICTIONS. The use of the Condominium Property is to be in accordance with the following provisions as long as the Condominium exists:

12.1 Personal Use. Except Units owned by DVD, which may be utilized as provided in this Declaration, each of the Vacation Homes may be occupied only as vacation accommodations. Except for Units or Ownership Interests owned by DVD, rentals of Vacation Homes to the general public by DVD or the Management Company, and use of Vacation Homes in connection with external exchange programs, use of the accommodations and recreational facilities of the Condominium is limited solely to the personal use of Owners, their lessees, guests, exchangers and invitees and for recreational uses by corporations and other entities owning Ownership Interests in a Unit. No Owner of an Ownership Interest may occupy a Vacation Ownership Unit or Vacation Home, or use any facilities of the Condominium at any time other than during the time that a Vacation Home is properly reserved in accordance with the Condominium Documents. Except as set forth above, use of Vacation Homes and recreational facilities for commercial purposes or any purposes other than the personal use described in this Declaration is expressly prohibited. "Commercial purpose" includes a pattern of rental activity or other occupancy by an Owner that the Board, in its reasonable discretion, could conclude constitutes a commercial enterprise or practice. From time to time, to the extent that the Board determines that use is occurring that is for a commercial purpose, the Board may in its sole, absolute and unfettered discretion, adopt policies to provide what constitutes a commercial enterprise, practice or purpose. No Vacation Home may be divided or subdivided into a smaller Vacation Home. The provisions of this Section 12.1 do not apply to Hotel Units, DVD, the Management Company or the TWDC Companies.

THE CONDOMINIUM IS STRUCTURED TO OPERATE AS A HOTEL AND VACATION OWNERSHIP RESORT. OWNERS OF VACATION OWNERSHIP UNITS DO NOT EXERCISE THE CONTROL OVER THE OPERATION OF THE CONDOMINIUM THROUGH THE ASSOCIATION AS IS NORMALLY FOUND IN RESIDENTIAL CONDOMINIUMS.

12.2 Common Areas and Exclusive Use Common Areas. The Common Areas and Exclusive Use Common Areas may be used only for the purposes for which they are intended as contemplated under this Declaration and the Master Declaration, including use in the furnishing of services and facilities for the enjoyment of the personal use of the Owners. The Hotel Unit EUCAs may be used and maintained in accordance with Article 18. The provisions of this Section do not apply to DVD, the Management Company or the TWDC Companies.

12.3 Nuisances. No nuisance is to be allowed on the Condominium Property or within a Unit or a Vacation Home, or any use or practice that is the source of annoyance to Owners or which interferes with the peaceful possession and proper use of the property by the Owners. All parts of the Condominium are to be kept in a clean and sanitary condition, and rubbish, refuse or garbage are not permitted to accumulate. No fire hazard is allowed to exist. All Common Areas and Exclusive Use Common Areas shall be kept free for their intended use, and shall in no event be used as storage areas, either on a temporary or permanent basis. No clothing, towels, bedding, or other similar items may be dried or aired in any outdoor area or hung over

or on balconies. No Owner shall make or cause to be made any noises, or use musical instruments, radios, televisions, amplifiers, or other such equipment in a manner that may tend to disturb other Owners. No Owner is permitted any use of a Vacation Home or make or permit any use of the Common Areas or the Exclusive Use Common Areas that will increase the cost of insurance on the Condominium Property. This Section 12.3 shall not apply to DVD with respect to its ordinary operation of its commercial activities on the Condominium Property, to the Association or Management Company with respect to its ordinary operation, maintenance or management of the Condominium Property, or to the TWDC Companies. It is expressly contemplated that Hotel Units, Hotel Unit EUCAs, portions of the adjacent Master Property, and nearby properties owned by the TWDC Companies may be operated as commercial spaces containing stores, restaurants, entertainment areas and other public establishments which may have nighttime hours of operation and which may result in noise or light levels in excess of levels typically occurring in areas consisting solely of residential accommodations, including, without limitation, fireworks and concerts. In addition, a monorail system and other transportation systems are operated on portions of the Master Property and nearby properties owned by the TWDC Companies which also may result in noise or light levels in excess of that typically occurring in areas consisting solely of residential accommodations. Nothing contained within this Declaration is to be deemed to prohibit such commercial activity. The restrictions of this section do not apply to the Hotel Unit Owner.

12.4 Lawful Use. No immoral, improper, offensive or unlawful use may be made of the Condominium Property, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction will be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification or repair of the Condominium Property will be the same as the responsibility for the maintenance and repair of the property concerned.

12.5 Signs. No signs, notices or other displays or advertising may be maintained on any part of the Common Areas, Exclusive Use Common Areas, Units or Vacation Homes, except that the right is specifically reserved to DVD to place and maintain signs, notices, and displays related to the advertising and marketing of Ownership Interests on the Condominium Property for as long as it may have Units or Ownership Interests in the Units or any other DVC Resort to sell or rent, except that Owners of Hotel Units may maintain such signs on their Hotel Unit, or any Hotel Unit EUCAs, in connection with use of their Hotel Unit, and except as permitted by the Board from time to time.

12.6 Bicycles, Motorcycles, Commercial Trucks, Oversized Vehicles, and Trailers. Bicycles, motorcycles, commercial trucks, oversized vehicles, and trailers may not be stored on the Condominium Property except in such areas, if any, designated for this purpose.

12.7 Condominium Rules and Regulations. Reasonable rules and regulations concerning the use of Condominium Property may be promulgated and amended from time to time by the Board in the manner provided by its Articles of Incorporation and Bylaws.

12.8 DVD's Use. DVD may make such use of the Common Areas, the Units and the Vacation Homes as it determines and as may facilitate the sale or rental of Units or Ownership Interests in the Units or other DVC Resorts by DVD, including showing of the property and the display of signs and other promotional devices. In addition, notwithstanding the reservation priorities set forth in the Vacation Ownership Plan, in furtherance of DVC's easement rights under Section 4.3.1 of this Declaration, DVD may exercise its easement rights to indefinitely reserve one or more Vacation Homes as models but shall be required to use its Home Resort Vacation Points to reserve such Vacation Homes as models.

12.9 No Pets. All pets are prohibited. No pets of any type are allowed on Condominium Property.

12.10 Antennas. No antennas or satellite transmission receivers of any type designed to serve a Unit or a Vacation Home will be allowed on the Units, Common Areas or Exclusive Use Common Areas, except as provided by the Association to serve as a master antenna for the benefit and use of the Condominium. Notwithstanding such restriction, the Hotel Unit Owner may place such antennas or satellite transmission receivers on the Hotel Unit without the approval of any party and the Owners of other Hotel Units may place such devices on Hotel Units or Hotel Unit EUCAs which are appurtenant to their Hotel Unit with the approval of the Board. No electrical or other equipment may be operated on the Condominium Property which interferes with television signal reception, except for permitted equipment on the Hotel Units or Hotel Unit EUCAs.

12.11 Decoration of Units or Vacation Homes. No Owner may alter the furnishings, appliances, personal property or decor of any Vacation Ownership Unit or any Vacation Home without the prior written consent of the Board. DVD shall only be responsible for declaring a Unit to the Condominium with the furnishings, appliances, personal property or decor within a Unit, or any Vacation Home within that Unit, as represented to the purchasers of Ownership Interests in that Unit. On recording of the

first deed of an Ownership Interest in a Vacation Ownership Unit, the Board shall have the obligation and the authority to determine the interior color scheme, decor and furnishings of the Vacation Ownership Unit, and each Vacation Home within that Vacation Ownership Unit, as well as the proper time for redecorating and renovating such Vacation Ownership Unit, Vacation Home and their contents, and DVD shall have no further obligations in this regard. This authority shall include, but not be limited to, the right to alter, remove or replace any furnishings, appliances, personal property or decor in a Vacation Ownership Unit and any Vacation Home without the approval of any Owner; provided, however, that no such change shall be made without the approval of DVD so long as it owns an Ownership Interest in such Unit. Except for Hotel Unit Owners as to the Hotel Units owned and Owners of Units which are not committed to the Vacation Ownership Plan as to those Units, no Owner, guest, invitee, or lessee shall paint or otherwise decorate or change the appearance of any portion of the Condominium Property nor shall any Owner, guest, invitee, or lessee make any additions, alterations, or renovations to the Condominium Property. All Owners must maintain their Unit in accordance with the Disney Standard.

12.12 Condominium Rules and Regulations. In addition to the use restrictions set forth in this Article 12, reasonable rules and regulations concerning the use of Condominium Property may be promulgated and amended from time to time by the Board in the manner provided by its Articles of Incorporation and Bylaws.

12.13 Description of the Disney Vacation Club and the Vacation Ownership Plan. Membership in the Disney Vacation Club is an appurtenance to each Ownership Interest in a Vacation Ownership Unit as set forth in Section 6.4 above, which governs the assignment and use of such Ownership Interest. DVCMC and BVTC, respectively, have been engaged by the Association to administer the assignment and use of all Ownership Interests through a central reservation system consisting of the Home Resort Reservation Component and the DVC Reservation Component.

12.13.1 The Vacation Ownership Plan and the Home Resort Reservation Component. Notwithstanding the specific Vacation Ownership Unit in which an Owner owns an Ownership Interest, it is the express intent of this Declaration, which intent is consented to by each Owner through acceptance of a conveyance hereunder, that all Vacation Ownership Units committed to the Vacation Ownership Plan will be available for use by all Owners of Ownership Interests in Vacation Ownership Units committed to the Vacation Ownership Plan at all times on a first come, first served reservation basis, through the Home Resort Reservation Component and in accordance with the provisions of this Declaration and the Membership Agreement.

12.13.1.1 Operation of Vacation Ownership Plan. In this regard, the Association has entered into the Membership Agreement with DVCMC pursuant to which the Association has delegated all of its responsibilities and obligations for operating the Vacation Ownership Plan for the Condominium to DVCMC. Under this authority, DVCMC has established the reservation rules and regulations governing the Vacation Ownership Plan and the Home Resort Reservation Component as set forth in the Membership Agreement. DVCMC has the right to amend the terms and conditions of the Membership Agreement from time to time as set forth in the Membership Agreement. Owners, their guests, invitees, exchangers and lessees do not receive any special access or entry rights to any attraction or recreational facility located within the DISNEYLAND® Resort, other than to those recreational facilities made a part of this Condominium, by virtue of the ownership of a Vacation Ownership Unit or an Ownership Interest.

12.13.1.2 Association's Rights. If either the Property Management Agreement, pursuant to which DVCMC is engaged by the Association to act as the Management Company for the Condominium, or the Membership Agreement are terminated, the Association has the authority to establish reservation rules and regulations for the operation of the Vacation Ownership Plan, which may or may not be identical to the reservation procedures set forth in the Membership Agreement, by which use of the Vacation Ownership Units and Vacation Homes among all of the Cotenants is determined. In addition, if either the Property Management Agreement or the Membership Agreement terminate, irrespective of whether the termination is voluntary or involuntary and irrespective of the cause of such termination, the Association and all Owners must cease using and thereafter abstain from using all personal property belonging to or used by DVCMC, including all personal property relating to the operation of the Home Resort Reservation Component, and return same to DVCMC within fifteen (15) days from the date of termination.

12.13.1.3 Term of Vacation Ownership Plan. The term of the Vacation Ownership Plan is the term of this Condominium, and the Vacation Ownership Plan automatically terminates upon the termination of the Condominium. If the term of the Condominium is extended in accordance with Section 17.2 below, the term of the Vacation Ownership Plan will also be extended for the additional term, unless the Condominium is sooner terminated in accordance with this Declaration. DVD reserves the right to declare Units (including Vacation Ownership Units) to the Condominium without committing such Units to the Vacation Ownership Plan.

12.13.2 DVC Reservation Component. This Condominium is a DVC Resort entitling Owners of Ownership Interests in Vacation Ownership Units committed to the Vacation Ownership Plan to voluntarily participate in the DVC Reservation Component in accordance with the provisions of the DVC Resort Agreement. Under the terms of the DVC Resort Agreement, owners at any DVC Resort will be able to access the DVC Reservation Component and use DVC Vacation Points to reserve the use of Vacation Homes and accommodations at other DVC Resorts on a first come, first served basis along with Owners. An Owner has the right to make a reservation for the use of a Vacation Home through the Home Resort Reservation Component using Home Resort Vacation Points during the Home Resort Priority Period without owners at other DVC Resorts being permitted to make a reservation for a Vacation Home. The length of the Home Resort Priority Period for the Condominium is determined by DVCMC and is set forth in the Membership Agreement; however, in no event can DVCMC set a Home Resort Priority Period of less than one (1) month prior to the period during which the owners at the other DVC Resorts have the right to make a reservation for the use of Vacation Homes in the Condominium. An Owner will be able to reserve the use of accommodations at other DVC Resorts on the same first come, first served basis subject to the same priority restrictions in favor of the owners in those DVC Resorts, although such priority restrictions may be of different durations for each DVC Resort.

This Condominium's participation in the DVC Reservation Component will continue until January 31, 2060, unless sooner terminated in accordance with the terms and conditions of the DVC Resort Agreement. If the term of this Condominium is extended pursuant to Section 17.2 below, the Condominium's participation in the DVC Reservation Component will automatically be extended for the additional term, unless sooner terminated in accordance with the terms and conditions of the DVC Resort Agreement.

12.13.3 Timeshare Plans, Vacation Ownership Plans and Clubs. Except as provided in this Declaration, no timeshare plans, vacation ownership plans, fractional plans, exchange programs or clubs, or travel or vacation clubs comprised of a trust, corporation, cooperative, limited liability company, partnership, equity plan, non-equity plan, membership program, or any such other similar programs, structures, schemes, devices or plans of any kind (a) shall be created, established, operated or maintained with respect to the Condominium Property or the Vacation Ownership Interests; (b) shall acquire or accommodate Condominium Property or Vacation Ownership Interests; or (c) shall be permitted to incorporate a Vacation Ownership Interest into such entity, program, structure, scheme, device or plan, except by DVD or except with the prior written authorization from DVD, which authorization may be given or withheld in DVD's sole and absolute discretion, and which authorization shall be evidenced by a written instrument executed by DVD, recorded in the Official Records of Orange County, California, and containing a reference to this Declaration.

12.14 Right of Occupancy - Holdover Owners. If any Owner, or an Owner's lessees, guests, exchangers or invitees, fails to vacate a Vacation Home at the expiration of any reserved use period, as may be required by the rules and regulations governing occupancy of the Vacation Home or as otherwise established by the Management Company, such person is deemed a "holdover owner", or, to the extent permitted by applicable law and at the election of the Association or Management Company, such person or persons shall be deemed not to be exercising his/her Ownership Interest but rather be deemed a "trespasser", in which case the Association or Management Company shall be entitled to exercise the remedies available to it under applicable law for remove trespassers. It is the responsibility of the Association to take such steps as may be necessary to remove such holdover owner from the Vacation Home, and to assist the holder of any subsequent reserved use period who may be affected by the holdover owner's failure to vacate, in finding alternate accommodations during such holdover period.

12.14.1 Alternative Accommodations. In addition to such other remedies as may be available to it, the Association has the right to secure, at its expense, alternate accommodations for any holder of a subsequent reserved use period who may not occupy the Vacation Home due to any holdover owner's failure to vacate. Such accommodations must be as near in value as possible to the Vacation Home reserved. The holdover owner will be charged for the cost of such alternate accommodations at the highest published rate posted for that or a similar vacation home by the Management Company, and shall pay the cost of the alternate accommodations acquired by the Associations, any other costs incurred due to the holdover owner's failure to vacate, and an administrative fee of Five Hundred Dollars (\$500.00) per day during this period of holding over (said amount to be adjusted for inflation by increasing (but not decreasing) said amount annually by the percentage increase in the Consumer Price Index - All Urban Consumers - All Items - U.S. City Average). If it is necessary that the Association contract for a period greater than the actual period of holding over in order to secure alternate accommodations as set forth above, the entire period is the responsibility of the holdover owner, however, the Five Hundred Dollars (\$500.00) per day administrative fee (as adjusted by inflation) ceases on the date that the holdover owner actually vacates. The Association will submit a bill to the holdover owner in accordance with Section 12.14.2 prior to levying a fine against such holdover owner.

12.14.2 Fines: Right to Hearing. Except as otherwise provided by California law, before the Association may levy a fine against a party for violation of any of the provisions of the Condominium Documents, the Association must afford the party reasonable notice of the levy and a right to a hearing as required under California law.

12.14.3 Association's Rights. The foregoing provisions do not abridge the Association's right to take such other action against a holdover owner as is permitted by law including eviction proceedings. Further, the foregoing provisions do not limit the Association's right to take any action permitted by California law against trespassers who are not Owners.

12.15 NO DOMICILIARY INTENT. NO PERSON OR PARTY MAY ENTER, STAY OR DWELL ON OR ABOUT THE CONDOMINIUM PROPERTY WITH THE INTENT OR DESIRE TO BE OR BECOME LEGALLY DOMICILED IN THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA MERELY AS A RESULT OF SUCH ENTRANCE ONTO OR OCCUPATION OF THE CONDOMINIUM PROPERTY, AND ALL SUCH PERSONS OR PARTIES WAIVE, RELEASE AND REMISE ANY SUCH INTENT OR DESIRE. NO PERSON OR PARTY MAY ENTER, STAY OR DWELL ON OR ABOUT A UNIT OR VACATION HOME WITH THE INTENT THAT THE UNIT OR VACATION HOME BE OR BECOME THAT PERSON'S OR PARTY'S PRINCIPAL DWELLING, AND SUCH PERSON OR PARTY WILL MAINTAIN A PRINCIPAL DWELLING AT ALL TIMES AT A LOCATION OTHER THAN WITHIN THE CONFINES OF THE CONDOMINIUM PROPERTY.

12.16 No Private Watercraft. No boats, jet-skis, waverunners or watercraft of any kind may be used, stored or brought onto the Condominium Property by any Owner, lessee, guest, exchanger or invitee except in such areas and under such conditions as may be determined by the Board from time to time.

13. ALIENABILITY OF UNITS OR OWNERSHIP INTERESTS.

13.1 Hotel Units. No Hotel Units may be separately sold, transferred or conveyed. The Hotel Units may be sold, transferred or conveyed only if (i) such Hotel Units are first converted to Vacation Ownership Units pursuant to the terms of this Declaration, or (ii) if all Hotel Units are sold, transferred or conveyed in a single transaction to one person or entity.

13.2 Alienability Restrictions: DVD's Right of First Refusal to Purchase. The right of Owners or Cotenants to sell, transfer, assign or hypothecate their Unit or Ownership Interest is not subject to the approval of the Association. Accordingly, a proper transfer or conveyance of such Unit or Ownership Interest does not require the written approval of the Association. However, if an Owner or Cotenant desires to sell, transfer, assign or hypothecate that Owner's Unit or Ownership Interest, DVD has the right of first refusal to purchase the Unit or Ownership Interest in the Unit under the same terms and conditions as are offered to or by a bona fide third party, including financing. Accordingly, Owners or Cotenants desiring to sell their Unit or Ownership Interest must notify DVD in writing no less than thirty (30) days in advance of the proposed closing date of their intent to sell and must include a copy of the proposed transaction reduced to writing in all respects. On receipt of such written notice, DVD may determine prior to the proposed closing date whether to exercise its right of first refusal set forth in this Article 13. If DVD elects to exercise its right of first refusal, DVD must notify the Owner or Cotenant in writing of such election, and the purchase by DVD must be closed on or before the proposed closing date. If DVD fails to notify the Owner or Cotenant of its election to exercise its right of first refusal prior to the proposed closing date, then the Owner or Cotenant may proceed to close on the transaction with such bona fide third party. In all events, membership in the Disney Vacation Club, in accordance with this Declaration, and DVD's right of first refusal, as set forth above, are covenants running with the land. Furthermore, subject to the Condominium Documents, Membership in the Disney Vacation Club is always a requirement of any successor in title to an Owner or Cotenant and is an appurtenance to each Condominium Parcel. **IN ADDITION, ANY PERMITTED SALE BETWEEN AN OWNER OR COTENANT AND A BONA FIDE THIRD PARTY IS DEEMED TO CONTAIN A PROVISION REQUIRING THAT ANY SUMS DUE TO THE ASSOCIATION AS ASSESSMENTS MUST BE PAID IN FULL AS A CONDITION OF CLOSING OF THE SALE.**

13.3 Leasing and Rental Restrictions. All leasing or rental agreements relating to the use, occupancy and possession of any Vacation Home during a reserved use period must be in writing and must set forth an acknowledgment and consent on the part of the lessee-sublessee-tenant to use, occupy and possess such Vacation Home in conformance and compliance with the provisions of this Declaration, as well as the Articles of Incorporation, Bylaws, and the rules and regulations of the Disney Vacation Club. If an Owner or Cotenant fails to secure a written lease or rental agreement, the Association has the right to require the lessee-sublessee-tenant, prior to the lessee-sublessee-tenant's use, occupancy or possession of any Vacation Home, to execute an acknowledgment to use and occupy the rental or leased Vacation Home in conformance with the

Condominium Documents. **ANY LEASE OR RENTAL AGREEMENT IS DEEMED TO CONTAIN A PROVISION REQUIRING THAT ANY SUMS DUE TO THE ASSOCIATION AS ASSESSMENTS MUST BE DEDUCTED FROM THE GROSS RENTALS AND PAID DIRECTLY TO THE ASSOCIATION.**

13.4 Approval of the Management Company. The Management Company has the right to create such reservation approval restrictions as it deems necessary from time to time, and compliance with such restrictions is required before and during possession and occupancy of a Vacation Home.

14. **RIGHTS OF DVD.** Notwithstanding anything in this Declaration to the contrary, and in addition to any other rights which may be reserved to DVD in this Declaration, DVD has the following rights:

14.1 Alteration of Vacation Home Boundaries and Dimensions. DVD reserves the right to change the interior design and arrangement of a Unit or any Vacation Home so long as DVD owns the entire Unit so changed and altered. Such a change or alteration for such purpose for the purpose of altering the interior design or arrangement of a Unit or any Vacation Home may be approved only by DVD and need not be approved by the Association or other Owners, whether or not elsewhere required for an amendment, except that no change may be made by DVD which would conflict with the provisions of California law or Section 17.3 below.

14.2 Hotel. Notwithstanding anything contained in this Declaration to the contrary (including, without limitation, the use restrictions set forth in Article 12 hereof), DVD intends and expressly reserves the right to operate or permit the operation of a nightly rental program or hotel in unsold Units and with respect to Ownership Interests and Vacation Points owned or otherwise possessed or controlled by DVD or any TWDC Company and in any Hotel Units.

15. **COMPLIANCE AND DEFAULT.**

15.1 Compliance and Default. Each Owner is governed by and must comply with the terms of the Condominium Documents, as they may be amended from time to time. Failure of an Owner to comply with the provisions of the Condominium Documents entitles the Association or other Owners to pursue any and all legal and equitable remedies for the enforcement of such provisions, including an action for damages, an action for injunctive relief, an action for declaratory judgment, or, with respect to Units committed to the Vacation Ownership Plan, suspension of the right of an Owner to access the benefits of the use of such Owner's Ownership Interest as contemplated under this Declaration, the Membership Agreement and the DVC Resort Agreement. All provisions of the Condominium Documents are enforceable equitable servitudes and run with the land and are effective until the Condominium is terminated.

15.2 Costs and Fees. In any proceeding arising because of an alleged failure of an Owner or the Association to comply with the terms of the Condominium Documents, as they may be amended from time to time, the prevailing party is entitled to recover the costs of the proceeding, and recover such reasonable fees for attorneys, paralegals, legal assistants and other professionals as may be awarded by the Court, including all appeals and all proceedings in bankruptcy and probate.

15.3 No Waiver of Rights. The failure of DVD, the Association or any Owner to enforce any covenant or restriction or the Condominium Documents or other provision of the Timeshare Act or the Qualified Resort Vacation Club Provisions, does not constitute a waiver of the right to do so in the future.

15.4 Injunctive Relief. The Association may seek an injunction from a court of equity to compel compliance or prohibit violation of the Condominium Documents regardless of whether an adequate remedy at law exists.

15.5 Governing Law; Waiver of Jury Trial; Venue of Actions. The Condominium Documents, including this Declaration, are to be governed by, and construed in accordance with, the laws of the State of California. To the extent permitted by applicable law, the Association, an Owner or Owners, DVD, the Management Company, and any other party claiming rights or obligations by, through, or under the Condominium Documents, or two or more of the foregoing, each waive any right they may have under any applicable law to a trial by jury with respect to any suit or legal action which may be commenced by or against the others concerning the interpretation, construction, validity, enforcement or performance of the Condominium Documents or any other agreement or instrument executed in connection with this Declaration. If any such suit or legal action is commenced by any party, the other parties agree, consent and submit to the personal jurisdiction of the Superior Courts in and for Orange County, California, with respect to such suit or legal action, or, if the Superior Courts do not have jurisdiction, then before any other court sitting in Orange County, California, having subject matter jurisdiction, and each party

also consents and submits to and agrees that venue in any such suit or legal action is proper in said court and county, and each party waives any and all personal rights under applicable law or in equity to object to the jurisdiction and venue in said court and county. Such jurisdiction and venue are exclusive of any other jurisdiction and venue.

16. AMENDMENTS.

16.1 By Owners. This Declaration may be amended at any regular or special Association meeting, called and convened in accordance with the provisions of the Bylaws, by the affirmative vote of a majority of the total votes eligible to be voted, unless a different vote is required by the specific provisions of this Declaration. Each such amendment of this Declaration may be evidenced by an instrument in writing, signed and acknowledged by any two (2) officers of the Association, setting forth the full text of such amendment, the appropriate recording data of this Declaration and certifying that such amendment has been approved by the affirmative vote of a majority of the total votes eligible to be voted (which shall include at least 25% of the voting interests of Owners other than DVD). Said amendment becomes effective on the recording of the amendment in the Official Records of Orange County, California. For so long as DVD owns an Ownership Interest, no amendment by the Owners becomes effective unless and until approved, in writing, by DVD, in its sole, absolute and unfettered discretion. Furthermore, the Owners have no power to enact any amendment to this Declaration which materially affects the rights or security interests of any Mortgagee of record, without first obtaining the written consent of such affected Mortgagee of record, such consent not to be unreasonably withheld. All amendments shall be in accordance with the Disney Standard.

16.2 By DVD. Notwithstanding any other provisions in this Declaration, DVD may unilaterally amend the Declaration and/or Condominium Plan as follows:

16.2.1 At any time prior to the first (1st) anniversary of the first close of escrow for the sale of an Ownership Interest in a Vacation Ownership Unit, DVD may unilaterally amend this Declaration and/or the Condominium Plan in its sole, absolute and unfettered discretion.

16.2.2 DVD may unilaterally amend this Declaration or the Condominium Plan at any time to convert and subdivide or combine Hotel Units Into Vacation Ownership Units in accordance with applicable law.

16.2.3 DVD may unilaterally amend this Declaration or the Condominium Plan at any time to add any necessary easements and/or use rights consistent with the overall development of the Condominium Property, and to make technical corrections, correct errors or omissions, or more precisely describe the actual sizes and locations of the areas of improvements described herein or therein, including, without limitation, such adjustments to Unit boundary lines, Common Area boundaries and/or any other matters as necessary to accommodate minor encroachments of improvements in, to, over, or across any Unit or Common Area

16.3 Amendments to Common Areas. DVD, at DVD's capital expense, may, for so long as DVD owns a Unit or Ownership Interest, from time to time, and without the approval of the Association, the Board, or any Owner add facilities to the Condominium Property including recreational areas and facilities. In addition, for so long as DVD owns a Unit or Ownership Interest, DVD, at DVD's capital expense, may substantially, materially or otherwise alter, modify, rearrange, relocate, or replace the Common Areas or real property that is Association Property, without the approval of the Association, the Board, or any Owner; provided, however, no amendment may, without the affirmative vote of a majority of the total votes eligible to be voted at any regular or special Association meeting called and convened in accordance with the Bylaws (which shall include at least 25% of the voting interests of Owners other than DVD), result in the alteration, modification, rearrangement, relocation, or replacement of the Common Areas or the real property that is Association Property in such a manner that such Common Areas or real property that is Association Property no longer provide substantially the same use, function, or experience as the existing Common Areas or real property that is Association Property, as DVD determines in its sole, absolute and unfettered discretion. Subject to DVD's approval, for so long as DVD owns a Unit or Ownership Interest, the Owners, at the Association's capital expense, may add property to the Condominium or substantially, materially or otherwise alter, modify, rearrange, relocate, or replace the Common Areas or real property that is Association Property with the affirmative vote of a majority of the total votes eligible to be voted at any regular or special Association meeting called and convened in accordance with the Bylaws (which shall include at least 25% of the non-DVD voters). Notwithstanding the obligation of DVD or the Association to bear the capital expense of making any addition, alteration, modification, rearrangement, relocation, or replacement authorized under this Section 16.3, the cost of ongoing maintenance, operation, repair, and replacement will be borne by the Association. Any substantial alteration, modification, rearrangement, relocation, or replacement authorized under this Section 16.3 may be made effective by the filing of an amendment to this Declaration in the public records of Orange County, California. The provisions of

Article 7 govern the maintenance, repair, alteration, rearrangement, improvement, removal, or replacement of any or all personal property or furnishings that are part of the Condominium Property. All amendments, alterations and modification described in this Section shall be in accordance with the Disney Standard.

17. TERMINATION. The Condominium may be terminated in the following manners, in addition to the manner provided under California law:

17.1 Agreement. The Condominium may be terminated at any time by the approval in writing of all Owners and all Mortgagees of record. Notice of a meeting at which the proposed termination is to be considered must be given not less than thirty (30) days prior to the date of such meeting.

17.2 Expiration of Ground Lease. Upon the termination or expiration of the Ground Lease, the Condominium automatically terminates and all Ownership Interests and all Mortgagee liens on any Condominium Property terminate. If DVD renews the Ground Lease or enters into another lease of the property underlying the Condominium prior to the expiration or termination of the Ground Lease, DVD may, in DVD's sole, absolute and unfettered discretion, unilaterally elect to continue the Condominium for the duration of such renewal. Such election shall be evidenced by the recording of an amendment to this Declaration. If DVD elects to continue the Condominium for an additional term as contemplated in this Section 17.2 and at the election of DVD, all rights and obligations of Owners and Mortgagees as set forth in this Declaration shall continue in full force and effect for the duration of the extended term.

17.3 Termination Through Condemnation. The Condominium may only be terminated due to condemnation if all of the Condominium Property is taken in condemnation. If less than all of the Condominium Property is taken in condemnation, the Condominium continues as to those portions of the Condominium Property not so taken.

17.4 Certificate. Termination of the Condominium in any of the foregoing manners is evidenced by a certificate of the Association executed by its President and Secretary certifying to the facts effecting the termination, said certificate to become effective upon being recorded in the Public Records of Orange County, California.

18. HOTEL UNITS.

18.1 Rights and Ownership. Hotel Unit Owners are entitled to all of the rights and benefits otherwise provided to Owners under this Declaration. Hotel Unit Owners have the right to apply for or receive any permits necessary for any use of the Hotel Units not inconsistent with this Declaration and the Association must assist Hotel Unit Owners in applying for any permits in this regard. Hotel Units shall have a share in the Common Areas and the Common Surplus in accordance with Exhibit "D". In addition, the Owner of a Hotel Unit is solely responsible for all expenses of maintaining, repairing and operating the Hotel Unit. In addition to all appurtenances, easements and other benefits passing with Units as provided in this Declaration, each Hotel Unit has as an appurtenance to the Hotel Unit, the following perpetual nonexclusive easements for the use and benefit of the Hotel Unit Owners, their successors and assigns, social guests, lessees, licensees and invitees: an easement for ingress and egress over all Common Areas as the same may exist from time to time for such purposes as permitted by law, including such commercial activities as the Hotel Unit Owners may engage in from time to time; and an easement for maintenance, repair, replacement, removal and relocation of any items necessary for use of the Hotel Units as permitted in this Declaration. The Owner of each Hotel Unit may make changes to the interior design and arrangement of the Hotel Unit without an amendment to this Declaration and without the approval of the Board or other Owners.

18.2 Rights of Owners of Hotel Units. A Hotel Unit Owner may, in its sole discretion and without the consent of any Owner or the Association, subdivide its Hotel Unit, sell or lease all or a portion of the Hotel Unit, or use the Hotel Unit for any lawful use that is not prohibited by California law. Notwithstanding the rights to conduct commercial activities in a Hotel Unit, each Hotel Unit Owner has the right, in its sole discretion, to not engage in any commercial activity.

18.3 Conveyance. The Owner of a Hotel Unit may convey the Hotel Unit, or any subdivision of a Hotel Unit, to the Association without the consent of any other Owner, and the Association shall be obligated to accept such conveyance. A Hotel Unit conveyed to the Association as contemplated in this Declaration may only be conveyed by the Association to a third party in accordance with the same restrictions which govern the conveyance by the Association of portions of the Common Areas.

18.4 Amendments Affecting Hotel Unit Owners. **UNDER NO CIRCUMSTANCES MAY THIS DECLARATION OR ANY OF THE CONDOMINIUM DOCUMENTS BE AMENDED IN A MANNER THAT NEGATIVELY DISCRIMINATES**

AGAINST OR NEGATIVELY IMPACTS ANY OPERATIONS CONDUCTED IN ANY HOTEL UNITS, INCLUDING ANY LIMITATION, RESTRAINT, RESTRICTION, OR CONSTRUCTION ON (I) ACCESS BY HOTEL UNIT OWNERS OR THEIR GUESTS, INVITEES, OR LESSEES TO COMMON AREAS, EXCLUSIVE USE COMMON AREAS, SHARED FACILITIES OR UNITS; (II) THE SCOPE OF ACTIVITIES OR USES THAT CAN BE CONDUCTED IN HOTEL UNITS; OR (III) THE RIGHTS OF HOTEL UNIT OWNERS OR THEIR GUESTS, INVITEES, OR LESSEES. FURTHERMORE, THE PROVISIONS OF THIS ARTICLE SHALL NOT BE AMENDED IN ANY MANNER AND NO NEW PROVISIONS MAY BE ADOPTED IMPACTING THE ITEMS CONTAINED IN THIS DECLARATION.

18.5 Use of Hotel Unit EUCA's. The use of any Hotel Unit EUCA is exclusive to the owner of the Hotel Unit to which the Hotel Unit EUCA is appurtenant and to such persons as permitted by the owner of the Hotel Unit from time to time, including Owners, in the owner's sole, absolute and unfettered discretion.

18.6 Maintenance of Hotel Unit EUCA's. Maintenance, repair and replacement of any Hotel Unit EUCA is to be performed by the Owner of the Hotel Unit, at its sole cost and expense, in accordance with the provisions of Article 7.

18.7 Alteration of Hotel Unit EUCA's. The owner of the Hotel Unit to which a Hotel Unit EUCA is appurtenant has the right to reconstruct, alter, repair, renovate, restore or replace the Hotel Unit EUCA, or any portion of the Hotel Unit EUCA, without the approval of the Association or any Owner; provided, however, that the owner of the Hotel Unit to which the Hotel Unit EUCA is appurtenant has DVD's approval (which may be withheld by DVD in its sole, absolute and unfettered discretion) and provided further that such owner bears all costs associated with such reconstruction, alteration, renovation, restoration or replacement. Neither the Association nor any Owner have the right to reconstruct, alter, renovate, restore or replace the Hotel Unit EUCA's without the approval of the owner of the Hotel Unit to which the Hotel Unit EUCA is appurtenant.

19. SEVERABILITY, CONFLICT AND MISCELLANEOUS

19.1 Severability. The invalidity in whole or in part of any covenant or restriction, or any article, section, subsection, sentence, clause, phrase or word, or other provision of the Condominium Documents do not affect the validity of the remaining portions.

19.2 Conflict. If it should appear that any of the provisions of this Declaration are in conflict with the Master Declaration or the Ground Lease, then such provisions are deemed inoperative and null and void insofar as they may be in conflict therewith, and are deemed modified to conform to the Master Declaration or the Ground Lease, in that order.

19.3 Plural and Include. Where the context so indicates, a word in the singular form shall include the plural. The term "include" and similar terms (e.g., includes, including, included, comprises, comprising, such as, e.g., and for example), when used as part of a phrase including one or more specific items, are used by way of example and not of limitation.

19.4 Binding Effect. Except to the extent inconsistent with any applicable provision of law, the provisions of the Condominium Documents and the Master Declaration are enforceable equitable servitudes, and shall inure to the benefit of and are binding upon all parties having or acquiring any Unit or Ownership Interest and will be for the benefit of each Owner, the Owner's heirs, legal representatives, successors, and assigns. Each Owner will be fully discharged and relieved of liability on the covenants contained in the Condominium Documents and the Master Declaration upon ceasing to own such Unit or Ownership Interest and upon paying all sums and performing all obligations under such documents.

19.5 Captions. The captions used in the Condominium Documents are inserted solely as a matter of convenience and must not be relied upon or used in construing the effect or meaning of any of the provisions of this Declaration.

20. MERGER. This Declaration, the Association and the Common Areas of this Condominium may be merged with the declaration of condominium, condominium association and common areas of another condominium to form a single condominium upon approval in writing of the Association, pursuant to the affirmative vote or written consent of DVD and at least sixty-six and two-thirds percent (66 2/3%) of the total number of voting interests and the approval of all record owners of liens on the Units and Ownership Interests. In the event such consent and approval is obtained, a new or amended declaration of condominium, articles of incorporation and bylaws of the Association shall be recorded and shall contain such provisions as are necessary to amend and modify the appurtenances to the Units and the percentages by which the Owners of Units shall the Common Expenses and own the Common Surplus and Common Areas in order to create a consolidated single condominium.

21. ANNEXATION AND DEANNEXATION.

21.1 Annexation by Consent of Owners. Upon approval in writing of the Association, pursuant to the affirmative vote or written consent of DVD and a majority of the voting interests of Owners other than DVD, the owner of any property who desires to add it to the scheme of this Declaration as part of the Condominium and to subject it to the jurisdiction of the Association, may cause the same to be done as hereinafter provided in this Article 21, or in any other manner permitted by law.

21.2 Annexation Procedures. Any annexation authorized by this Article shall be made by recording in the Official Records of Orange County, California, a Declaration of Annexation with respect to the property to be annexed, which shall extend the scheme of this Declaration to the property to be annexed. The Declaration of Annexation shall contain at least the following:

- (a) A legal description of the property being annexed;
- (b) A statement submitting the property being annexed, to this Declaration, which shall be referred to by title and date and instrument number of recording;
- (c) A statement that the use restrictions imposed upon the property being annexed, are those set forth in this Declaration;
- (d) A statement reserving easements to DVD with respect to any of the annexed Units for model Unit purposes in accordance with the provisions of Section 4.3.1 hereof;
- (e) A Unit Plan describing the relative location of the Units in the property being annexed;
- (f) A schedule of identification numbers for the property being annexed, set forth in the same manner as those set forth for the Condominium Property in Exhibit "A" attached hereto;
- (g) Such other terms and conditions as DVD deems advisable or necessary so that this Declaration, as modified by such terms and conditions, provides more accurately for any different nature of the property being annexed; provided, however, that such terms and conditions shall not be inconsistent or in conflict with the terms and provisions hereof nor adversely or materially affect the interests of Owners hereunder; and
- (h) A written commitment by DVD to pay to the Association, concurrently with the closing of the escrow for the first sale of an Ownership Interest in the property being annexed, appropriate amounts for reserves for replacement of deferred maintenance of common area improvements in the property being annexed necessitated by or arising out of the use and occupancy of Units under a rental program conducted by DVD which has been in effect for a period of at least one (1) year as of the date of closing of the escrow for the first sale of a Unit in the property being annexed.

21.3 Deannexation. DVD may deannex from this Declaration all or any of the Units upon a legally described lot within the Condominium:

- (a) Prior to the closing of the first Ownership Interest to an Owner by DVD (the "Starting Date"), upon the recordation of a Declaration of Deannexation in the Office of the Orange County Recorder; or
- (b) Subsequent to the Starting Date, upon approval in writing of the Association, pursuant to the affirmative vote or written consent of Developer and a majority of the voting interests of the Owners other than the DVD and the recordation of a Declaration of Deannexation in the Office of the Orange County Recorder.

Notwithstanding the foregoing, from and after the Starting Date, the number of Units that are subject to this Declaration shall not be less than eighty percent (80%) of the number of Units previously subject to this Declaration. Further notwithstanding the foregoing, DVD may not deannex from this Declaration any Unit in which a Vacation Ownership Interest has already been conveyed.

21.4 Deannexation Procedures. The deannexation of a legally described lot within the Condominium, and the Units therein, from the scheme of this Declaration shall be effected by recording in the Office of the Orange County Recorder a Declaration of Deannexation which shall contain the following:

- (a) A legal description of the legally described parcel being deannexed and location thereof.

(b) Such other terms and conditions as DVD deems advisable or necessary; provided, however, that such terms and conditions shall not be inconsistent or in conflict with the terms and provisions hereof nor adversely or materially affect the interests of Owners hereunder.

21.5 Effect of Deannexation. Upon any deannexation pursuant to this Article, above, and at all times thereafter, this Declaration shall no longer govern the use, enjoyment, repair, maintenance, restoration and improvement of the Units so deannexed.

22. **MASTER DECLARATION.** This Declaration shall be read in conjunction with the terms, conditions, restrictions, limitations, rights and obligations set forth in the Master Declaration. The Master Declaration has been put into place to establish and create easements, assessments, covenants, and restrictions to provide for the joint use, maintenance, governance and operation of the Master Declaration Property as a single architectural entity. In the event of any conflict between the terms set forth herein and the terms of the Master Declaration, the terms of the Master Declaration shall control.

IN WITNESS WHEREOF, DVD has executed this Declaration on the day and year first above written.

WITNESSES

Michelle Hancharik
Print Name: Michelle Hancharik
J Greene
Print Name: J Greene

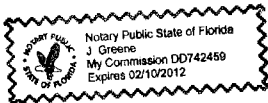
DISNEY VACATION DEVELOPMENT, INC.,
a Florida corporation
By: James M. Lewis
James M. Lewis
As its: President

STATE OF FLORIDA)
COUNTY OF Osceola) SS.

On December 16, 2008 before me, J Greene (insert name of notary public), personally appeared James M. Lewis as the President of **DISNEY VACATION DEVELOPMENT, INC.**, a Florida corporation, who proved to me on the basis of satisfactory evidence to be the person(s) whose name is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State in which this acknowledgment is taken that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: J Greene (Seal)



**CONSENT OF LESSOR
TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND CONDOMINIUM AND VACATION
OWNERSHIP PLAN**

THIS CONSENT (this "Consent") is made and entered into this 16 day of Dec, 2008 by WALT DISNEY WORLD CO., a Florida corporation, whose address is Post Office Box 10,000, Lake Buena Vista, Florida, 32830-1000 ("WORLDSCO").

RECITALS

A. WORLDSCO is the fee simple owner of that certain property (the "Master Property") more particularly described in and subject to the covenants, conditions and restrictions contained in that certain Master Declaration of Covenants, Conditions and Restrictions, recorded as Document No. 200800050993 in the Official Records of Orange County, California ("Master Declaration");

B. WORLDSCO, as lessor, has leased the Master Property to Disney Vacation Development, Inc., a Florida corporation ("DVD"), as lessee, pursuant to that certain Ground Lease by and between WORLDSCO and DVD and having and effective date of Dec. 1, 2007; a short form of which is described in that certain Memorandum of Ground Lease For Recordation having an effective date of Dec. 1, 2007 and recorded as Document No. 2008000590364 in the Official Records of Orange County, California (the "Ground Lease");

C. DVD has declared a portion of the Master Property to the condominium form of ownership pursuant to the Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Ownership Plan of The Villas at Disney's Grand Californian Hotel, a leasehold condominium, recorded as Document No. _____ in the Official Records of Orange County, California, to which this Consent is attached (the "Declaration"); RECORDED CONCURRENT HEREWIT#

D. The Ground Lease encumbers the land and the improvements located on such land, inclusive of Phase 1 as described in the Declaration; and

E. WORLDSCO, as lessor under the Ground Lease, has agreed to consent to the recordation of the Declaration.

NOW, THEREFORE, WORLDSCO provides as follows:

1. Recitals and Definitions. The above recitals are true and correct and are incorporated in this Declaration. All terms used in this Consent have the same meaning as the identical terms used in the Declaration unless the context otherwise requires.

2. Consent. WORLDSCO, as lessor under the Ground Lease and Declarant under the Master Declaration, agrees and does consent to the recordation of the Declaration; provided, however, that no amendment to the Declaration is effective against WORLDSCO unless WORLDSCO has executed a joinder and consent as to such amendment. Pursuant to the requirements of the Ground Lease, by the execution of this Consent, WORLDSCO provides DVD, the Association, the Owners and DVCMC with its consent and approval to the following specific matters:

a. The provisions of Article 11 of the Declaration regarding reconstruction or repair of the Condominium Property after casualty or eminent domain;

b. DVCMC, as the Management Company for the Condominium, and the Property Management Agreement between the Association and DVCMC;

c. The automatic assumption by the Association of the obligations of DVD as the tenant under the Ground Lease with respect to the property comprising the first phase of the Condominium Property and as limited pursuant to the terms of the Ground Lease; and

d. The use of the name "The Villas at Disney's Grand Californian Hotel, a leasehold condominium" to describe the Condominium and the management or operation of the Condominium as set forth in the Condominium Documents, and the use of the name "The Villas at Disney's Grand Californian Hotel Condominium Association, Inc." to describe the Association, all subject to the terms and conditions set forth in the Master Declaration, the Ground Lease and the Declaration;

IN WITNESS WHEREOF, WORLDCO has caused this instrument to be executed by its duly authorized officer the day and year first above written.

WITNESS:

WALT DISNEY WORLD CO., a Florida corporation

John McGowan
Print Name: John McGowan

[Signature]
By: _____

Tamara Bamford
Print Name: TAMARA J. BAMFORD

Name: Lee Schmeidler
As its: Vice-President

STATE OF FLORIDA)
COUNTY OF Orange) SS.

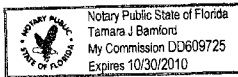
On December, 2008 BEFORE ME, *Tamara Bamford* (name and title notary public), appeared Lee Schmeidler Vice President of WALT DISNEY WORLD CO., a Florida corporation, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the entity on behalf of which he acted executed the foregoing instrument.

I certify under PENALTY OF PERJURY under the laws of the State in which this acknowledgment is taken that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

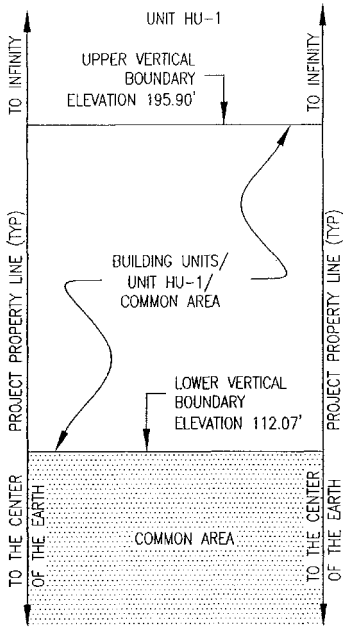
(NOTARY SEAL)

Tamara Bamford
NOTARY PUBLIC - State of Florida

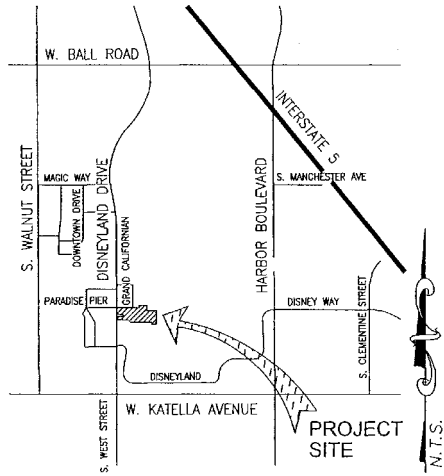


TYPICAL AIR SPACE AND COMMON AREA SECTION
VICINITY MAP
NOT TO SCALE

SHEET 11 OF 95 SHEETS



TYPICAL AIR SPACE AND
COMMON AREA SECTION



VICINITY MAP

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

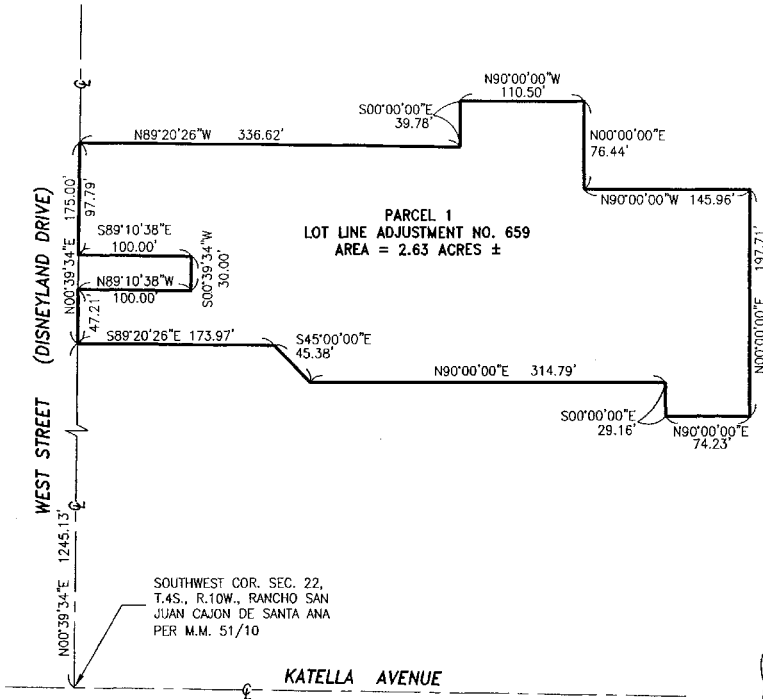
BOUNDARY MAP

SHEET 12 OF 95 SHEETS

SCALE: 1" = 100'

LEGEND

- BOUNDARY
- - - - - STREET CENTERLINE



BASIS OF BEARINGS
 RECORD OF SURVEY NO. 92-1104 IN THE
 CITY OF ANAHEIM, COUNTY OF ORANGE,
 STATE OF CALIFORNIA PER MAP FILED IN
 BOOK 144, PAGES 24 THROUGH 30 OF
 RECORDS OF SURVEY, OF SAID COUNTY.



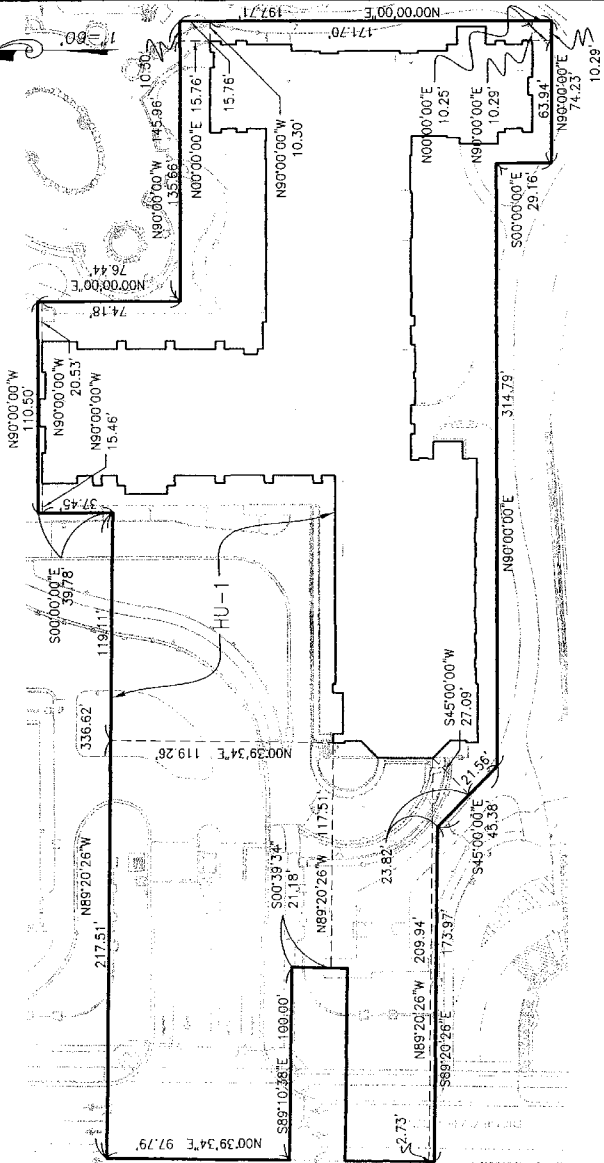
THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

BUILDING TIES

SCALE: 1" = 60'

LEGEND

— BOUNDARY
 - - - BUILDING TIES



PREPARED BY:



IKE CONSULTING ENGINEERS
 3621 S. HARBOR BLVD., SUITE 100
 SANTA ANA, CALIFORNIA 92704
 PHONE 714-241-0806 FAX 714-241-1221

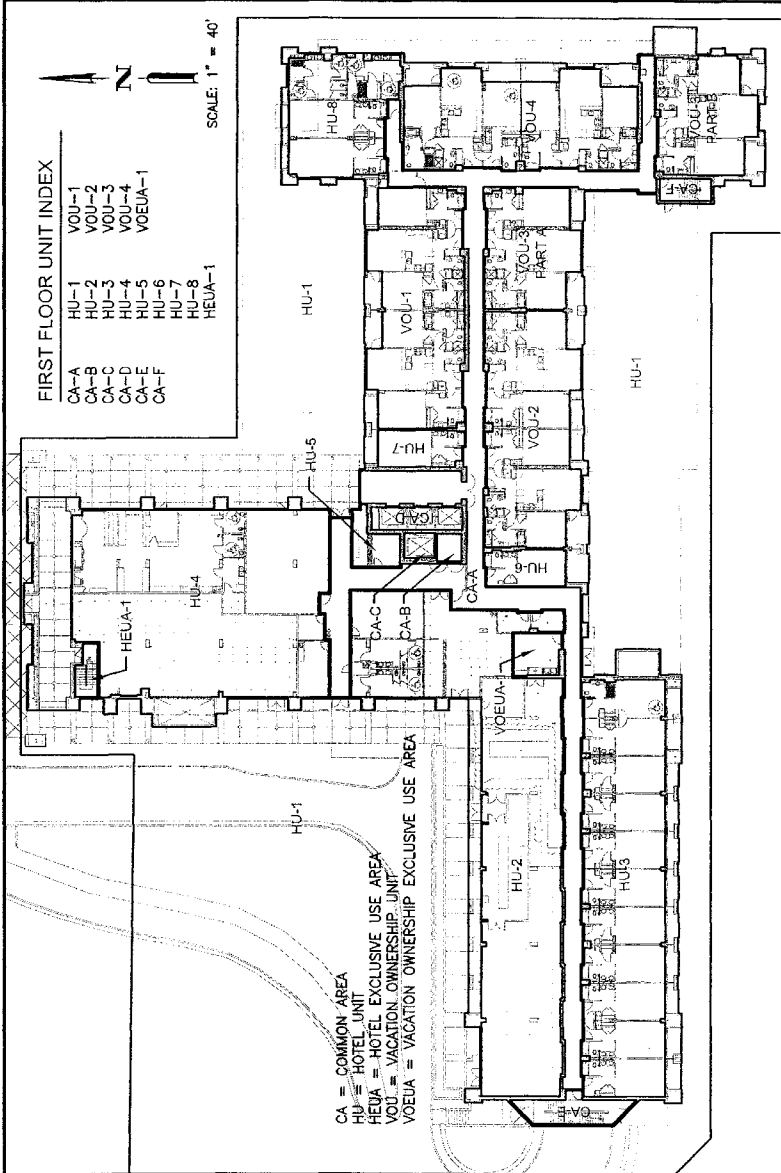
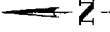
SHEET 13 OF 95 SHEETS

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

FIRST FLOOR UNIT INDEX

CA-A	HU-1	VOU-1
CA-B	HU-2	VOU-2
CA-C	HU-3	VOU-3
CA-D	HU-4	VOU-4
CA-E	HU-5	VOEUA-1
CA-F	HU-6	
	HU-7	
	HU-8	
HEUA-1		

SCALE: 1" = 40'



CA = COMMON AREA
 HU = HOTEL UNIT
 HEUA = HOTEL EXCLUSIVE USE AREA
 VOU = VACATION OWNERSHIP UNIT
 VOEUA = VACATION OWNERSHIP EXCLUSIVE USE AREA

PREPARED BY:



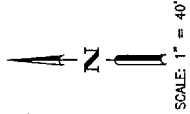
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SHEET 14 OF 95 SHEETS

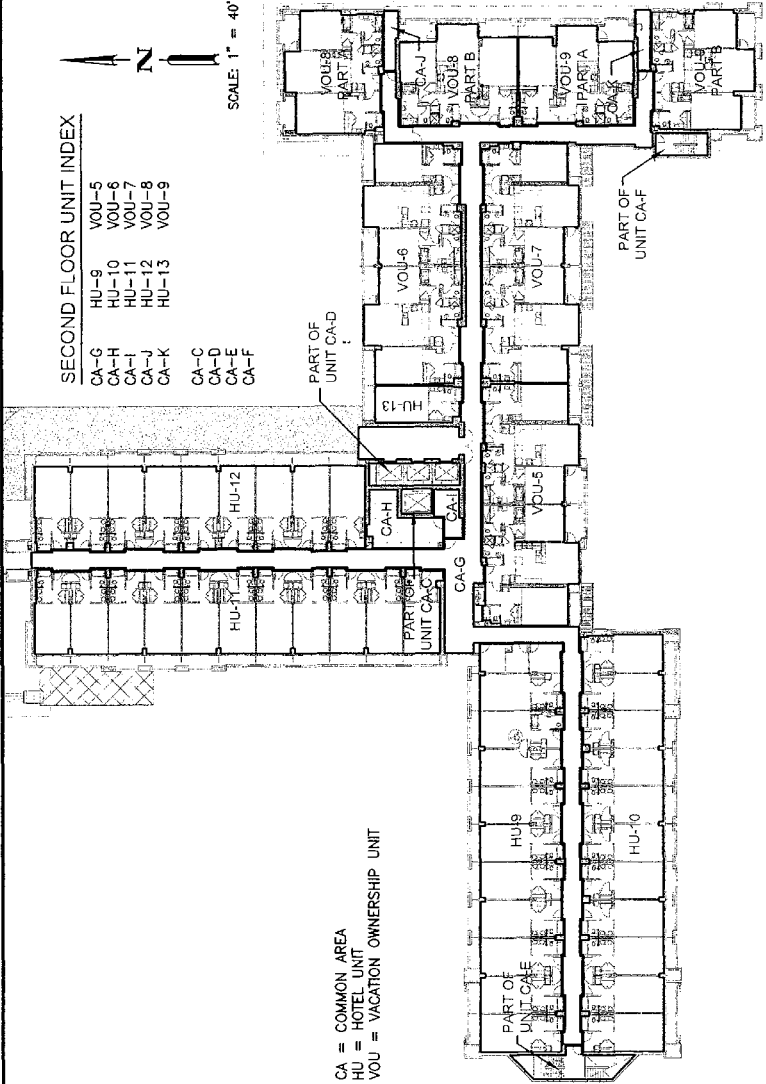
THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

SECOND FLOOR UNIT INDEX

- CA-G HU-9 VOU-5
- CA-H HU-10 VOU-6
- CA-I HU-11 VOU-7
- CA-J HU-12 VOU-8
- CA-K HU-13 VOU-9
- CA-C
- CA-D
- CA-E
- CA-F



CA = COMMON AREA
 HU = HOTEL UNIT
 VOU = VACATION OWNERSHIP UNIT



SHEET 15 OF 95 SHEETS

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

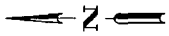
PREPARED BY:
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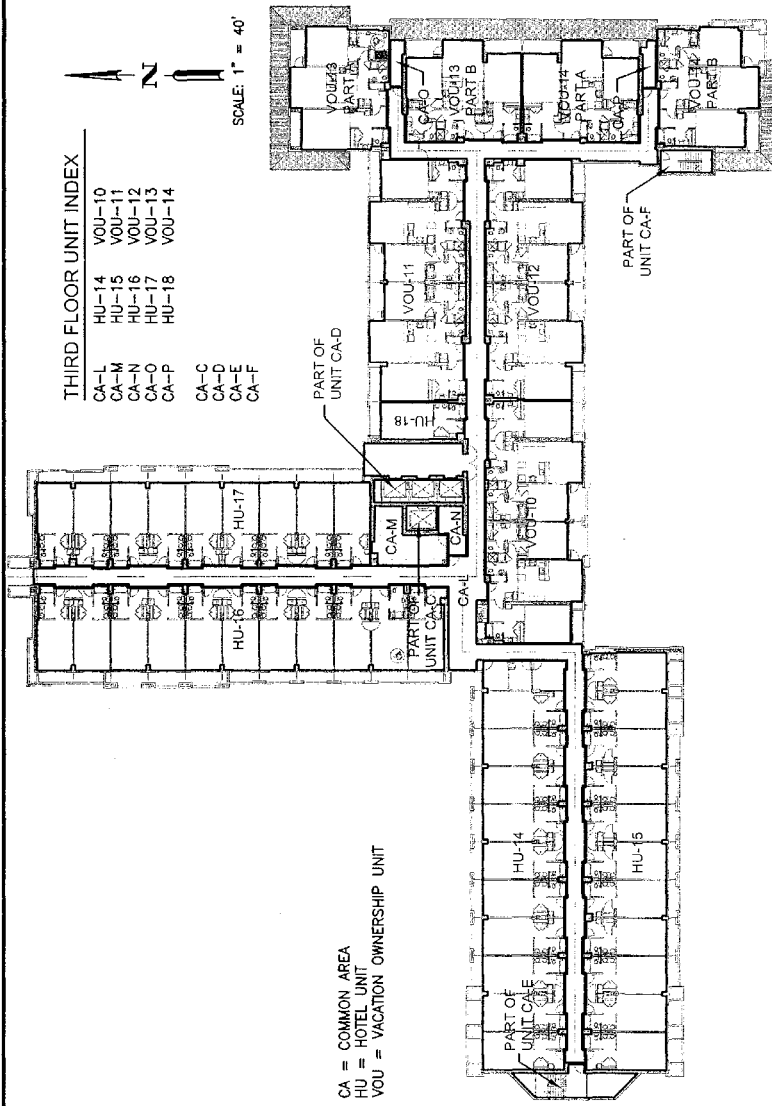
THIRD FLOOR UNIT INDEX

- CA-L HU-14 VOU-10
- CA-M HU-15 VOU-11
- CA-N HU-16 VOU-12
- CA-O HU-17 VOU-13
- CA-P HU-18 VOU-14

- CA-C
- CA-D
- CA-E
- CA-F



SCALE: 1" = 40'



CA = COMMON AREA
 HU = HOTEL UNIT
 VOU = VACATION OWNERSHIP UNIT

PREPARED BY:



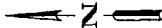
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 SANTA ANA, CALIFORNIA, 92704
 PHONE 714-241-0606 FAX 714-241-1221

SHEET 16 OF 95 SHEETS

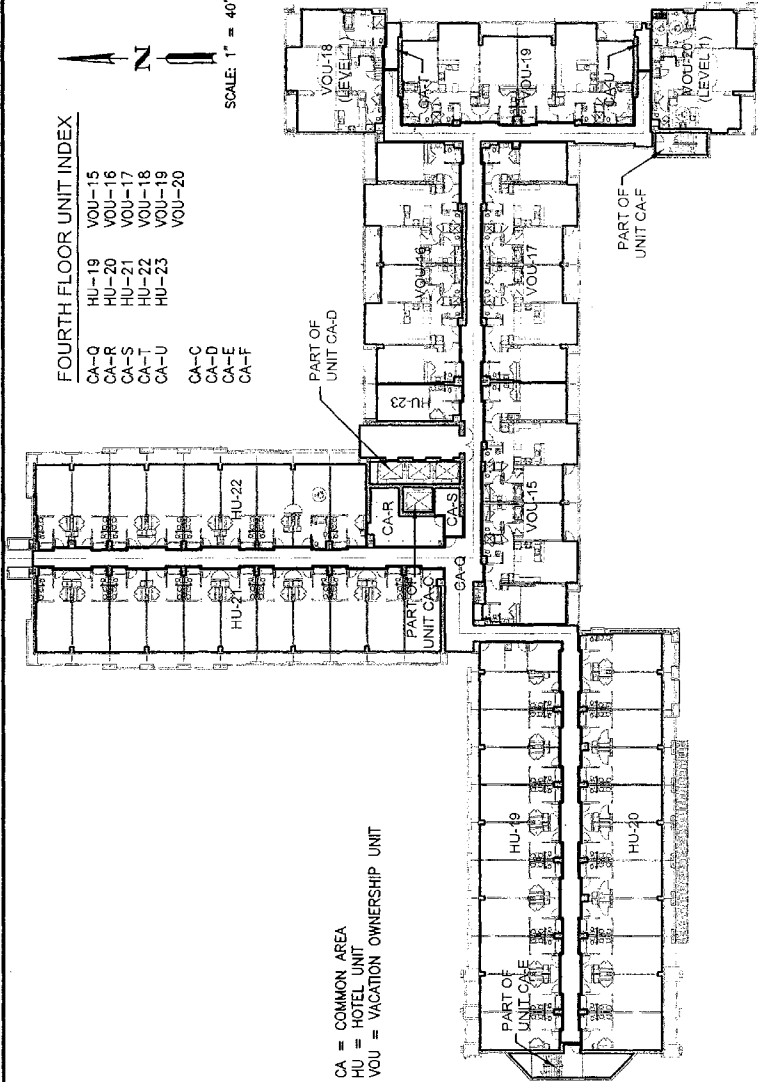
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 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

FOURTH FLOOR UNIT INDEX

- CA-Q
- CA-R
- CA-S
- CA-T
- CA-U
- CA-C
- CA-D
- CA-E
- CA-F
- HU-19
- HU-20
- HU-21
- HU-22
- HU-23
- VOU-15
- VOU-16
- VOU-17
- VOU-18
- VOU-19
- VOU-20



SCALE: 1" = 40'



CA = COMMON AREA
 HU = HOTEL UNIT
 VOU = VACATION OWNERSHIP UNIT

SHEET 17 OF 95 SHEETS

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

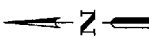
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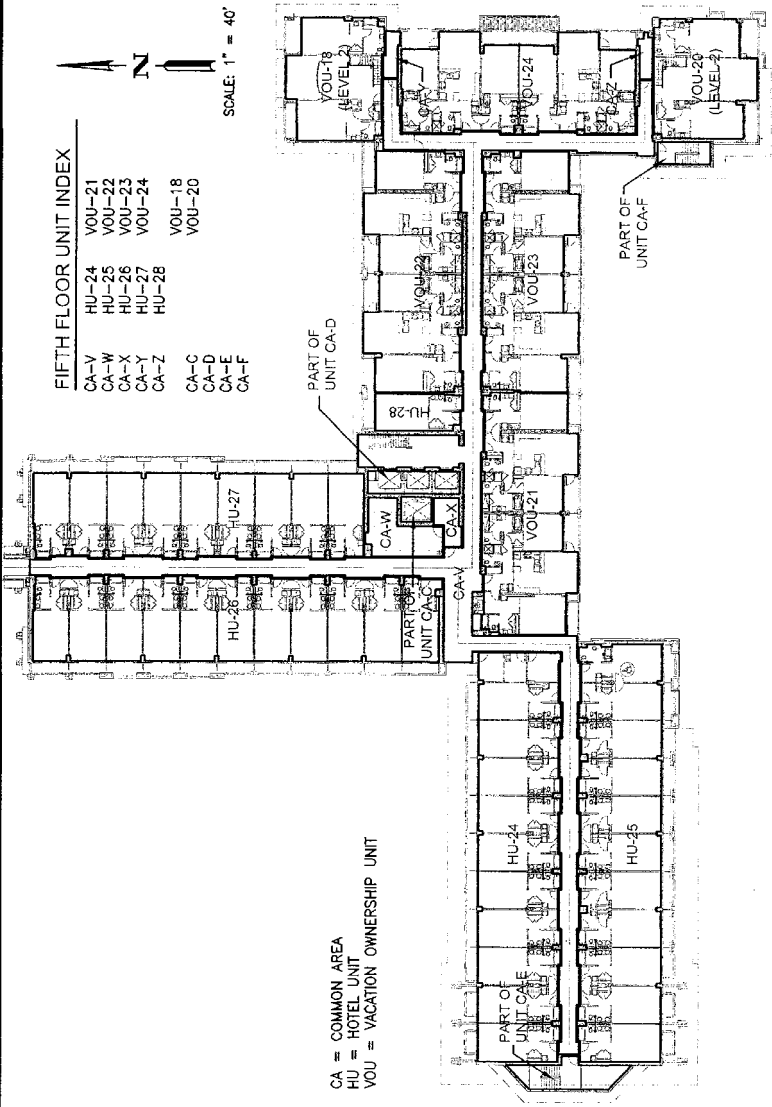
FIFTH FLOOR UNIT INDEX

- CA-V
- CA-W
- CA-X
- CA-Y
- CA-Z
- CA-C
- CA-D
- CA-E
- CA-F
- HU-24
- HU-25
- HU-26
- HU-27
- HU-28
- HU-18
- HU-20
- VOU-21
- VOU-22
- VOU-23
- VOU-24
- VOU-18
- VOU-20



SCALE: 1" = 40'

CA = COMMON AREA
 HU = HOTEL UNIT
 VOU = VACATION OWNERSHIP UNIT



SHEET 18 OF 95 SHEETS

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

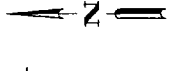
PREPARED BY:

IKE CONSULTING ENGINEERS
 3621 S. HARBOR BLVD., SUITE 100
 SANTA ANA, CALIFORNIA 92704
 PHONE 714-241-0606 FAX 714-241-1221



SIXTH FLOOR UNIT INDEX

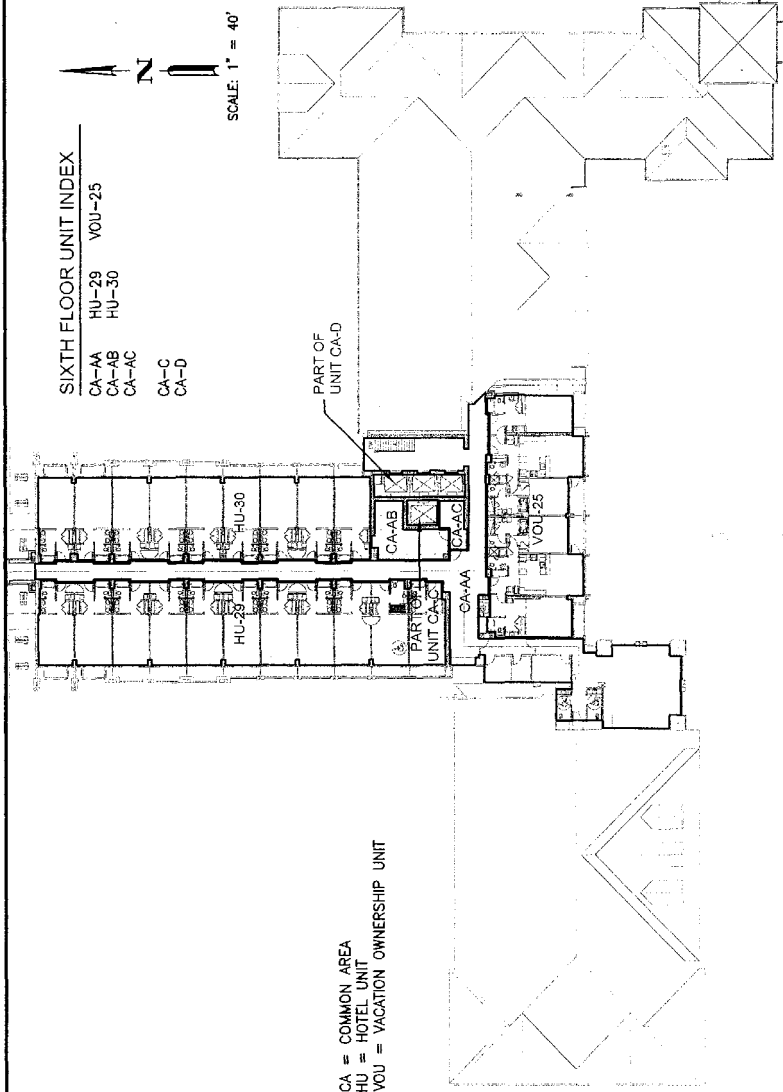
- CA-AA HU-29 VOU-25
- CA-AB HU-30
- CA-AC
- CA-C
- CA-D



SCALE: 1" = 40'

CA = COMMON AREA
 HU = HOTEL UNIT
 VOU = VACATION OWNERSHIP UNIT

PART OF
 UNIT CA-D



SHEET 19 OF 95 SHEETS

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

PREPARED BY:

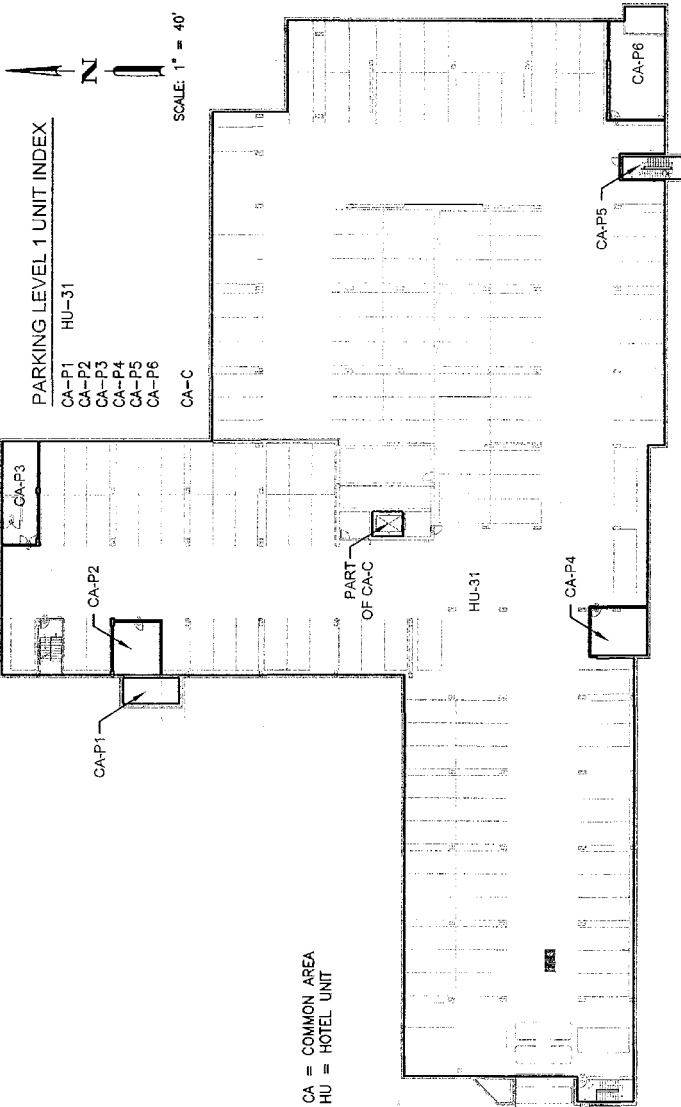


IKE CONSULTING ENGINEERS
 3621 S. HARBOR BLVD., SUITE 100
 SANTA ANA, CALIFORNIA 92704
 PHONE 714-341-0606 FAX 714-341-1321

PARKING LEVEL 1 UNIT INDEX

- CA-P1
- CA-P2
- CA-P3
- CA-P4
- CA-P5
- CA-P6
- CA-C
- HU-31

SCALE: 1" = 40'



CA = COMMON AREA
HU = HOTEL UNIT

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SHEET 20 OF 95 SHEETS

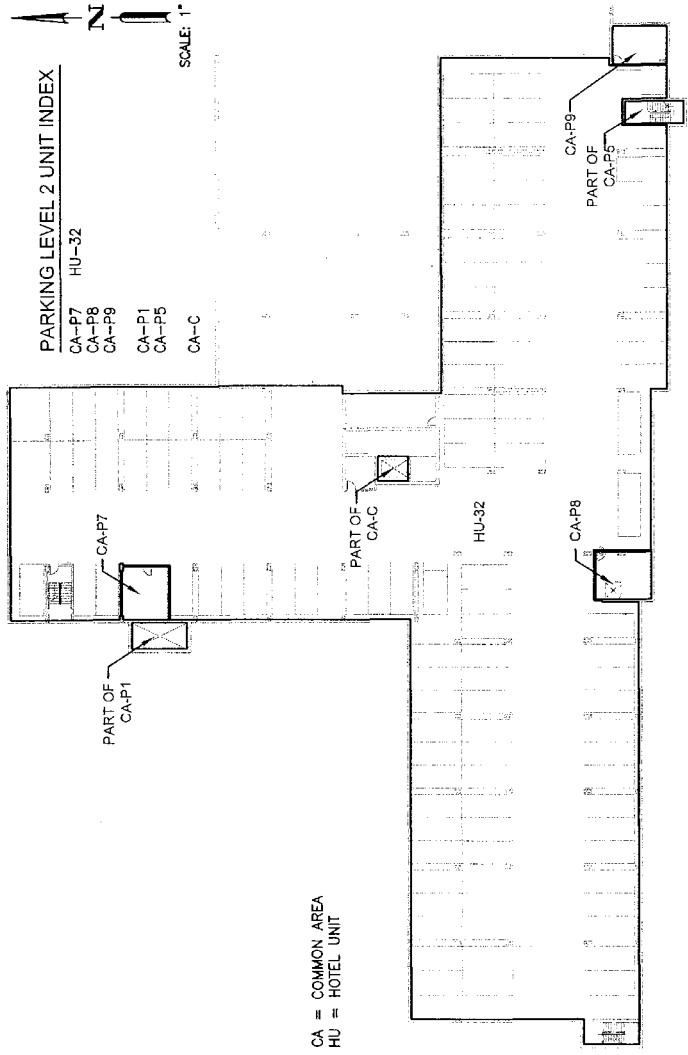
THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA



PARKING LEVEL 2 UNIT INDEX

- HU-32
- CA-P7
- CA-P8
- CA-P9
- CA-P1
- CA-P5
- CA-C

SCALE: 1" = 40'



CA = COMMON AREA
 HU = HOTEL UNIT

PREPARED BY:



IKE CONSULTING ENGINEERS
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SHEET 21 OF 95 SHEETS

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL - A LEASEHOLD CONDOMINIUM
 A PORTION OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST
 CITY OF ANAHEIM, ORANGE COUNTY, CALIFORNIA

Exhibit "D"

PERCENTAGE INTEREST IN COMMON ELEMENTS

Each Unit within the Condominium shall have an undivided percentage interest in the Common Elements and Common Surplus on a fractional basis in accordance with this Exhibit "D". This percentage interest in Common Elements and Common Surplus ("Percentage Interest") shall first be split between the Hotel Units and the Vacation Ownership Units based upon in accordance with the following mathematical formulas:

$$HS = HR / (HR + VOBR)$$
$$VOS = VOBR / (HR + VOBR)$$

1. "HS" represents the Percentage Interest for all of the Hotel Units
2. "HR" represents the number of hotel rooms in all Hotel Units
3. "VOBR" represents the number of bedrooms in all Vacation Ownership Units.
4. "VOS" represents the Percentage Interest for all of the Vacation Ownership Units

The Percentage Interest of a given Hotel Unit declared into the Condominium from time to time shall always equal the Percentage Interest for all of the Hotel Units multiplied by the total square footage of that Hotel Unit divided by the total square footage of all Hotel Units declared into the Condominium.

To determine the exact Percentage Interest of a given Hotel Unit declared into the Condominium at any given time, the following mathematical formula applies: $HI = HS * (HB/HT)$

1. "HI" represents the interest to be determined of a particular Hotel Unit.
2. "HS" represents the Percentage Interest for all of the Hotel Units
3. "HB" represents the square footage of the particular Hotel Unit.
4. "HT" represents the total square footage of all of the Hotel Units declared as part of the Condominium.

The Percentage Interest of a given Vacation Ownership Unit declared into the Condominium from time to time shall always equal the Percentage Interest for all of the Vacation Ownership Units multiplied by the total square footage of that Vacation Ownership Unit divided by the total square footage of all Vacation Ownership Units declared into the Condominium.

To determine the exact Percentage Interest of a given Vacation Ownership Unit declared into the Condominium at any given time, the following mathematical formula applies: $VI = VOS * (VB/VT)$

1. "VI" represents the interest to be determined of a particular Vacation Ownership Unit.
2. "VOS" represents the Percentage Interest for all of the Vacation Ownership Units
3. "VB" represents the square footage of the particular Vacation Ownership Unit.
4. "VT" represents the total square footage of all of the Vacation Ownership Units declared as part of the Condominium.

**This Document was electronically recorded by
First American NVOD LV**

This instrument prepared by and return to:

John McGowan, Esq.
c/o Compliance Department
Disney Vacation Development, Inc.
200 Celebration Place
Celebration, Florida 34747
(407) 566-3000

**Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder**



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**MASTER DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made effective the 16th day of December 2008, by **WALT DISNEY WORLD CO.**, a Florida corporation, whose address is Post Office Box 10000, Lake Buena Vista, Florida 32830-1000.

W I T N E S S E I H

WHEREAS, Worldco (as defined in Article I below) is the owner of that certain real property located in Orange County, State of California, which real property is more particularly described in Exhibit A attached to this Master Declaration and by this reference incorporated in this Master Declaration; and

WHEREAS, Worldco anticipates that all or a portion of the Master Property (as defined in Article I below), as it may exist from time to time, will be subjected to the condominium form of ownership, and that all or a portion of the accommodations may be subjected to a timeshare plan; and

WHEREAS, Worldco anticipates that the Master Property will be developed as a multi-use master planned project containing retail, restaurant, hotel, condominium and timeshare components and the project shall also include certain Shared Areas (as defined in Article I below), including roads, support facilities, open space green belt areas and other facilities; and

WHEREAS, a portion of the Master Property currently includes an existing hotel commonly known as **DISNEY'S GRAND CALIFORNIAN Hotel & Spa** (the "**Existing Hotel**").

WHEREAS, Worldco is currently constructing within the Master Property (and adjacent and connected to the Existing Hotel) an annex to the Existing Hotel which will include both additional hotel rooms (which may be located within one or more condominium units) and timeshare condominium units.

WHEREAS, Worldco desires to provide for the preservation and enhancement of the desirability and attractiveness of the Master Property; to ensure that any improvements that may be developed on the Master Property will be designed, constructed, and at all times used, operated, managed and maintained in compliance with all Applicable Laws (as defined in Article I below) and this Master Declaration and in compliance and conformity with the Disney Standard (as defined in Article I below); to provide for the common use of and the sharing of expenses for the maintenance and repair of Shared Areas; and to permit the development of the Shared Areas and the alteration, renovation, removal, or modification of certain of the Shared Areas to integrate with, enhance and support the surrounding larger development of the Master Property and the Resort.

NOW, THEREFORE, Worldco declares that all of the Master Property shall be held, transferred, sold, conveyed, leased, mortgaged, occupied and otherwise dealt with subject to the covenants, conditions, restrictions, reservations, easements, charges and liens, as set forth in this Master Declaration (as defined in Article I below), all of which are in furtherance of the foregoing purposes. Such covenants, conditions, restrictions, reservations, easements, charges and liens shall run with the Master Property, shall be binding upon all parties having or acquiring any right, title or interest in or lien upon the Master Property, their successors, assigns and legal representatives, and shall inure to the benefit of each and every person or entity from time to time, owning or holding an interest in or lien upon the Master Property or any portion of the Master Property.

I. **DEFINITIONS.** The following words when used in this Master Declaration shall have the following meanings:

"Accommodation" means a unit used for residential occupancy purposes, whether or not declared as part of a Condominium or Timeshare Plan.

"Applicable Law" means any and all applicable statutes, common laws, judicial determinations, ordinances, requirements, orders, directions, rules and regulations having the force of law enacted or promulgated or issued by federal, state, regional, county or municipal governments or courts or by any of their respective departments, bureaus and offices or by any other governmental authorities with jurisdiction over the Master Property or the ownership, design, construction, reconstruction, alteration, renovation, restoration, replacement, zoning, use, land use, operation, management, condition (including environmental and non-environmental conditions), repair or maintenance of the Master Property. Applicable Law shall be determined as it is constituted on the date this Master Declaration is recorded, unless otherwise provided in this Master Declaration.

"Architectural Review Officer" or **"ARO"** means the person or persons designated by Worldco and further described in Article V of this Master Declaration.

"Association" means any condominium or other owners' association responsible for the maintenance and operation of any portion of the Master Property declared as Condominium Property, declared as Timeshare Property or subject to subdivision restrictions or other similar restrictive documents pursuant to which an owners' association is created. The Association shall be the only representative authorized to act on behalf of a member or members of such Association, including any Owners, with respect to the provisions of this Master Declaration. Whenever the governing board of the Association gives its acknowledgment, consent, understanding or agreement with respect to this Master Declaration, such acknowledgment, consent, understanding or agreement shall be deemed to also have been given by each member of such Association and shall be absolutely binding upon each such member. Nothing contained in this Master Declaration shall be deemed to relieve any individual member of an Association from the requirement of complying with any provision of this Master Declaration.

"Capital Improvement Expense" means a charge against each Owner and its Parcel, representing a portion of the costs incurred by Worldco for construction, installation or replacement of any capital improvement to or for any portion of the Shared Areas for which Worldco is responsible as provided in this Declaration, or any repair of such an Improvement amounting to a capital expenditure under generally accepted accounting principles, which Worldco may, from time to time, undertake pursuant to this instrument. "Construction" herein does not refer to the initial construction of any portion of the Shared Areas or other Improvements.

"Condominium" means that form of ownership of real property, whether created on land owned in fee simple or held under lease, created pursuant to applicable law, pursuant to which owners of the Condominium own a specific condominium unit (either individually or jointly with other owners) and an undivided interest in common with all other owners in the common area of the Condominium.

"Condominium Property" means any portion of the Master Property, or rights or interests in the Master Property, which is made subject to a recorded declaration of condominium in accordance with applicable law. If any Condominium so created is a phased Condominium, all portions of the Master Property made subject to the condominium form of ownership by amendments or supplements to the declaration of condominium shall be deemed included within and a part of the Condominium Property, if and when such amendments or supplements are recorded.

"Designated Facilities" consist of such facilities as Worldco may specifically designate, from time to time, as **"Designated Facilities"** in its sole, absolute, and unfettered discretion. Such designation shall be made by the filing of record, from time to time, of an instrument referencing the provisions of this Master Declaration executed by Worldco and recorded in the Public Records of Orange County, California.

"Disney Standard" means the overall theme, concept, family-oriented atmosphere and extraordinarily high standards of quality (including, without limitation, standards of quality with respect to design, aesthetics, operation, maintenance and services) which have come to be known and expected at the Resort, as determined from time to time by Worldco or the ARO, in its sole, absolute and unfettered discretion.

"Essential Utilities" means potable water, electricity, stormwater drainage and sanitary sewer.

"Ground Lease" means and refers to any ground lease that Worldco may enter into with another entity for the purpose of leasing Worldco's interest in all or a portion of the Master Property. In such event, this Master Declaration will govern and control and shall be superior to the terms of such ground lease and such lessee, its successors, and assigns and anyone claiming through the lessee, its successors or assigns shall be governed by this Master Declaration.

"Hotel Master Parcel" means and refers to all of the Master Property except the Residential Master Parcel, and includes the Improvements located on the Hotel Master Parcel from time to time, including, without limitation, the Existing Hotel.

"Improvements" consist of all structures, buildings, infrastructure, and all appurtenant and related facilities, and Designated Facilities constructed and located from time to time on the Master Property, together with any and all additions to and replacements of the Master Property, and all other improvements now or hereafter located on the Master Property. Improvements shall include, but shall not be limited to, the Accommodations, Surface Water Management System, Streets and Roadways, Utility Services, fences, walls, lift stations and signage.

"Insurance Trustee" shall have the meaning set forth in Section 4.4.

"Joint Use Facilities" means those portions of the Existing Hotel which may be jointly used from time to time to provide services jointly to the Existing Hotel and the Improvements located on the Residential Master Parcel, including, without limitation,

1. The hotel lobby;
2. Laundry facilities, maid facilities, and housekeeping facilities; and
3. Check-in desk, a management office, and back office facilities.

"Master Declaration" means this Master Declaration of Covenants, Conditions and Restrictions, as the same may be amended or supplemented from time to time.

"Master Property" means that certain real property lying and situated in Orange County, State of California, which real property is more particularly described in Exhibit A attached to this Master Declaration and by this reference incorporated in this Master Declaration, together with all Improvements on the Master Property. All references to the Master Property shall be deemed to apply to all portions and any portion of the Master Property whether or not such portions are separately owned, managed, or developed.

"Master Parcel" means each primary portion of the Master Property designated and shown in Exhibit "A" and the Improvements located thereon from time to time. The Master Property is currently divided into two (2) Master Parcels: a Residential Master Parcel and the Hotel Master Parcel.

"Master Parcel Owner" means the Owner of a Master Parcel.

"Open Area" means those areas of open space located from time to time on the Master Property and that are not included within the Improvements.

"Owner" means the record owner of fee title or lessee, whether one or more persons or entities, in any portion of the Master Property. Owner shall not refer to any mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any alternative in lieu of foreclosure. As to any portion of the Master Property declared as Condominium Property, declared as Timeshare Property or subject to subdivision restrictions or other similar restrictive documents pursuant to which an Association is created, such Association shall be deemed the Owner for such portion of the Master Property; provided however, that this definition shall not relieve any member of such Association as an owner of an interest subject to the declaration of condominium, timeshare instrument or restrictive documents from complying with the restrictions and conditions set forth in this Master Declaration. Each Association shall be the only representative authorized to act on behalf of the members of such Association, including any Owners, with respect to the provisions of this Master Declaration. Whenever the governing board of the Association gives its acknowledgment, consent, understanding, or

agreement with respect to this Master Declaration, or whenever any notice is served or delivered to such governing board pursuant to this Master Declaration, such acknowledgment, consent, understanding, agreement, service or delivery shall be deemed to also have been given or received by each member of the Association and shall be absolutely binding on each member.

"Parcel" means any portion of the Master Property.

"Prohibited Deletions" consist of those portions of the Master Property which may not be deleted from encumbrance by this Master Declaration, as provided in Section 2.3.2, except as otherwise set forth in Section 2.3.2.

"Residential Master Parcel" means and refers to the Master Parcel identified and described on Exhibit "B" and the Improvements located thereon from time to time.

"Resort" means the DISNEYLAND® Resort located in Anaheim, California, in which the Master Property is located.

"Rules and Regulations" mean any rules and regulations promulgated and deemed advisable from time to time by Worldco or the ARO in their sole, absolute and unfettered discretion.

"Shared Area Expenses" means all costs and expenses of maintenance and operation of the Shared Areas, including the payment of insurance on the Shared Areas, and all expenses of repair, refurbishment, preservation, enhancement, or replacement of the Shared Areas including, without limitation, all Capital Improvement Expenses, and all costs of labor, equipment, materials, insurance and landscaping related to the Shared Areas including, without limitation, all Capital Improvement Expenses and all costs related to services provided to or from the Shared Areas, including, without limitation, check in/check out services, concierge and valet services, housekeeping and janitorial services.

"Shared Areas" means those portions of the Master Property consisting of the Designated Facilities, any portions of Streets and Roadways, any Open Areas, landscaping and hardscaping, the Joint Use Facilities, security gates, interior hallways, entranceways, the Surface Water Management System, storm water drainage systems, water distribution systems and other utility service systems, trash compactors, trash dumpsters, delivery area and loading dock, lift stations, any structures connecting the Improvements on the Residential Master Parcel with the Improvements on the Hotel Master Parcel or any other Improvements (except Accommodations) that are integral to the structure, operation, use, or enjoyment of the Master Property as determined by the ARO, in its sole, absolute, and unfettered discretion, from time to time, and any of the following systems and equipment to the extent such systems and equipment serve both Master Parcels: central Utility Services, building control system hardware, software, and computer stations, central security system, fire escapes, fire command center, fire panels, fire equipment room, emergency generator room, fire pump room, switch gear equipment, generator, fuel tank, fire pump and fire sprinkler systems, water pump, water distribution systems, piping systems, exfiltration systems, sewage collection system, storm water drainage system; electrical systems, main electrical room (and appurtenant equipment), mechanical rooms, exterior lighting, generators, lighting protection systems, communication systems (low voltage system), HVAC systems, chillers, cooling towers, exhaust chases, smoke evacuation systems and ventilation chases, boilers, pipes, compressors, conduits, ducts, engines, equipment, plumbing, and ventilating. The ARO shall have the right, in its sole, absolute, and unfettered discretion, to determine that any area (other than a Designated Facility) no longer needs to be a Shared Area. Shared Areas shall not include any Accommodations. Shared Areas also will not include any facilities used for the conduct of a business, as offices, for commercial activities, or for profit-making ventures as determined by the ARO, in its sole, absolute, and unfettered discretion.

"Streets and Roadways" means all ingress and egress infrastructure constructed upon or across the Master Property including streets, roadways, driveways, parking areas, paths and sidewalks.

"Surface Water Management System" means the surface water management system located on the Master Property consisting of any swales, inlets, culverts, retention ponds, outfalls, storm drains, pump stations, connecting pipes and similar systems used in connection with the retention, drainage and control of surface water.

"Timeshare Plan" means a timeshare plan created pursuant to the Vacation Ownership and Timeshare Act of 2004 as set forth in the California Business and Professional Code, Section 11210 et. seq., or other applicable law.

"Timeshare Property" means any portion of the Master Property that is made subject to a Timeshare Plan.

"TWDC Companies" means The Walt Disney Company, a Delaware corporation, its successors and assigns, and all of its subsidiaries.

"Utility Services" means any kind of utilities servicing the Master Property whatsoever, including water, natural gas, cable television, telephone service, electricity, sewage and solid waste disposal and communications and any other similar public service or convenience facility supplied to any portion of the Master Property.

"Visible Area" means any portion of the Improvements (including any curtain wall, facade, window shades, blinds and other window covering, roof(s), or other area of the Improvements) visible from the exterior of such Improvements.

"Worldco" means Walt Disney World Co., a Florida corporation and an affiliate of The Walt Disney Company, a Delaware corporation, its successors and any assigns who take assignment of the rights and duties under this Master Declaration pursuant to a written instrument recorded in the Official Records of Orange County, California.

"Work" means any grading, site work, planting or removal of plants, trees, shrubs or other landscaping materials, or construction, installation or material modification of any Improvements. A modification shall be deemed material if it would involve a visible change or addition to the exterior of any Improvements if it would impact the structural integrity of any Improvement or, as to the interior of an Improvement, modifications which would not comply with the Master Declaration or Applicable Law, as it may exist from time to time. Work does not include non-structural changes to the interior of any Improvements.

II. PROPERTY SUBJECT TO THIS MASTER DECLARATION: ADDITIONS THERETO AND DELETIONS THEREFROM.

2.1 Master Property. The real property which is, and shall hereafter be, held, transferred, sold, conveyed, leased, mortgaged, occupied and otherwise dealt with subject to this Master Declaration is the Master Property.

2.2 Additions to Master Property. Worldco, from time to time, may, in its sole, absolute and unfettered discretion, cause additional real property to become subject to this Master Declaration; but under no circumstance shall Worldco be required to make such additions.

2.2.1 Other Worldco Property. No other real property owned by Worldco shall in any way be affected by or become subject to this Master Declaration, except as specifically provided for in this Master Declaration, until such time, if ever, such real property is added to the Master Property.

2.2.2 Development of Additions. Any real property to be hereafter added to the Master Property and to become subject to this Master Declaration shall be used or developed in such a manner to provide for the preservation and enhancement of the desirability and attractiveness of the overall real property subjected to this Master Declaration in the same manner as described for the Master Property.

2.2.3 Amendment to Master Declaration/Supplemental Declaration. Any additions to the Master Property authorized under this Master Declaration shall be made by the filing of record, from time to time, of an amendment to this Master Declaration or a supplemental Master Declaration of Covenants, Conditions and Restrictions, executed by Worldco, which shall extend the covenants, conditions and restrictions contained in this Master Declaration to such property. Such amended Master Declaration or supplemental Master Declaration of Covenants, Conditions and Restrictions may contain such amendments or additional provisions as Worldco may deem necessary in its sole, absolute, and unfettered discretion. Worldco shall not be required to obtain the approval or consent of any Owner or any person claiming by, through, or under any Owner to add any property to the Master Property pursuant to this Section.

2.3 Deletions from Master Property.

2.3.1 Worldco Rights. Subject to any Prohibited Deletions, Worldco may, without the consent of any Owner or any person claiming by, through, or under any Owner, at any time delete or de-annex any portion of the Master Property owned by Worldco from encumbrance by this Master Declaration by executing and filing of record a Notice of Deletion from Master Declaration of Covenants, Conditions, and Restrictions. No Owner, or any entity claiming by,

through, or under any Owner, shall have any right to claim detrimental reliance on this Master Declaration with regard to any portion of the Master Property deleted from these Master Restrictions by Worldco pursuant to this Section.

2.3.1 Prohibited Deletions. Subject to Worldco's reserved rights in Section 9.4.2 below, Worldco shall not delete, without approval of all Owners, any portion of the Master Property which deletion would result in the deletion of any Designated Facility from this Master Declaration. Worldco shall not delete, without the approval of all Owners, any portion of the Master Property which deletion would result in the elimination of all reasonable ingress and egress rights to a dedicated right of way granted pursuant to Article III or the elimination of drainage or utility easement rights granted pursuant to Article III.

III. PROPERTY RIGHTS IN THE MASTER PROPERTY

3.1 Title to Master Property. At the time of the recording of this Master Declaration, Worldco is the fee title holder of the entire Master Property. Nothing contained in this Master Declaration is intended to prohibit or in any manner restrict Worldco's ability to sell, transfer, convey, assign, lease, mortgage, encumber or otherwise dispose of any or all of its interest in all or a portion of the Master Property to any person. Worldco acknowledges and understands that if any portion of the Master Property is developed as a leasehold Condominium pursuant to the terms of a Ground Lease, ownership of the condominium units, undivided interests in the condominium units or timeshare interests in the condominium units shall be real property interests for the term of the Ground Lease. Nothing in this Master Declaration is intended to grant by implication any rights in or to the Master Property other than the rights specifically set forth in this Master Declaration.

3.2 Development Permitted. The Master Property may be developed for any lawful purpose, including the construction, use, operation, maintenance, repair and replacement of Improvements or Open Areas. All development of the Master Property shall be in accordance with this Master Declaration and Applicable Law. It is expressly contemplated that such development may involve the creation of a Condominium, a Timeshare Plan, or a combination of the two. The development may also involve the continued operation and further creation of commercial or other profit making ventures, as may be designated by Worldco.

3.3 Worldco Rights in the Master Property

3.3.1 Worldco Rights. Notwithstanding anything to the contrary contained in this Declaration, or within any other agreement, document, instrument or writing, Worldco shall have and reserves unto itself non-exclusive use and access rights over, upon, under and across the Master Property (together with the right to assign all or any portion of such rights) including the right to: (i) erect, maintain, repair, replace, relocate and use electric and telephone poles, wires, cables, conduits, sewers, water mains, pipes, machinery, and other suitable equipment or improvement related thereto, whether public or private, used in connection with, or in any way related to, the production, transmission, conveyance, distribution or use of electricity, telephone, cable television, communications (voice, video or data), gas, sewer, water, storm water, security or any other public conveniences or utilities; (ii) plant, maintain, remove, relocate or replace any trees, bushes, shrubbery or other landscaping; (iii) perform any excavation, filling, digging, earth moving or grading activities; (iv) construct, maintain, repair, replace, relocate, remove, modify, support or alter Improvements and Open Areas of every kind or nature as may be permitted by Applicable Laws and this Master Declaration, including, without limitation, a monorail or Streets and Roadways servicing properties owned by Worldco or the TWDC Companies as part of the Resort transportation system; (v) landscape or otherwise do those acts necessary to maintain or enhance the aesthetic quality of the Master Property and the Improvements and Open Areas to be developed on the Master Property; (vi) locate, construct, repair, maintain, replace or relocate wells, lift stations, pumping stations, tanks and any other facilities associated therewith; (vii) take any other similar action reasonably necessary to provide economical and safe utility installation on or about the Master Property and to maintain, at all times, high standards of health, safety and appearance; (viii) share in the license and easement rights granted to Owners pursuant to this Master Declaration; (ix) access and use, and allow its guests, invitees and licensees to access and use any Shared Area; (x) conduct marketing, sales, and rental of Parcels owned by Worldco or the TWDC Companies; (xi) develop, construct, remodel, or otherwise do any and all acts necessary or desirable to develop the Master Property in any manner deemed desirable by Worldco or its designees from time to time; (xii) perform maintenance on and otherwise manage the Hotel Master Parcel (including, without limitation the Joint Use Facilities) in accordance with the provisions of this Master Declaration; (xiii) employ or contract with a manager (which may be a TWDC Company) with respect to maintenance of the Hotel Master Parcel, and delegate its powers to committees, officers and

employees; and to assign and delegate for the term of any management contract, any or all of its obligations, privileges and immunities under this Master Declaration; (xiii) control the appearance of the exterior of any Improvements located on the Master Property and the appearance of any Visible Area; and (xiv) otherwise do any and all acts necessary or desirable to develop the Master Property in any manner deemed desirable by Worldco and in Worldco's sole, absolute and unfettered discretion; provided, however, that such reservation and granting powers and rights shall not be considered to create, impose or imply any obligation of Worldco to provide any of the items listed in this Section.

3.3.2 Right to Approve Name or Use of a Name. Prior to the use of any name to identify: (i) any Improvements constructed on the Master Property, including any Condominium or Timeshare Plan; (ii) any person or entity having management duties with respect to any Improvement or any portion of the Master Property, including any Association or management company or any subsidiary or affiliate of any of the foregoing; or (iii) any commercial or non-commercial venture operated on the Master Property when such venture seeks to use the names approved for use in connection with the Master Property; such name or use shall be submitted to Worldco for its approval. Worldco may approve or disapprove of the name or the use of such name in its sole, absolute and unfettered discretion, and under such terms, conditions and limitations as Worldco determines in its sole, absolute and unfettered discretion. Worldco's consent to the name or the use of such name, if given, shall be set forth in writing, and shall only apply to the specific Improvements, person or entity to whom or which such approval is given.

3.3.3 Right to approve Declaration of Condominium, Additional Covenants and Restrictions, or any Amendments. Prior to the recording of any declaration of condominium, additional covenants or restrictions on any portion of the Master Property, such documents shall be submitted to Worldco for its written approval, in its sole discretion, and under such terms, conditions and limitations as Worldco determines in its sole discretion. Such written approval shall be recorded with such documents.

3.3.4 Streets and Roadways. Unless required under Applicable Law, Streets and Roadways shall not be dedicated or required for public use, and such Streets and Roadways are not and will not be a part of the county system of roads; provided, however, that Worldco may, without the consent and joinder of any Owner, dedicate or grant easements to any other governmental entity for all or any part of the Streets and Roadways as to which the other governmental entity has agreed to maintain and service. The Streets and Roadways shall be the sole and exclusive property of Worldco or the Owner of the property upon which such Streets and Roadways are constructed, as applicable; provided, however, that Worldco does reserve unto itself and grant to its guests, purchasers, invitees, licensees, and domestic help, to delivery, pickup, fire protection and emergency services, police and other authorities of the law, United States mail carriers, representatives of utilities authorized by Worldco or any Owner to serve the Master Property, holders of mortgage liens on such lands and such other persons as Worldco may from time to time designate, a license and right of enjoyment for reasonable ingress and egress over and across the Streets and Roadways and to any dedicated rights of way. Nothing contained in this Master Declaration shall require Worldco or any Owner to construct any Streets and Roadways other than as Worldco or such Owner may be required by any Applicable Law, and nothing contained in this Master Declaration shall prevent the construction and maintenance of Improvements or Open Area as described above on the Master Property.

Notwithstanding anything to the contrary contained in this Master Declaration, Worldco may regulate the use of the parking areas of the Hotel Master Parcel pursuant to rules and regulations promulgated by Worldco in its sole, absolute, and unfettered discretion. Worldco shall have the right to construct and operate a security gate on the portion of the Streets and Roadways located within the Hotel Master Parcel for the purpose of regulating access to the parking spaces, and to limit such access pursuant to reasonable rules and regulations promulgated by from time to time. It is specifically contemplated that valet parking services will be utilized and that the costs of such valet parking services will be a Shared Area Expense.

3.3.5 Water Areas. All lakes, canals, dikes, ditches or other water management or drainage facilities, including the Surface Water Management System, constructed or maintained on the Master Property shall not be dedicated or required for public use; provided, however, that Worldco may, without the consent and joinder of any Owner, dedicate or grant easements to any governmental entity for all or any part of such facilities as to which such other governmental entity has agreed to maintain and service. It is expressly contemplated that erosion to the Shared Areas located adjacent to lakes, canals, dikes, ditches, or other water management, transportation or drainage facilities (whether

on the Master Property or not) may occur and that the maintenance, repair or replacement of such Shared Areas shall be a Shared Area Expense.

3.3.6 Utilities. Worldco reserves the right to grant such easements over, upon, under and across the Master Property, without the consent of any Owners, as are reasonably necessary to enable any company to provide Utility Services to the Master Property; provided such company is franchised by Orange County or the City of Anaheim as applicable and to the extent required by Applicable Law. Each Owner may grant such easements over, upon, under and across the portion of the Master Property owned by such Owner as are reasonably necessary to enable any company to provide Utility Services to the Master Property; provided such company is franchised by Orange County or the City of Anaheim, as applicable and to the extent required by Applicable Law. Should an Improvement be constructed such that it encroaches upon a utility easement, such Improvement shall be removed to the extent necessary to ensure the continuation of uninterrupted service and to affect the maintenance, repair or replacement of any utilities within the easement, at the cost and expense of the owner of such Improvement.

3.3.7 Signage Easements. Worldco reserves exclusive, perpetual easements for the location, installation, erection, maintenance, use, operation, repair, replacement, or removal of signs, notices, other displays, or advertising on the exterior of any Improvements constructed on the Master Property, together with non-exclusive rights of ingress to and egress as may be necessary and appropriate to exercise the easements granted in this Section 3.3.7.

3.3.8 Sales and Marketing Easements. Worldco reserves non-exclusive, perpetual easements for the use, access, ingress, and egress over, through, under, over, and across the Master Property, as may be necessary and appropriate for marketing, sales, resales, and rental of units, commercial units, accommodations at other projects, or any other hospitality, realty, or consumer products, and for the purpose of leasing any accommodations that may or may not be part of the Master Property. Such rights may include the right to establish models; conduct property tours; conduct sales presentations; conduct closings; and to erect, post, maintain, and relocate signs, notices, advertisements, and other promotional information on the Master Property.

3.3.9 Rules and Regulations. Worldco or the ARO may promulgate such Rules and Regulations they deem advisable and the Owners and respective guests, lessees and invitees shall comply with said Rules and Regulations.

3.4 Shared Areas. The following provisions shall govern with respect to the use and operation of Shared Areas:

3.4.1 Easements. Non-exclusive easements are reserved in favor of Worldco and its respective guests, lessees and invitees and granted to Owners and their respective guests, lessees and invitees, across, under and through the applicable portions of the Master Property as are necessary and reasonable for support, ingress and egress and for the installation, maintenance, repair, replacement or operation of all Shared Areas. The Owners and their respective guests, lessees and invitees, shall also have a non-exclusive easement for the use and enjoyment of Shared Areas to the same extent as hotel guests staying within the Hotel Master Parcel. Notwithstanding the foregoing, (i) the Owner of the Hotel Master Parcel shall be entitled, in its sole, absolute and unfettered discretion, to close and/or discontinue use of any portion of the Hotel Master Parcel; and (ii) the Owners, other than the Owner of the Hotel Master Parcel, shall have no rights in or to those portions of the Hotel Master Parcel that are not Shared Areas, including, without limitation, the restaurants and bars located within the Hotel Master Parcel.

3.4.2 Encroachment Easements. Non-exclusive, perpetual easements appurtenant to each Master Parcel are reserved in favor of each Owner of a Master Parcel for minor encroachments of Improvements located on such Master Parcel in, onto, through, under or over the Shared Areas which encroachments do not interfere with the use and operation of the Shared Areas and that are created by the construction, reconstruction, renovation, settling, or shifting of the Improvements, or other causes of movement and for overhangs. In exercising the rights under this Section 3.4.2, each Master Parcel Owner and its successors and assigns agree to indemnify Worldco and Owner of the Shared Areas from any losses, costs, damages, or expenses incurred by Worldco or such Owner, as the case may be, as a result of the exercise by the indemnifying party of its rights under this Section 3.4.2, unless such losses, costs, damages, or expenses are incurred

as a result of the gross negligence or willful misconduct of such Owner or Worldco, as the case may be, or their successors and assigns.

3.4.3 Maintenance, Repair and Replacement Easements. Non-exclusive, perpetual easements appurtenant to the Hotel Master Parcel are reserved to Worldco for access and temporary encroachments by contractors and subcontractors (and the equipment and employees thereof) in, on, or through the Shared Areas to the extent reasonably necessary for Worldco to perform general and ongoing maintenance, repair and replacement.

3.4.4 Support Easements. Worldco reserves to itself and grants to the Master Parcel Owners non-exclusive, perpetual easements appurtenant to a Master Parcel on, over, in, and through any portion of the Improvements now or hereafter constructed thereon, connecting Improvements on one Master Parcel to the Improvements on another Master Parcel or contributing to the structural support and integrity of a Master Parcel, including, but not limited to, contributing support provide by means of columns, caissons, beams, walls, ceilings, floors, foundations, footings, and load bearing structures.

3.4.5 Fire Escape Easements. Worldco reserves to itself (and its guests, lessees and invitees) and grants to the Master Parcel Owners (and their respective guests, lessees and invitees) non-exclusive, perpetual easements appurtenant to each Master Parcel, for emergency fire escape egress from each Master Parcel, in, over, across, or through those portions of each Master Parcel designed for emergency fire escape.

3.4.6 Emergency Access Easements. Worldco reserves to itself (and its guests, lessees and invitees) and grants to the Master Parcel Owners (and their respective guests, lessees and invitees) non-exclusive, perpetual easements, rights, and privileges appurtenant to each Master Parcel of and for emergency ingress, egress, and access to, from, through or across portions of each Master Parcel, provided the Owner of the Master Parcel utilizing the easement shall use good faith efforts to limit any emergency ingress, egress and access within the other Master Parcel to those parts of such Master Parcel which are generally available for use by the Owners and occupants of the Accommodations within such Master Parcel (i.e., the lobby area, stairwells and common hallways).

3.4.7 Utility Easements. Worldco reserves to itself and grants to the Master Parcel Owners non-exclusive, perpetual easements appurtenant to each Master Parcel of and for ingress, egress, access, passage and use on, over, and across each Master Parcel which contain structures, lines, pipes, conduits, and other improvements related to Essential Utilities that serve a Master Parcel, or the easement areas appurtenant to a Master Parcel, on a non-exclusive basis for the purposes of using the same; provided, however, in exercising the rights granted under this Section 3.4.7, the Owner of a Master Parcel, and its successors and assigns agree to and do hereby indemnify the Owner of the other Master Parcel from any losses, costs, damages, and expenses incurred by Master Parcel Owner as a result of the exercise by an indemnifying party of its rights under this Section 3.4.7, unless such losses, costs, damages or expenses are incurred as a result of the gross negligence or willful misconduct of Master Parcel Owner or its successors and assigns.

3.4.8 Improvements or Alterations. No structural improvements or alterations to the Shared Areas may be made which will jeopardize the structural integrity of the Shared Areas without prior written approval of the ARO and Worldco. No Owner shall alter, modify, rearrange, relocate, replace, or remove any Improvement constructed or located on any Shared Area without the prior written approval of the ARO and Worldco. Subject to the limitations imposed on Worldco as set forth in Section 2.3, Worldco may alter, modify, rearrange, relocate, replace, or remove any Improvement constructed or located on Shared Areas owned by Worldco. To the extent that Worldco exercises its right to make such unilateral additions of facilities, amenities, or other similar Improvements to the Shared Areas, then such addition, alteration, modification, rearrangement, relocation, replacement, or removal shall be at Worldco's sole capital expense; provided, however, that the same may result in an increase of the Shared Area Expenses.

3.5 Grant of Easements to Owners. Each Owner shall enjoy the following non-exclusive easements over the Master Property, for as long as such Owner owns an interest in the Master Property, as appurtenances to such Owner's interest but subject to the provisions of this Master Declaration:

3.5.1 Streets and Roadways. Each Owner and their respective guests, lessees and invitees, shall have a non-exclusive easement over the Streets and Roadways and easements appurtenant thereto for the purposes

of ingress and egress to and from dedicated rights of way. Each Owner and their respective guests, lessees and invitees, also shall have a non-exclusive easement for parking on any paved areas of the Master Property designated as parking areas; provided, however, that Worldco or the Owner of such parking areas shall have the right to limit the Owners' and their respective guests, lessees and invitees, parking rights to designated areas and that Worldco is entitled to all profits derived from valet parking. There shall at all times be provided paved parking areas meeting all building standards under Applicable Law for each building constructed on the Master Property including all buildings located on the Condominium Property or Timeshare Property.

3.5.2 Drainage and Utilities. Each Owner shall have a non-exclusive easement for drainage onto the Master Property and an easement for all necessary access for Essential Utilities over, upon, under and across the Master Property, provided that the location of any drainage facilities shall be subject to Worldco's approval in its sole and absolute discretion.

3.6 Use of Easement Areas and No Liens. The Owner of property that is subject to any easements established, created, or reserved herein shall retain all right, title, and interest in and to such property subject to the easements herein established, created, or reserved incident to the fee simple estate thereof of and for any and all purposes not inconsistent with the use of the easement areas as expressly permitted herein. All Work performed by or at the request of any person in any easement area as provided herein shall be performed in a manner, which will not cause, suffer, or permit any lien, notice of lien, or claim of lien to attach to or encumber any such easement area. In the event such lien, notice of lien, or claim of lien is filed, the person at whose request the services were performed or the materials were supplied shall remove, or cause to be removed, or bond, or cause to be bonded, such lien, notice of lien, or claim of lien within fifteen (15) business days of the later of (i) the date of the filing of such lien, notice of lien, claim of lien, or (ii) demand to remove the same. If such person fails to remove, or cause to be removed, or bond, or cause to be bonded, such lien, notice of lien, or claim of lien as required herein, the Owner of the property which is the subject of the lien, notice of lien, or claim of lien, in addition to any other right or remedy it may have at law or in equity, may, but shall not be obligated to, remove such lien, notice of lien, or claim of lien by paying the amount claimed to be due. Within thirty (30) days after receiving written notice of the payment of the amount claimed to be due by such Owner, the person at whose request the services were performed or the materials were supplied shall reimburse such Owner all amounts paid by such Owner in connection with the removal of such lien, notice of lien, or claim of lien, including any and all reasonable costs and expenses (including attorney's fees) actually incurred by such Owner in conjunction with the same.

3.7 No Rights in Public Generally. The easements and rights created in this Article III do not, are not intended to, and shall not be construed to create any easements or rights in or for the benefit of the general public.

3.8 Liability for Use of Easements. The Master Parcel Owner through whom any Owner, occupant, employee, lessee, licensee or invitee is permitted to utilize the easements outlined in this Article III shall be responsible for any and all damages or violations incurred or sustained as the result of the utilization of the easements created, granted, conveyed, or reserved in this Article III by such Owner, occupant, employee, lessee, licensee or invitee.

3.9 Scope of Easements. Each of the easements created by this Master Declaration shall (unless expressly provided herein to the contrary) be perpetual in duration and shall, both as to the benefits and the burdens thereof, run with the title to, and burden the title to, the property identified in the granting or reservation of a particular easement. The easements created by this Master Declaration are subject to a general reservation and right in Worldco (i) to locate within any pedestrian access easement area so-called "street furniture" including, without limitation, trash containers, signs, directories, security desks, kiosks, benches, chairs, public art, and other similar elements of aid to pedestrians in utilizing the Improvements, so long as such "street furniture" does not materially impede pedestrian access to and from any Improvements and the visibility of Improvements is not impaired and (ii) to make changes in the configuration and location of any of the easement areas so long as (a) the width of the easement areas, pedestrian access to the easement areas, or sidewalk areas, if any, located within the easement areas, are not materially reduced; (b) the visibility of any improvements is not materially impaired; (c) the resulting easement areas provide essentially the same benefit to the other Owners and do not materially interfere with rights that such Owners previously maintained under this Master Declaration; (d) such changes are made at no expense to the other Owners and with the minimum possible interruption and interference to the other Owners and their respective licensees; and (e) such changes do not violate any Applicable Laws.

3.10 Extent of Owners' Rights and Easements. Except as expressly provided herein to the contrary, any right and easement created by any provision of this Master Declaration shall be subject to the following:

3.10.1 The right of Worldco, without the need to obtain the approval or written assent of any other Owner, to borrow money for the purpose of improving any of the Shared Areas located on any portions of the Master Property owned by Worldco, and in furtherance thereof, to mortgage, pledge or hypothecate the such property and assessments for Shared Area Expenses as security for money borrowed or debts incurred, provided that the rights of the mortgagee or secured party in any such case shall be subordinate to the rights and easements of the Owners under this Master Declaration, including their rights in the Shared Areas and the Owners' use of such rights. Further, any assessments that are pledged or hypothecated pursuant to this Section 3.10.1 shall be available for use and used only for the purpose for which assessments were levied, assessed and collected, and any such pledge or hypothecation of assessments shall be subordinate to the rights and easements of the Owners under this Master Declaration, including their rights in the Shared Areas and the Owner's use of such rights, and the rights of Owners to have the assessments for Shared Area Expenses used for the purpose for which they were levied or assessed.

3.10.2 The right of Worldco to reconstruct, replace or refinish any improvement upon or within the Shared Areas, subject to those conditions and limitations set forth elsewhere in this Declaration.

3.10.3 The right of the Worldco to restrict those portions of the Shared Areas to the use of Owners and occupants of Accommodations and invitees of Worldco as well as the right of Worldco to restrict the use of the Hotel Master Parcel to invitees of Worldco.

3.10.4 The rights and easements of Worldco and other matters provided elsewhere in this Master Declaration.

3.10.5 The right of Worldco to relocate and redefine the areas covered by such easements, subject to the specific limitations on such right set forth elsewhere in this Declaration.

3.10.6 Subject to the requirement that there be no Prohibited Deletions, the right of Worldco and the ARO to establish and enforce Rules and Regulations governing the use of such easements, and to limit or deny the Owners and their respective guests, lessees or invitees, access to designated portions of the Master Property owned by Worldco, charge use fees or otherwise regulate the use by the Owners and their respective guests, lessees and invitees, of the portions of the Master Property owned by Worldco pursuant to the Rules and Regulations; provided that Owners and their respective guests, lessees and invitees shall at all times have reasonable ingress and egress to any dedicated rights of way and use of Shared Areas.

3.10.7 The right of Worldco to suspend the enjoyment and use rights of any Owner for any period during which any monies due by the Owner under this Master Declaration remain unpaid.

3.10.8 Subject to the requirement that there be no Prohibited Deletions, the right of Worldco to transfer all or any part of its interest in the Master Property to any public agency, authority or utility company, Association, Owner or other person or entity, and subject to such conditions as Worldco determines in its sole, absolute and unfettered discretion.

3.10.9 Subject to the requirements that there be no Prohibited Deletions, the easements granted in this Master Declaration shall in no way prevent or limit Worldco's right to subsequently develop any portion of the Master Property for whatever purposes or uses Worldco chooses.

3.10.10 Unless specifically provided otherwise, the easements granted in this Master Declaration shall be non-exclusive and the Owners shall have no use priority over any other users of similar easements or over Worldco, its guests, lessees, invitees, successors and assigns.

3.10.11 All plats, restrictions, covenants, conditions, reservations, limitations, easements and other matters of record affecting the Shared Areas.

3.11 Surface Water Management System. The following provisions will govern the Surface Water Management System:

3.11.1 Worldco is responsible for operating and maintaining the Surface Water Management System.

3.11.2 Worldco shall also be responsible for successfully completing any wetland mitigation monitoring that may be required, including meeting all conditions associated with mitigation maintenance and monitoring as may be described in any surface water management permit. In addition, no construction activities may be conducted on any portion of the Surface Water Management System. If Worldco ceases to exist, all of the Master Parcel Owners shall be jointly and severally responsible for operation and maintenance of the Surface Water Management System in accordance with the requirements of Applicable Law unless and until (i) the Surface Water Management System is conveyed to a local government agency or a non-profit corporation; or (ii) an acceptable alternate entity assumes responsibility for such operation and maintenance.

3.11.3 The Surface Water Management System is a Shared Area.

3.11.4 The expenses of maintaining the Surface Water Management System will be a Shared Area Expense and is responsible for assessing and collecting fees for the operation, maintenance, and replacement of the Surface Water Management System.

3.11.5 Any amendment proposed to this Master Declaration which would affect the Surface Water Management System, conservation areas, or water management portions of Common Areas shall be submitted to the applicable governmental agency with jurisdiction over the Surface Water Management System for review prior to finalization of the amendment. The governmental agency shall determine if the proposed amendment will require a modification of the applicable environmental permits. If a permit modification is necessary, the modification must be approved by the governmental agency prior to the amendment of this Master Declaration.

IV. INSURANCE.

4.1 Insurance. Except as otherwise provided herein, if it is necessary to obtain a blanket property insurance policy as to any Shared Area, such insurance policy shall insure against loss or damage caused by fire and other hazards and such other risks normally covered with respect to improvements similar in construction, location and use as the Improvements on the Master Property, including all perils normally covered by the standard "Special Perils" endorsement where such is available, including vandalism and malicious mischief. Worldco, and its parent, related, affiliated and subsidiary companies, shall be included as additional insureds in any commercial general liability policy obtained by or for the benefit of any Owner, and any additional premium as a result thereof shall be a Shared Expense.

4.2 Property Insurance. Worldco shall keep the Master Property (including all Improvements located thereon) insured against loss or damage by fire, water, lightning, windstorm, hail, explosion, riot, damage from aircraft, collapse, and smoke damage, and such other risks, casualties and hazards as may from time to time be carried for similar buildings within the Resort, with "Special Perils", extended coverage, vandalism and malicious mischief endorsements in an amount equal to the full replacement value thereof less any applicable deductibles, the cost of which shall be a Shared Area Expense. Such property insurance shall also contain a Building Code or similar endorsement providing coverage for costs associated with compliance and conformance with applicable federal, state and local codes at the time of reconstruction. Any amount of a loss advanced by Worldco by reason of not being paid under any deductible provision or retained loss provision in any insurance policy shall be treated as a Shared Area Expense, but may be allocated among the Owners, to the extent reasonably practicable, based upon the extent of the loss. Notwithstanding the foregoing, Worldco may elect from time to time, in its sole, absolute and unfettered discretion, to obtain property insurance only for those portions of the Master Property owned by Worldco in which case, the Owner(s) of those portions of the Master Property not owned by Worldco shall be required to obtain such Property Insurance covering such Parcels.

All property insurance policies maintained by Owners other than Worldco covering any Parcel shall provide that all monies for losses payable thereunder shall be paid to the Insurance Trustee. Such policies shall name as additional

insureds (i) Worldco and its parent, related, affiliated and subsidiary companies, (ii) every Owner, and (iii) at the request of the Board of Directors of each Association, the Association. At the request of any Owner, such policies shall contain standard mortgagee clauses in favor of any mortgagee of all or any portion of the Parcel owned by such Owner and/or any holder of a mortgage on a leasehold interest in all or any portion of such Parcel, as their interests may appear, provided that the cost of adding any standard mortgagee clause shall be borne by the Owner requesting such addition. Nevertheless, all monies payable under such policies shall be payable in accordance with the provisions of this Master Declaration. Each such policy shall provide that the acts of any insured party shall not invalidate the policy as against any other insured party or otherwise adversely affect the rights of any other insured party under the policy. Each such policy shall contain waivers of subrogation for the benefit of Worldco and its parent, related, affiliated and subsidiary companies, all Owners, and Associations and Occupants and waivers of any defense based on co-insurance or other insurance, and shall provide that such policies may not be cancelled or modified without at least thirty (30) days (ten (10) days in the event of a cancellation for non-payment of premium) prior written notice to all of the named insureds and Mortgagees.

4.3 Liability Insurance for Master Property. Each Owner shall maintain (a) commercial general liability insurance and automobile liability insurance protecting Worldco and its parent, related, affiliated and subsidiary companies and the Owners against claims for bodily injury, death or property damage occurring upon, in or about the Master Property, and (b) worker's compensation insurance to the extent required by law with respect to the Master Property and employers liability insurance with minimum limits of \$500,000 each accident. The expense of liability insurance maintained pursuant to this Section 4.3 shall be a Shared Area Expense. In no event, however, shall the policies for commercial general liability insurance required by clause (a) above afford protection for combined limits of less than \$15,000,000.00 in respect to any occurrence, and \$5,000,000 combined single limit for automobile liability, nor shall the amount of worker's compensation insurance policies required under clause (b) above be less than the amount required by applicable laws or regulations or the insurance policies for employers liability insurance be less than the limits described above. Each Owner's commercial general liability insurance shall name as additional insured parties, as their interests may appear and as applicable, (i) Worldco and its parent, related, affiliated and subsidiary companies, (ii) each of the Owners, (iii) at the request of any Owner, the managing agent of the Master Parcel owned by such Owner; (iv) at the request of any Owner, the partners, members, directors, officers and/or employees of such Owner; and (v) at the request of the board of directors of any Association, the directors and officers of such association. Each such policy, to the extent obtainable, shall provide that the acts of any insured party shall not invalidate the policy as against any other insured party or otherwise adversely affect the rights of any other insured party under the policy and each such policy shall contain waivers of subrogation (except in the case of worker's compensation and employer's liability policies) for the benefit of all additional insureds, and waivers of any defense based on coinsurance or other insurance, and shall provide that such policies may not be cancelled or modified without at least thirty (30) days (ten (10) days in the event of a cancellation for non-payment of premium) prior written notice to all of the insureds and Mortgagees. Any amount of a loss advanced by Worldco by reason of not being paid under any deductible provision or retained loss provision in any insurance policy shall be treated as a Shared Area Expense, but may be allocated among the Owners, to the extent reasonably practicable, based upon the extent of the loss. Notwithstanding the foregoing, Worldco may elect from time to time, in its sole, absolute and unfettered discretion, to obtain liability insurance in whole or in part for all or any portion of the Master Property owned by Owners other than Worldco in which case, such Owner(s) shall not be required to maintain such insurance but only to the extent such insurance is maintained by Worldco and the premium for such insurance shall be a Shared Area Expense.

4.4 Insurance Trustee: Share of Proceeds. All insurance policies maintained by Owners are to be for the benefit of Worldco, the Owners, and any mortgagees as their interests may appear. All insurance policies maintained by Owners other than Worldco must provide that all proceeds covering property losses are to be paid to a named Insurance Trustee (referred to as the "Insurance Trustee") if Worldco so elects. Worldco shall be deemed to be the Insurance Trustee for all purposes under this Declaration if Worldco elects not to appoint an Insurance Trustee. If Worldco is not the Insurance Trustee, the insurance Trustee will be a commercial bank with trust powers authorized to do business in California or another entity acceptable to Worldco. The Insurance Trustee (other than Worldco) is not liable for payment of premiums or for the failure to collect any insurance proceeds. The duty of the Insurance Trustee is to receive such proceeds as are paid and hold the proceeds in trust for the purposes stated in this Declaration for the benefit of Worldco, the Owners, and distributed in accordance with Section 6.6.

4.5 Insurance for Associations and Unit Owners. In the event of the creation of a Condominium, the Owners of Accommodations may carry insurance for their own benefit, provided such required insurance shall contain waivers of

subrogation for the benefit of all Owners and the Owners of Accommodations, and, further provided, that the liability of the carriers issuing the insurance obtained pursuant to this Article IV shall not be affected or diminished by reason of any such insurance carried by the owners of the individual Accommodations.

4.6 Disputes. In the event of a dispute concerning the Shared Areas or as to the cause of damage or the cost of replacement, repair, operation or maintenance of any Shared Area, the ARO shall make a determination that shall be binding on the parties. If the ARO declines to make a determination as to the cause of damage or the cost of replacement, repair, operation or maintenance of any Shared Area, then an independent licensed engineer shall be retained by the disputing parties, the cost of which shall be borne equally by such parties, and whose determination shall be binding on the parties.

4.7 Right to Self-Insure. Notwithstanding anything in this Article IV to the contrary, Worldco may elect, from time to time, to self-insure all or any portion of the risks for which insurance is required under this Article IV, in which event Worldco shall be solely responsible for any costs or expenses incurred by the Owners as a result of casualty or other events for which Worldco has self-insured and which would have been covered by the insurance required under this Article IV if such insurance had been obtained. The provisions of this Section 4.7 shall not limit or reduce any Owner's obligation to obtain the insurance required by this Article IV with respect to the Owner's Parcel if Worldco directs the Owners to obtain such insurance (or as may be otherwise required by Applicable Law) and no Owner (other than Worldco) shall have the right to self-insure any such risk without the approval of Worldco, which may be granted or withheld in its sole, absolute and unfettered discretion.

V. ARCHITECTURAL REVIEW AND ARCHITECTURAL REVIEW OFFICER.

5.1 Architectural Review. No Improvements shall be located, constructed, erected, installed, placed, attached, affixed, or maintained upon the Master Property, nor shall any exterior addition to, change or alteration in the Improvements, be made, nor shall any tree removal or other landscaping changes be commenced or completed until the plans and specifications showing the nature, kind, shape, height, materials, color, approximate cost and location of the same shall have been submitted to and approved by the ARO, as set forth in this Article, as to conformity of design and location to the Disney Standard. Any repair, rebuilding, alteration or reconstruction on account of casualty or other damage on the Master Property shall be in accordance with this Master Declaration and with the original design and construction for the damaged Improvements or with new plans approved by the ARC. Prior to commencing any Work on a Parcel, an Owner shall submit to the ARC, and obtain the written approval of the ARO of, detailed plans for all proposed Work. Any change in the outward appearance of any Improvement including repainting in a different color, adding decorative sculptures, wrought iron grills, or the like shall also require approval by the ARO before any Work is commenced. Disapproval of plans, specifications or location may be based upon any grounds, including purely aesthetic considerations, which the ARO, in its sole, absolute and unfettered discretion deems sufficient. If the ARO fails to approve or disapprove such design and location within one hundred twenty (120) days after the plans and specifications have been submitted to it, approval will not be required and compliance with this Section will be deemed to have been granted.

5.2 Architectural Review Officer. Worldco, upon the recording of this Master Declaration, may designate one or more persons as the "Architectural Review Officer" or "ARO" in its sole, absolute, and unfettered discretion. To the extent Worldco does not so designate, Worldco may act as the ARO. Worldco may increase or decrease the number of persons who make up the composition of the ARO from time to time.

5.3 Duties and Powers. The ARO shall have the following duties and powers:

5.3.1 The ARO shall have the right to adopt, promulgate, rescind, amend and revise rules and regulations governing architectural control; provided, however, such rules and regulations shall at all times remain consistent with the Disney Standard and the provisions of this Master Declaration;

5.3.2 The ARO shall have the right of specific approval or veto in its sole, absolute and unfettered discretion, and of all architectural, engineering, platting, planning and landscaping aspects of any Improvement as well as the general plan for development of any individual tract or parcel of land within the Master Property;

5.3.3 The ARO may appoint one or more persons to make preliminary review of all applications and report recommendations to the ARO for ARO action on the recommendations, which preliminary review shall be subject to regulations and limitations as the ARO deems advisable;

5.3.4 The ARO shall consider all matters submitted for approval as to the conformity of the design and location in relation to surrounding Improvements, topography and the Disney Standard;

5.3.5 The ARO shall have the right to require the submission, for approval, of samples of building materials proposed or any other data or information necessary in its review process; and The ARO may require that a set of plans and specifications be submitted to the ARO prior to obtaining a building permit, which set of plans and specifications shall become the property of the ARO. The work contemplated must be performed in accordance with the plans and specifications as approved.

5.4 Ownership of Plans; Modifications to Final Plans. The submitting Owner shall be the owner of the plans for all improvements on the Owner's Parcel. The ARO shall be provided with a copy, for record purposes, of all final construction plans filed with any governmental authority. The ARO shall also be furnished with a complete set of "as-built" drawings upon the completion of construction of any Improvements. The ARO shall provide all copies in its possession of plans, "as-built" drawings, and construction plans filed with any governmental authority to Worldco, which shall maintain such plans and drawings on record for the review of any Owner. Any changes or revisions to the final plans shall be at Owner's sole cost and expense and shall be subject to the ARO's approval if such changes or revisions materially alter or modify aspects of the final plans over which the ARO had approval rights. If the nature or extent of such changes to the final plans are sufficiently material that, pursuant to Applicable Law, as it may exist from time to time, the Owner is required to submit such changes to the appropriate governmental authority for a plan revision and approval, the ARO shall be furnished with copies of any modifications to the final plans prior to submission to the governmental authority.

5.5 Enforcement. Worldco shall provide written notice of any violation of the provisions of this Master Declaration, and failure to correct the violation within fifteen (15) business days after delivery of such notice shall give rise to Worldco's right to enter upon the Master Property, make such corrections or modifications as are necessary or remove anything in violation of the provisions of this Master Declaration, and charge the cost of such corrections or modifications to the entity responsible for the violation. Should Worldco be required or elect to enforce the provisions of this Master Declaration by legal action, the reasonable attorneys' fees, other professionals' fees and costs incurred, whether or not judicial proceedings are involved, including the attorneys' fees, other professionals' fees and costs incurred on appeal of such judicial proceedings and those incurred in all bankruptcy and probate proceedings, shall be collectible from the breaching party.

5.5.1 If any Work is performed in violation of this Article V, or if any Improvements or alterations to Improvements, or any portions of any of the foregoing, do not substantially and materially conform to the approved plans for such alterations or Improvements and such non-conformity pertains to any aspect of the Improvements that were subject to the ARO's approval rights, the same shall be removed or reconstructed by Owner at Owner's cost if so required by the ARO, in addition to, and not in limitation of the other rights and remedies of the ARO under this Master Declaration.

5.5.2 Upon written request from the ARO, an Owner shall, at its own cost and expense, remove any non conforming improvement on or in such Owner's Parcel and restore the Parcel or Improvements to substantially the same condition as existed prior to the construction of the nonconforming improvement or undertake Work to construct or install a conforming improvement. Should an Owner fail to remove and restore as required within fifteen (15) days after delivery of the written request or such longer period as may be necessary to restore or construct as provided above, the ARO shall have the right, but not the obligation, and an easement to enter the Parcel, remove the nonconforming improvement and restore the Parcel to substantially the same condition as previously existed or undertake such Work as is necessary to cause the non-conforming improvement to conform to and be in compliance with the Master Declaration and the plans for such improvement. Any such action shall not be deemed a trespass, and the ARO shall charge the reasonable cost of such corrections or modifications to the Owner responsible for the violation. Should the ARO be required or elect to enforce the provisions of this Section 5.5.2 by legal action, the reasonable attorneys' fees, other professionals' fees and costs incurred, whether or not judicial proceedings are involved, including the attorneys' fees, other professionals' fees and costs incurred on appeal of such judicial proceedings and those incurred in all bankruptcy and probate proceedings, shall be

collectible from the breaching party. Upon demand, the Owner of the Parcel upon which the nonconforming Improvement is located shall reimburse all reasonable costs incurred by the ARO in exercising its rights under this Section 5.5.2.

5.5.3 The ARO may preclude any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Article V from continuing or performing any further activities within the Parcel in which such party is performing such activity; provided, however, this right shall not be utilized to preclude any Owner or its contractors, subcontractors, agents, or employees from performing further activities in the Master Property which are in compliance with the terms and provisions of this Article V. The ARO shall not be held liable to any person for exercising the rights granted by this Article V.

5.6 Exculpation of Worldco and ARO. Worldco and the ARO cannot and shall not be held responsible for any loss or damage to any person arising out of the approval of any plans and specifications or designs with respect to either construction errors or non-compliance with any Applicable Law. The approval hereunder of any plans submitted to it pursuant to this Master Declaration shall not be construed as approval or certification of the structural adequacy of the structures detailed therein or their conformity to applicable building codes or other legal requirements, it being agreed that Owner shall hold Worldco and the ARO harmless from all claims and liabilities arising therefrom. Neither the ARO, Worldco (in its capacity as the declarant hereunder but not in its capacity as the Owner of a Parcel) or their respective affiliates (nor their respective representatives, officers, directors, employees, or agents) shall have, assume or incur any responsibility for the adequacy of the plans or be subject to any liability or damages to an Owner or to any other person or party in the event such plans, or the design represented thereby, is deficient in any manner or for any mistake in judgment, negligence, misfeasance or nonfeasance related to or in connection with any such decision, approval or disapproval, including without limitation, any violation of Applicable Law, as it may exist from time to time, or any defect in the design or construction of any building, structure or other aspect of the improvements constructed, erected, placed or installed pursuant to or in accordance with the approved plans for such Improvements. Plans, specifications and other materials submitted to and approved by the ARO shall not be reviewed or approved for their compliance with any Applicable Law, as it may exist from time to time. An Owner, or any third party, shall not be entitled to bring and shall not bring any action, proceeding or suit against the ARO, any Owner or Worldco for the purpose of recovering any damages or other relief in connection with the approval or disapproval of such plans, specifications or other materials.

5.7 Indemnity During Construction. Each Owner that is constructing Improvements shall indemnify, protect, defend and hold Worldco, other Owners, any management company hired by the Association, and the ARO harmless from and against all claims, expenses, liabilities, loss, damage, and costs, including any actions or proceedings in connection therewith and including reasonable attorneys' and other professionals' fees, actually incurred in connection with, arising from, due to or as a result of the death of or any accident, injury, loss or damage caused to any person or loss or damage to the property of any person as shall occur on the indemnifying Owner's Parcel, to the extent such death, accident, injury, loss or damage was caused by such Owner or its agents, servants, employees, visitors, or guests, except claims that result from the gross negligence or willful misconduct of such indemnified Owner or ARO or the agents, servants, employees, visitors, or guests of such Owner or ARO.

5.8 Permits and Approvals. Each Owner that is constructing Improvements shall be responsible for obtaining all governmental permits and for filing copies of the same with the ARO prior to commencement of any Work. Such Owner shall be responsible for payment of any application, impact, tap in, deposit, hookup, connection and similar fees and charges applicable to or a prerequisite for the issuance of any governmental permits, any utility connections, or other permits, authorizations or approvals necessary to the construction, occupancy and use of the proposed Improvements. Developer, ARO and Owner shall cooperate in connection with applications for any and all such governmental permits.

5.9 Stormwater Design and Runoff. Each Master Parcel Owner shall insure that any construction on its Master Parcel complies with all conditions imposed by any stormwater discharge permits applicable to such Master Parcel and/or the Master Property as a whole and shall employ best management practices during construction to prevent runoff sedimentation.

VI. REQUIREMENTS REGARDING OPERATION, MANAGEMENT AND MAINTENANCE OF OPEN AREAS, SHARED AREAS AND IMPROVEMENTS

6.1 General Intent. It shall be the intent and purpose of this Master Declaration to preserve and enhance the desirability and attractiveness of the Master Property and to ensure that all permitted development on the Master Property will be designed, constructed and at all times operated, managed and maintained in compliance with all Applicable Laws and this Master Declaration and in conformity and compliance with the Disney Standard. In this regard, Open Areas, Shared Areas and Improvements will be subject, at a minimum, to the standards set forth in this Master Declaration and to the Disney Standard. The ARO and Worldco shall have the right to require all Owners to comply with established maintenance, repair, replacement and management standards which are in effect at other resort hotels in the Resort, as determined in their sole, absolute and unfettered discretion.

6.2 Open Areas and Improvements. In order to (i) fulfill the terms, provisions, covenants, conditions and restrictions contained in this Master Declaration and (ii) ensure that the Master Property is managed and maintained for the best recreation, use, enjoyment, welfare and benefit of Worldco or any Owner, there is imposed upon the persons or entities charged with the responsibility of operating, managing and maintaining the Open Areas, Shared Areas and Improvements developed on the Master Property, the specific duty and obligation to perform the following:

6.2.1 Maintain and care for the Open Areas so that such Open Areas are at all times neat, presentable and attractive, including completing such routine tasks as planting new flowers and shrubs, grass cutting, tree and plant trimming, sprinkling, fertilizing, spraying and the like and keeping the landscaped portion of the Open Areas free of weeds, tall grass, undergrowth, dead trees, dangerous or dead tree limbs, weeds, trash and rubbish, and any other unsightly objects, which such tasks may be required by the ARO to be performed on a daily basis;

6.2.2 Maintain, preserve and protect those portions of the Master Property designated or used for water transportation, water management and drainage purposes including, without limitation, maintenance and operation of the Surface Water Management System and any Improvements established within such areas and any efforts to control the levels of, chemically treat or otherwise alter any waters on the Master Property;

6.2.3 Maintain, operate, repair, alter, renovate, reconstruct and replace any and all Improvements placed or erected upon the Master Property so that such Improvements are at all times in good, clean, attractive and sanitary condition, order and repair; and Maintain, operate, repair, alter, renovate, reconstruct and replace any and all Shared Areas so that such Shared Areas are at all times in good, clean, attractive and sanitary condition, order and repair and do not become in such a state of disrepair that the structural integrity of the Shared Area is jeopardized or that the appearance of the Shared Area becomes inconsistent with the surrounding area or the standard of care required under this Master Declaration. Any Shared Area that is partially or totally destroyed or damaged must be repaired or reconstructed except as ARO and Worldco agree otherwise.

6.3 Safety Standards. Nothing contained in this Master Declaration is intended to set any acceptable minimum safety or welfare standards and it shall remain the sole responsibility of the persons or entities charged with the responsibility for the operation, management, repair and maintenance of any portion of the Master Property to determine the minimum levels of safety or welfare standards for the Master Property or the relevant portions of the Master Property, which shall not be inconsistent with the provisions of this Master Declaration.

6.4 Responsibility for Operation, Management and Maintenance. The responsibility to care for, operate, maintain, repair, replace, alter, renovate, reconstruct, preserve and protect any Shared Area or Improvement not constituting a Shared Area shall be the responsibility of Worldco or if Worldco has conveyed or leased such Shared Area or Improvement or the Master Property underlying such Shared Area or Improvement, then the Owner of such Shared Area or Improvement shall have that responsibility. To the extent that Shared Areas or other Improvements are located on Condominium Property or Timeshare Property and are owned in common by multiple Owners, it shall be the responsibility of the applicable Association to care for, operate, maintain, repair, replace, alter, renovate, reconstruct, preserve, and protect any such Shared Area or other Improvements. If all or any portion of any Shared Area or Improvement is not cared for or operated as required by this Master Declaration, Worldco and each Owner shall have the right to enforce compliance with

the requirements of this Master Declaration in the manner reserved for enforcement of the provisions of this Master Declaration as set forth in this Master Declaration.

6.5 Minimize Interference. All activities by or on behalf of any Owner in the use and occupancy of such Owner's Parcel, including, without limitation, maintenance repairs, replacement, alterations, renovation, reconstruction, or other work, shall be performed, insofar as possible, in a manner which minimizes interference with the use of any other Parcel.

6.6 Repair and Restoration.

6.6.1 Hotel Master Parcel. Except as set forth below, If any portion of the Hotel Master Parcel is damaged or destroyed by fire or other casualty, such damage or destruction shall be repaired and restored as promptly as is reasonably possible by, or under the supervision of, Worldco, or, at Worldco's election, in its sole, absolute and unfettered discretion, the Owner of the Hotel Master Parcel, if different than Worldco. Worldco, in accordance with the provisions of Sections 4.4 and 6.6.4, shall be entitled to withdraw any insurance proceeds held by the Insurance Trustee by reason of such damage, for application to the costs and expense of such repair and restoration. Notwithstanding the foregoing, if all or any part of the Hotel Master Parcel is damaged or destroyed by fire or other casualty, the Owner of the Hotel Master Parcel (with the approval of Worldco, which approval may be withheld in Worldco's sole, absolute and unfettered discretion) may elect not to repair or restore the Hotel Master Parcel; provided, however, that any portion of the Hotel Master Parcel that is necessary for safe access, ingress and egress to and use of the Residential Master Parcel for its intended purpose shall be repaired or restored or replaced with Improvements providing substantially similar access, ingress and egress to and use of the Residential Master Parcel for its intended purpose.

6.6.2 Residential Master Parcel. Except as set forth below, If any portion of the Residential Master Parcel is damaged or destroyed by fire or other casualty, such damage or destruction shall be repaired and restored as promptly as is reasonably possible by, or under the supervision of, Worldco, or, at Worldco's election, in its sole, absolute and unfettered discretion, the Owner of the Residential Master Parcel, if different than Worldco. Worldco, in accordance with the provisions of Sections 4.4 and 6.6.4, shall be entitled to withdraw any insurance proceeds held by the Insurance Trustee by reason of such damage, for application to the costs and expense of such repair and restoration. Notwithstanding the foregoing, if all or any part of the Residential Master Parcel is damaged or destroyed by fire or casualty, the Owner of the Residential Master Parcel (with the approval of Worldco, which approval may be withheld in Worldco's sole, absolute and unfettered discretion) may elect not to repair or restore the Residential Master Parcel; provided, however, that any portion of the Residential Master Parcel that is necessary for safe access, ingress and egress to and use of the Hotel Master Parcel for its intended purpose shall be repaired or restored, or replaced with Improvements providing substantially similar access, ingress and egress to and use of the Hotel Master Parcel for its intended purpose.

6.6.3 Repair and Restoration Procedures. The plans and specifications for any repair or restoration to be performed on any Improvements shall be prepared by an architect approved by the ARO. The plans and specifications for any repair or restoration shall be approved by the ARO. The contractor shall be chosen by the ARO. The contractor shall work under the administration of the architect and Worldco. The architect for a given repair or restoration is hereby authorized and directed to deliver such certifications and instructions to the insurance Trustee, from time to time as such repair and restoration progresses, to obtain disbursement for application to the cost and expense of such repair and restoration of (a) the insurance proceeds and (b) any other monies for such repair or restoration, which may have been deposited with the Insurance Trustee. All instructions to the Insurance Trustee shall be made available by the Architect at reasonable times for inspection by Worldco.

6.6.4 Application of Insurance Proceeds and other Funds to Repair and Restore. All insurance proceeds paid in connection with a casualty shall be used to their full extent to fund restoration and repair hereunder if and to the extent that such repair or restoration is required to be made or elected to be made by the party that has the right to make such election. If the cost and expense of performing any repair and restoration provided for in this Section 6.6.4 shall exceed the amount of insurance proceeds paid under policies by reason of the damage being repaired and restored, then such excess cost and expense shall be borne by the Owners in proportion to the cost and expense of repairing and restoring the improvements within each of their respective Parcels. In any such instance of repair or restoration which is to be performed pursuant to this Section 6.6.4, if Worldco's estimate of the cost and expense of performing such repair or

restoration (or, if a fixed cost construction contract shall have been executed providing for the performance of such repair and restoration, then the fixed costs so provided for, plus all other expenses estimated by an architect) exceeds the amount of insurance proceeds paid by reason of the damage which shall have necessitated such repair and restoration, then Worldco shall determine and impose as a Shared Area Expense in accordance with Article VII upon each of the respective Owners of Parcels for their proportionate share of the amount of such excess cost and expense.

6.6.5 Application of Insurance Proceeds if No Repair or Restoration. If, pursuant to Sections 6.6.1 or 6.6.2, Improvements damaged or destroyed by fire or other casualty are not repaired or restored, all insurance proceeds related to such damage or destruction shall first be applied by the Insurance Trustee to removing all debris resulting from such damage or destruction and making the Master Property safe and any remaining insurance proceeds shall be paid out by the Insurance Trustee to the Owners and their mortgagees, as their interests appear, in proportion to the amount such proceeds shall have been paid by the insurers for damage or destruction to Improvements within the respective Parcels of each of the Owners.

6.6.6 Cooperation. If, to perform any repair or restoration provided for in Section 6.6 it shall be necessary to obtain a variance, special permit or exception to or change in zoning or other laws ("variance") in order to repair or restore the Master Property to its condition immediately prior to such damage, and if Worldco believes it is possible to obtain the variance, and so notifies the Owners in writing, then the Owners shall cooperate to obtain the variance. If architectural and/or legal services shall be necessary to obtain the variance, then Worldco shall retain an architect and/or attorney to perform such services. The legal and architectural fees and all other costs and expenses of applying for obtaining the variance shall be considered as a part of the cost and expense of carrying out the repair and restoration, and shall be a Shared Area Expense to the extent not covered by Insurance proceeds. There shall be no obligation to commence any repair or restoration if a variance is sought in accordance with this Section 6.6.6, while such variance is being diligently sought.

6.6.7 Modifications. If any repair or restoration to be performed pursuant to Section 6.6 cannot be carried out in compliance with the law, and if the variance is not obtained pursuant to the immediately preceding section within six (6) months of the date of the casualty, then necessary adjustments shall be made in the plans and specifications for such repair and restoration so that the Improvements on the Master Property, as repaired and restored, shall comply with law. However, no substantial reduction, as determined by the ARO, in the floor area contained within a Parcel, or areas serving the Parcel, shall be made without the consent of the Parcel Owner who shall be affected by such reduction. If said Owner shall be unwilling to so consent, and if it shall not be feasible to make such adjustments without substantially reducing said floor areas, then such repair and restoration shall not be performed and any insurance proceeds, less costs and expenses paid or incurred in applying for the variance, shall be paid out by the Insurance Trustee to the Owners and their mortgagees, as their interests appear, in proportion to the amount such proceeds shall have been paid by the insurers for damage to improvements within the respective Parcels of each of the Owners.

6.7 Structural Support and Maintenance.

6.7.1 Structural Integrity. An Owner shall not undertake or permit to be undertaken any act which would adversely affect the structural safety or integrity of any portion of another Parcel. As a part of its review of any plans and specifications for any Improvements to be constructed on a Parcel, the ARO shall consider the impact and effect that the anticipated use, operation, and occupancy of such Improvements might have upon the structural safety and integrity of the other Parcels.

6.7.2 Reduction of Structural Support. If, for any reason, the structural support for or of any portion of any Parcel is hereafter reduced below the support required to maintain the structural safety or integrity of another Parcel, as determined by the ARO, in its sole, but reasonable discretion, substitute adequate structural support shall be provided, as set forth in this Article VI (the "Remedial Support Measures"). An architect selected by the ARO shall review and assess the extent of any such reduction and the need for or adequacy of any Remedial Support Measures, which Remedial Support Measures shall be constructed, installed, or performed in accordance with plans and specifications prepared by the architect selected by the ARO (the "Remedial Support Plans"). Such architect shall also estimate, if possible, the cost and time reasonably necessary to provide such Remedial Support Measures. Subject to the release and waiver of subrogation provisions contained in this Master Declaration, the costs and expenses associated with assessing,

designing, constructing, installing, or performing such Remedial Support Measures shall be borne as follows: (a) to the extent such Remedial Support Measures are necessary as a result of or arising out of an identifiable Owner's acts or omissions, then such Owner (or Owners, if more than one, on the basis of relative fault) shall be responsible for all such costs and expenses; or (b) to the extent that the identity of the persons responsible for all such costs and expenses cannot be determined, then such costs and expenses shall be a Shared Area Expense.

6.7.3 Construction of Additional Support. If any Remedial Support Measures must be constructed, installed, or performed within the Master Property, Worldco shall construct, install, or perform the same in accordance with the Remedial Support Plans. The Remedial Support Measures shall be commenced promptly within a reasonable period of time under the circumstances and, upon commencement of such construction, shall be diligently pursued through completion.

6.7.4 Emergency Additional Structural Support. If delay in constructing or instituting the Remedial Support Measures would endanger the structural safety or integrity of Parcel, then, without regard to the identification of the party responsible for payment of such Remedial Support Measures (the "Responsible Party"), the Owner whose Parcel is impacted, may, upon not less than five (5) business days' advance written notice to any Owner whose Parcel will be affected by the Remedial Support Measure, provide Remedial Support Measures as and wherever may be required; provided, however, the Responsible Party shall nevertheless be liable for and shall pay any and all costs and expenses actually incurred as a result of the provision of the Remedial Support Measures.

6.7.5 Maintenance of Support Systems and Infrastructure for and With Respect to the Parcels. Notwithstanding anything in this Article VI to the contrary, Worldco shall be responsible for the general maintenance and repair of all structural support systems and infrastructure located within a given Parcel that provide support to and for the Improvements located on a different Parcel. No Owner shall undertake or permit to be taken any act which would adversely affect the structural safety or integrity of any Improvements or the structural support that the Owner's Parcel provides to any other Parcel.

6.8 Professional Management. In order to discharge any duties or obligations imposed under this Master Declaration, Worldco, any Owner or such other persons or entities which are, from time to time, charged with or responsible for the operation, management and maintenance of all or any portion of the Master Property may delegate all or any portion of such party's obligations to a professional management company, which may include a subsidiary or an affiliate of Worldco.

VII. EXPENSES.

7.1 Expenses Associated with Non-Shared Areas. Worldco or any Owner, as the case may be, shall be solely responsible for the expenses associated with the care, maintenance, reconstruction, restoration or repair contemplated under this Master Declaration of all Open Areas or Improvements developed, constructed or maintained on the portion of the Master Property owned by Worldco or such Owner, except as limited below by Section 7.2 for the Shared Areas.

7.2 Shared Area Expenses. Worldco and each Owner, by the acceptance of a conveyance of all or a portion of the Master Property, covenants and agrees to share in the Shared Area Expenses to be fixed and collected from time to time as hereinafter provided. In the event Worldco enters into a Ground Lease for all or a portion of the Master Property, then Worldco hereby assigns its rights pursuant to this Section 7.2 (including, without limitation, Worldco's rights to determine and collect Shared Area Expenses and to lien and foreclose the lien in the event of non-payment of such Shared Area Expenses) to such ground lessee; provided, however, that such ground lessee shall not further assign any such rights without Worldco's prior written consent which may be granted or withheld in Worldco's sole, absolute and unfettered discretion.

7.2.1 Determination of Shared Area Expenses. Shared Area Expenses will be determined on an annual basis by Worldco and shall be used exclusively for the payment of the costs and expenses associated with the maintenance, operation, repair, replacement and refurbishment of the Shared Areas. The Shared Area Expenses shall be apportioned between Owners in accordance with an allocation methodology that reasonably allocates in an equitable manner the Shared Area Expenses between all Owners, as determined by Worldco in its sole, absolute and unfettered

discretion. Any one or more of the following allocation methodologies may be used by Worldco in its sole, absolute and unfettered discretion: (i) number of arrivals; (ii) occupancy rates; (iii) room nights; (iii) guest population; (iv) square footage of Accommodations; (v) number of Accommodations declared in any Timeshare Property; (vi) labor hours incurred in serving the Parcels; (vii) number of employees engaged to manage/operate the Parcels; and (viii) number of housekeeping hours incurred in maintaining the Parcels. In addition, Worldco may use, in its sole, absolute and unfettered discretion, different allocation methodologies to allocate different components of the Share Area Expenses. Any other allocation methodology may be used by Worldco if, in Worldco's reasonable judgment, such allocation methodology allocates the Shared Area Expenses in an equitable manner. The calculations of each Owner's share of the Shared Area Expense shall be made in accordance with generally accepted accounting principles.

7.2.2 Additional Shared Area Expenses. In addition to the annual Shared Area Expenses authorized by this Section, additional Shared Area Expenses may be required in any given year for the purpose of defraying, in whole or in part, any unexpected Shared Area Expense or the expense arising out of any construction or reconstruction (net of insurance proceeds after a casualty loss), refurbishment, renovation or unexpected repair or replacement of a Shared Area.

7.2.3 Annual Surplus or Deficit. Any monies collected in a given year in excess of Shared Area Expenses shall be carried forward and applied to the Shared Area Expenses of the next year. Any deficits incurred in a given year, which deficits are not eliminated by an increase in the payment of Shared Area Expenses by the Owners, will be carried forward and included in the Shared Area Expenses charged for the next year.

7.2.4 Creation of Lien and Personal Obligation for Shared Area Expenses. The Shared Area Expenses, together with such interest on the Shared Area Expenses and costs of collection of the Shared Area Expenses, as provided below, shall be a lien against the property of any Owner obligated to pay a share of the Shared Area Expenses pursuant to this Master Declaration, and shall also be the personal obligation of the person who was the Owner of such property at the time when the Shared Area Expense was due. When any portion of the Master Property has been declared as Condominium Property or Timeshare Property, the Shared Area Expenses shall be a common expense of the Condominium or Timeshare Property and the Association responsible for managing the Condominium Property or Timeshare Property shall be responsible for collecting and remitting the share of the Shared Area Expenses due from the members of the Association. While each member shall be responsible for the payment of his or her share of the Shared Area Expenses, the failure of any member to pay his or her share of the Shared Area Expenses shall not relieve the Association from the obligation to timely pay the entire amount of the Shared Area Expenses due from the members of the Association.

7.2.5 Effect of Nonpayment.

a **Personal Obligation of Owner; the Lien.** If an Owner's share of the Shared Area Expenses are not paid when due, then such obligation shall become delinquent and shall, together with interest and the costs of collection on such obligation as provided below, become a continuing lien on the Owner's property which shall bind such property in the hands of the then Owner, and such Owner's heirs, successors, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such obligation, however, shall remain such Owner's personal obligation.

b **Remedies.** If an Owner's share of the Shared Area Expenses is not paid within thirty (30) days after the delinquency date, the obligation shall payment shall be deemed to be delinquent and in default and shall bear interest from the date of delinquency at the maximum rate permitted by California law. Each Owner and Association vests in Worldco or its assigns the right and power to bring all actions at law and in equity and exercise such other remedies provided herein against such Owner or Association for the collection of delinquent payments. Worldco may bring an action at law against the Owner personally obligated to pay the same or in equity to foreclose the lien against the property as set forth below, and there shall be added to the amount of such obligation the costs of collection including the preparing and filing the complaint in any such action. If a judgment is obtained, such judgment shall include interest on the obligation as above provided and a reasonable attorneys' fee or other professionals' fees, including those incurred in all probate and bankruptcy proceedings, to be fixed by the court together with the costs of the action.

c Association's Responsibility. Each Association shall be responsible for the administration and collection of the share of Shared Area Expenses due from members of such Association together with applicable interest, late charges and costs of collection (including costs and reasonable attorneys' fees and other professionals' fees), and such obligation, if not timely paid, shall be secured by a lien against the Condominium Property or Timeshare Property (as applicable). Worldco shall have the power to perfect and to foreclose said lien in the manner generally provided for such perfection and foreclosure against real and personal property, respectively, by Applicable law. The Association shall collect Shared Area Expense obligations from their members as common expenses in the same manner and at the same time as they collect other common expenses from their members. The Association shall utilize all the provisions of their respective declarations and exhibits thereto which pertain to the assessment and collection of common expenses of the Condominium Property or Timeshare Property when collecting Shared Area Expenses payable hereunder.

d No Avoidance of Shared Area Expenses. The liability for Shared Area Expenses may not be avoided by waiver of the use or enjoyment of the Master Property or by the abandonment of the Owner's property.

e Enforcement by Lien. There is hereby created a "Claim of Lien," with power of sale, on each and every Parcel to secure payment to Worldco of any and all Shared Area Expenses charged against any and all parcels pursuant to this Declaration, together with interest thereon at the maximum rate permitted by California law from the date of delinquency, and all costs of collection which may be paid or incurred by Worldco in connection therewith, including reasonable attorneys' fees. At any time after the delinquency, Worldco may elect to file and record in the Official Records a Claim of Lien against the Parcel of the defaulting Owner. Such Claim of Lien shall contain substantially the following information:

- (i) the name of the delinquent Owner;
- (ii) the legal description of the Parcel against which the Claim of Lien is made;
- (iii) the total amount of the delinquency, interest thereon, penalties, collection costs and reasonable attorneys' fees if then known (with any proper offset allowed);
- (iv) a statement that the Claim of Lien is made pursuant to this Declaration and that a lien is claimed against said Parcel in an amount equal to the amount stated; and
- (v) the name and address of the trustee authorized to enforce the Claim of Lien by sale.

Upon such recordation of a duly executed original or copy of such Claim of Lien and mailing a copy thereof to said Owner, the lien claimed therein shall immediately attach and become effective. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a deed of trust by exercise of a power of sale contained therein or in the manner provided by law for the enforcement of a judgment as the laws of the State of California may from time to time be changed or amended. Worldco shall have the power to bid at any foreclosure sale, trustee's sale or judgment sale and to purchase, acquire, lease, hold, mortgage and convey any Parcel. Reasonable attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. The proceeds of any foreclosure, trustee's or judgment sale provided for in this Declaration shall first be paid to discharge court costs, court reporter charges, reasonable attorneys' fees, title costs and costs of the sale, and all other expenses of the proceedings and sale, and the balance of the unpaid sales proceeds after satisfaction of such charges and unpaid assessments hereunder or any liens, shall be paid to the defaulting Owner. Any purchaser at such sale shall thereupon be entitled to a deed to the Parcel and immediate possession of the Parcel and shall have the right to apply to a court of competent jurisdiction for such orders as may be reasonable for the purpose of acquiring and possessing the Parcel. It shall be a condition of such sale, and the deed so made shall provide, that the purchaser shall take the interest in the sold Parcel subject to this Declaration.

f Assignment of Rents. As security for the payment of all such liens, each Owner hereby gives to and confers upon Worldco the right, power and authority, during the continuance of such ownership, to collect the rents, issues and profits of the Owner's Parcel, reserving unto the Owner the right, prior to any default by such Owner in performance of such Owner's obligation under this Declaration to collect and retain such rents, issues and profits

as they become due and payable. Upon any such default, Worldco may, at any time, upon ten (10) days written notice to such Owner, then either in person, by agent or by a receiver to be appointed by a court of competent jurisdiction, and without regard to the adequacy of any security for such indebtedness, enter upon and take possession of such Owner's Parcel or any part thereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, in payment of any indebtedness to Worldco or in performance of any agreement hereunder, and in such order as Worldco may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure nor waive any default hereunder or invalidate any act done pursuant to this Declaration. The assignment of rents and powers described herein shall not affect, and shall in all respects be subordinate to, the rights and powers of the holder or beneficiary of any first mortgage or deed of trust on any Parcel to do the same or similar acts.

7.2.6 Subordination of the Lien to Mortgages. The lien provided for in this Master Declaration shall be subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any portion of the Master Property by a Mortgagee; provided, however, that such subordination shall apply only to the obligations which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any Shared Area Expense obligation thereafter becoming due, nor from the lien of any such subsequent obligation.

VIII. **GENERAL RESTRICTIONS.** In order to preserve and enhance the desirability and attractiveness of the Master Property and maintain the Master Property in accordance with the Disney Standard and in furtherance of the general intent of this Master Declaration, the following general restrictions shall be applicable to the Master Property:

8.1 Permitted Use. The Master Property may be used from time to time during the term of this Master Declaration for any lawful purpose, subject to the provisions of this Master Declaration. It is expressly contemplated that all or a portion of the Master Property may be utilized for commercial purposes or may be declared as part of a Condominium, as part of a Timeshare Plan or as part of both.

8.2 Mining or Drilling. There shall be no mining, quarrying or drilling for minerals, oil, gas or otherwise, undertaken within any portion of the Master Property without the specific consent of Worldco. Activities of Worldco or any Owner in dredging any lakes; creating, excavating or maintaining the Surface Water Management System, drainage or other facilities or easements; or installing wells, pumps or sprinkler systems for any portion of the Master Property, in compliance with Applicable Laws, shall not be deemed a mining, quarrying or drilling activity as contemplated in this Section 8.2.

8.3 Litter. In order to preserve the attractiveness and desirability of the Master Property and to more fully integrate its overall appearance with that of the Resort, no garbage, trash, refuse, waste or rubbish shall be deposited, dumped or kept upon the Master Property except in closed containers, dumpsters or other garbage collection facilities suitable for such use and in compliance with all Applicable Laws. All centrally located containers, dumpsters and other garbage collection facilities shall be screened from view of casual passersby and shall at all times be kept in a clean condition with no noxious or offensive odors emanating therefrom. Individual waste receptacles located throughout the Master Property shall be designed and maintained in conformity with the overall care and maintenance standards set forth in this Master Declaration and in conformity with the standards of the Resort, as determined by the ARO in its sole, absolute and unfettered discretion.

8.4 Signs.

8.4.1 No Signs. No sign shall be displayed or placed upon the Master Property by any Owner (other than Worldco), or Owner's guest, invitee or lessee without the prior written consent of the ARO.

8.4.2 Worldco Rights. Nothing contained in this Master Declaration shall prevent Worldco or any person designated by Worldco, from erecting or maintaining or allowing such commercial and display signs for development, sales, management or other purposes, provided such are in compliance with Applicable Law.

8.5 Aerials. No exterior radio or television mast, tower, pole, wire, aerial, satellite receiving stations or dish, antenna or appurtenances thereto, shall be erected on the Master Property, without the prior written approval of the ARO.

8.6 Electrical Interference. No electrical or electromagnetic signals, machinery, devices or apparatus of any sort shall be used or maintained on the Master Property which causes interference with any television or radio reception received or broadcast on any other portion of the Master Property or the Resort without the approval of Worldco.

8.7 Household Pets and Livestock. No animals, household pets, livestock, or poultry of any kind shall be raised, bred, or kept on the Master Property unless approved by Worldco. This Section shall not apply to service animals as defined by the Americans with Disabilities Act.

8.8 Nuisances and Trespassing. No illegal, obnoxious or offensive activity shall be permitted or committed on any part of the Master Property, nor shall anything be permitted or done on the Master Property which is or may become a nuisance or a source of embarrassment, discomfort or annoyance to persons at or about the Master Property or the Resort. No trash, garbage, rubbish, debris, waste material, or other refuse shall be deposited or allowed to accumulate or remain on any part of the Master Property. No fires for the burning of trash, leaves, clipping or other debris or refuse shall be permitted on any part of the Master Property except as required to develop all or a portion of the Master Property and as permitted by Applicable Law. It is expressly contemplated that the construction of Improvements as contemplated in Section 3.3.1 may result in noise or light levels in excess of levels typically occurring in areas consisting solely of residential Accommodations and may result in an obstruction of views. Nothing contained in this Master Declaration shall be deemed to prohibit such construction. It is expressly contemplated that portions of the Master Property and properties nearby the Master Property may be operated as commercial spaces containing hotels, restaurants, entertainment complexes or other public establishments which may have nighttime hours of operation and which may result in noise or light levels in excess of levels typically occurring in areas consisting solely of residential Accommodations, including, without limitation, fireworks and concerts. Nothing contained within this Master Declaration shall be deemed to prohibit such commercial activity.

8.9 Subdividing. Worldco shall have the right in its sole, absolute and unfettered discretion to cause or permit the subdivision, platting or division of all or any part of the Master Property, subject to this Master Declaration and Applicable Law. No portion of the Master Property shall be subdivided, platted or divided by any persons claiming an interest in the Master Property by, through or under any Owner, without the prior written consent of Worldco.

8.10 No Chain-Link Fences. The installation of chain-link fences on the Master Property is prohibited, except temporarily in connection with construction work related to the development of the Master Property or with the approval of the ARO.

8.11 Casualties. If any Improvements are damaged or destroyed by fire, casualty or otherwise, the Owner or Owners of such Improvements shall promptly clear all debris resulting therefrom, and commence either to rebuild or repair the damaged or destroyed Improvements in accordance with the terms and provisions of this Master Declaration, or in the case of Open Areas, to grass over and landscape the land in a manner consistent with their pre-casualty condition and the surrounding area. If the Owner or Owners decide not to rebuild destroyed Improvements, the land previously underlying such Improvements shall be developed and maintained as Open Areas in accordance with this Master Declaration.

8.12 Repair, Rebuilding, Alteration and Reconstruction. Any repair, rebuilding, alteration or reconstruction on account of casualty or other damage on the Master Property shall be in accordance with this Master Declaration and with the plans and specifications for such property and areas as originally constructed or with new plans and specifications approved by the ARO.

8.13 Vehicular Parking. No vehicle shall be parked on any part of the Master Property, except on areas designed for parking and, in that case, in accordance with all applicable laws, rules and regulations pertaining thereto. No commercial vehicles shall be parked on the Master Property, except those present on business or with the approval of Worldco. No inoperative automobiles, trucks, trailers or other types of vehicles shall be allowed to remain on or adjacent to any portion of the Master Property for a period in excess of forty-eight (48) hours without the prior written approval of Worldco, unless concealed from public view. Nothing contained in this Section shall prohibit the parking of trailers, mobile

homes or other temporary structures to be used as field construction offices by contractors in connection with construction work for the development of the Master Property.

8.14 Accessory Structures. No tent, shack, garage, trailer, barn or other temporary or accessory structures shall at any time be erected and used temporarily or permanently as a residence or for any other purpose, except as approved by the ARO; provided, however, temporary structures, mobile homes or field construction offices may be used by contractors in connection with construction work for the development of the Master Property, and other temporary or accessory structures may be used during time of emergency caused by fire or other casualty.

8.15 Hazardous Materials and Waste. In order to preserve and enhance the beauty, use and enjoyment of the Master Property, there shall be no possession, storage, use or handling of any hazardous materials on the Master Property, except in compliance with Applicable Law. To the extent that any hazardous waste is generated on or at the Master Property during the term of this Master Declaration, whether as a result of ongoing business or recreational activities or as a result of cleanup or remedial activities, it shall be the sole obligation of Worldco, the Owner, the management company or other person generating the hazardous waste to comply with Applicable Law relating to the generation, temporary collection and onsite disposition of any such hazardous waste.

8.16 Rules and Regulations. Worldco may, from time to time, promulgate, modify, or delete use restrictions and rules and regulations applicable to the Master Property, with or without the consent of any other person. Worldco may exempt certain Owners, improvements, or portions of the Master Property from the use, restrictions, and rules and regulations applicable to the Master Property.

8.17 No Domiciliary Intent. No person or party may enter, stay or dwell upon or about the Master Property or any Accommodation constructed on the Master Property with the intent or desire to be or become a legal domiciliary of the State of California or any political subdivision of the State of California (including Orange County and the City of Anaheim), and all such persons or parties shall and do waive, release and remise any such intent or desire. No person or party may enter, stay or dwell upon or about the Master Property or any Accommodation constructed on the Master Property with the intent that the same shall be or become that person's or party's principal dwelling, and such person or party shall maintain a principal dwelling at all times at a location other than within the confines of the Resort.

IX. AMENDMENT OF THIS MASTER DECLARATION.

9.1 By Worldco as to all Master Property.

9.1.1 Except as otherwise provided in this Master Declaration, no amendment may be made to this Master Declaration by Worldco as to all or any portion of the Master Property without the prior written consent of all Owners and mortgagees of record if such amendment would prejudice or impair to any material extent the rights of the Owners as a whole. Notwithstanding the foregoing, Worldco may amend this Master Declaration, at any time and from time to time, as to all or any portion of the Master Property unilaterally and without the consent of any Owner or other person claiming an interest in the Master Property by, through or under any Owner in the following situations: if such amendment is necessary to bring any provision of this Master Declaration into compliance with any Applicable Law; if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any property subject to this Master Declaration; if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, to enable such lender or purchaser to make or purchase mortgage loans encumbering any property subject to this Master Declaration; if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans encumbering any property subject to this Master Declaration; if such amendment is necessary for the purpose of curing any error, ambiguity in or inconsistency between or among the provisions contained in this Master Declaration; if such amendment is necessary to allow the development or expansion of the Condominium Property or Timeshare Plan; to allow the development of other residential accommodations or commercial or other profit-making ventures as contemplated under this Master Declaration; or if Worldco determines such amendment is necessary; provided, however, that such amendment does not prejudice or impair to any material extent the rights of the Owners as a whole.

9.1.2 Notwithstanding any other provisions in this Declaration, Worldco may unilaterally amend the Declaration at any time prior to the first (1st) anniversary of the first close of escrow for the sale of an portion of the Master Property, Worldco may unilaterally amend this Declaration in its sole, absolute and unfettered discretion.

9.2 By Worldco as to Portions of Master Property Held by Worldco. For so long as Worldco holds fee title in any portion of the Master Property, Worldco shall have and reserves to itself, in addition to those rights specified in Section 9.1. above, the sole and exclusive right with regard to such portions of the Master Property held by Worldco to take the following actions at any time and from time to time unilaterally and without the consent of any Owner or any other person claiming an interest in the Master Property by, through or under any Owner:

9.2.1 To amend, modify or grant exceptions or variances from any of the use restrictions set forth in this Master Declaration.

9.2.2 To add or delete portions of the Master Property as otherwise provided in this Master Declaration.

9.2.3 To include in any contract, deed, lease agreement or other instrument hereafter made, any additional covenants, conditions and restrictions deemed desirable by Worldco.

9.3 By an Owner as to Portions of the Master Property Not Held by Worldco. This Master Declaration may be amended by any Owner, as may be required from time to time; provided, however, that no amendment shall be effective without the prior written consent of Worldco and all other Owners and mortgagees of record.

9.4 Designated Facilities, Ingress and Egress Easement, and Drainage and Utility Easement.

9.4.1 Neither Worldco nor any Owner shall amend this Master Declaration, without approval of Worldco and all Owners, if such amendment would result in the elimination of: (i) access, use, or enjoyment of any Designated Facility from this Master Declaration, subject to rules and regulations as are deemed advisable from time to time by Worldco in its sole, absolute, and unfettered discretion, and subject to Worldco's reserved rights set forth in Section 9.4.2; (ii) all reasonable ingress and egress rights to a dedicated right of way granted pursuant to Article III; or (iii) drainage and utility easement rights granted pursuant to Article III. No Owner shall alter, modify, rearrange, relocate, or replace any Designated Facility without the approval of Worldco.

9.4.2 Notwithstanding any provision in this Master Declaration to the contrary, Worldco may, at Worldco's expense, alter, modify, rearrange, relocate, replace, or remove any Designated Facility; provided, however, no amendment may, without the approval of all Owners, result in the alteration, modification, rearrangement, relocation, or replacement of the Designated Facility in such a manner that such Designated Facility or any replacement Designated Facility no longer provides substantially the same use, function, or experience as the existing Designated Facility, as Worldco determines in its sole, absolute, and unfettered discretion.

9.5 Recording of Amendments or Supplements; No Reliance. Any amendment or supplement to this Master Declaration shall become effective immediately upon recordation in the Official Records of Orange County, California, or otherwise as permitted in this Master Declaration. No Owner or any persons claiming by, through, or under any Owner shall have any right to claim detrimental reliance upon this Master Declaration with regard to any amendments to this Master Declaration affected by Worldco pursuant to this Article.

X. REMEDIES.

10.1 Violations. Worldco, any Owner or any Association shall each have the right to enforce, by proceeding at law or in equity, whether in an action for damages, injunctive relief or both, all covenants, conditions, restrictions, reservations, easements, charges and liens now or hereafter imposed by the provisions of this Master Declaration. In addition to the enforcement provisions provided in this Master Declaration, whenever there shall have been built, or there shall exist on the Master Property, or any portion of it, any Improvement or condition which is in violation of this Master Declaration, Worldco shall have the right, but not the obligation, to enter upon the property where such violation exists and

summarily to abate and remove, reconstruct or repair, or remedy the same, all at the expense of the person responsible therefor, which expense shall be due and payable by such person to Worldco on demand. Such entry and abatement or removal shall not be deemed a trespass or make Worldco liable in any way to any person, firm, corporation or other entity for any damages on account of such entry, abatement or removal. All costs incurred in abating or removing, reconstructing or repairing or remedying as contemplated in this Section shall become a charge and continuing lien against the non-complying party's interest, if any, in the Master Property as well as an individual and personal obligation of such breaching party.

10.2 Easement for Enforcement. In furtherance of the enforcement provisions provided for in this Master Declaration, Worldco reserves an easement over the Master Property for the purpose of enforcing the provisions in this Master Declaration, and may go upon any portion of the Master Property to remove or remedy any violations of these provisions. If Worldco, after notice to a person of any violation and such person's continued failure to cure the same, does in fact exercise its right to cure violations, all costs incident to said action by Worldco shall become a charge and continuing lien against the non-complying party's interest, if any, in the Master Property as well as an individual and personal obligation of such breaching person. Nothing in this Section shall be construed to require Worldco to take any action.

10.3 Costs of Enforcement. Should Worldco, any Owner or any Association find it necessary to employ an attorney or institute legal action against any party to enforce any provisions of this Master Declaration, the non-complying party shall pay all costs in connection with such action, including court costs and reasonable attorneys' fees and other professionals' fees for pretrial, trial, and appellate proceedings, whether or not judicial proceedings are involved and including those incurred in any bankruptcy or probate proceedings. All such costs shall become a charge and continuing lien against the non-complying party's interest, if any, in the Master Property, as well as an individual and personal obligation of such breaching party.

XI. MISCELLANEOUS.

11.1 Approvals. Wherever the consent or approval of Worldco or any Owner is required to be obtained, no act requiring such consent or approval shall be commenced or undertaken until after a request in writing seeking the required approval has been submitted to Worldco or such Owner, as applicable. Unless specified to the contrary, if Worldco or the Owner fails to act on any such written request within the period required for response or, if no response period is provided, within sixty (60) days after the same has been submitted to it, the consent or approval of Worldco or the Owner to the particular action sought in such written request shall be conclusively and irrefutably presumed. However, no act shall be taken by or on behalf of the person or persons submitting such written request that violates any of the provisions of this Master Declaration.

11.2 Limited Effect of Certain Liens and Encumbrances.

11.2.1 Worldco's Interest. Worldco's interest in the Master Property shall not be subjected to liens or encumbrances of any nature, including mortgages, mechanics' and materialman's liens or other liens arising pursuant to Applicable Law, by reason of any act or omission of any other person, including the construction, alteration, repair, renovation, restoration, replacement or reconstruction of any Improvements on the Master Property or any other act or omission by or on behalf of any Owner or Association or any person claiming by, through, or under an Owner or Association. All persons dealing with any Owner, any Association or any person claiming by, through, or under any Owner or any Association are placed on notice that such persons shall not look to Worldco's credit or assets for payment or satisfaction of any obligations incurred in connection with such construction, alteration, repair, restoration, replacement or reconstruction. No person other than Worldco itself has the power, right or authority to subject Worldco's interest in the Master Property or in any Improvements to any mortgage, mechanic's or materialman's lien or claim of lien. If a lien, a claim of lien or an order for the payment of money shall be imposed against the Master Property or any Improvements on the Master Property on account of work performed, or alleged to have been performed, for or on behalf of an Owner, Association or any person claiming by, through, or under an Owner or Association, the person for or on behalf of which the work was performed or alleged to have been performed shall, within thirty (30) days after written notice of the imposition of such lien, claim or order, cause the Master Property and the Improvements to be released from such lien, claim or order by the payment of the obligation secured thereby or by furnishing a bond or by any other method prescribed or permitted by Applicable Law. If a lien is released, the person obtaining the release shall thereupon furnish Worldco with a written instrument of release or

otherwise in form for recording in the Official Records of Orange County, California, or other applicable public records, sufficient to establish the release as a matter of record.

11.2.2 Right to Contest Liens. Worldco, any Owner, any Association or any person claiming by, through, or under Worldco, any Owner or any Association, as applicable, may, at its option, contest the validity of any lien or claim of lien if such person shall have first posted an appropriate and sufficient bond in favor of the claimant or paid the appropriate sum into court, if permitted by law, and thereby obtained the release of the Master Property and the improvements from such lien. If judgment is obtained by the claimant of any lien, such person shall pay the same immediately after the time for appeal from such judgment has expired without appeal having been taken or after such judgment has otherwise become final. Such person shall, at its own expense, defend the interests of itself and Worldco in any and all such suits; provided, however, that Worldco may, at its election, engage its own counsel and assert its own defenses, in which event such person shall cooperate with Worldco and make available to Worldco all information and data which Worldco deems necessary or desirable for such defense.

11.3 Taxes and Assessments. During the term of this Master Declaration, Worldco or each Owner (or an Association on behalf of Owners), as applicable, shall timely pay and discharge, or shall arrange for the timely payment or discharge of, all taxes (including sales and use taxes on rents), property taxes and assessments and other governmental impositions and charges of every kind and nature whatsoever, which shall or may during the term be charged, laid, levied, assessed, imposed, become due and payable or liens upon, or that arise in connection with the use, occupancy or possession of, or grow due or payable out of or for, the portion of the Master Property owned by Worldco or such Owner or any interest in the Master Property, so that no such liens, charges, assessments or impositions shall be payable by Worldco or any other Owner (or any Association on behalf of Owners) by virtue of its interest in the Master Property.

11.4 Condemnation.

11.4.1 Right to Terminate Master Declaration. If the Master Property or any Improvements shall be taken or condemned for any public or quasi-public use or purpose, by right of eminent domain or by purchase in lieu of eminent domain, or if a portion of the Master Property or the Improvements shall be so taken or condemned that the portion remaining is not sufficient and suitable for any other use permitted by this Master Declaration, then, with the consent of Worldco, this Master Declaration shall cease and terminate as of the date on which the condemning authority takes possession.

11.4.2 Continuation of Master Declaration. If a portion of the Master Property or the Improvements is taken, and the remaining portion can be adapted and used for the conduct of Worldco or an Owner's operations, then this Master Declaration shall continue in full force and effect as to the remaining portion.

11.4.3 Temporary Taking. If the temporary use (but not title) of the Master Property or any Improvements is taken, this Master Declaration shall remain in full force and effect.

11.4.4 Judicial Determination. If any interested party cannot agree in respect of any matters to be determined under this Section, a determination shall be requested of the court having jurisdiction over the taking, and if said court will not accept such matters for determination, any party may have the matters determined by a court having jurisdiction over the parties.

11.4.5 Condemnation of Condominium Property or Timeshare Property. The provisions of Sections 11.4.1. through 11.4.4. above shall not apply to any portion of the Master Property which becomes a part of the Condominium Property or Timeshare Property. The declaration of condominium shall provide for the circumstances under which the units and common areas of the Condominium Property or Timeshare Property if taken or condemned for public or quasi-public use or purpose, by right of eminent domain or by purchase in lieu of eminent domain, shall be reconstructed, or the circumstances under which the Condominium Property or Timeshare Property shall be terminated as a result of such taking or condemnation, and the provisions of the declaration of condominium shall control the disposition of proceeds received as a result of such taking or condemnation, subject however to the provisions of Section 11.5 below. Notwithstanding the foregoing, with the written consent of Worldco, which consent may be granted or withheld, in Worldco's sole, absolute and unfettered discretion, on a case by case basis, Section 11.5 shall not apply to condemnation, eminent

domain or purchase in lieu of eminent domain for Condominium Property or Timeshare Property, in which case the declaration of condominium for such Condominium Property or Timeshare Property shall solely govern. This Master Declaration shall only terminate as to the Condominium Property or Timeshare Property, with Worldco's prior written consent and to the extent that the Condominium Property or Timeshare Property is not reconstructed in accordance with the declaration of condominium or Section 11.5 below and the land remaining is not sufficient and suitable for any other use permitted by this Master Declaration.

11.5 Condemnation Awards.

11.5.1 Payment to Insurance Trustee. Any awards for damage, direct and consequential, resulting from the taking, other than a temporary taking, by the exercise of the power of eminent domain, by any sovereign, municipality or other public or private authority, of all or any part of the Master Property or the easements or other appurtenances thereto shall be paid to the Insurance Trustee.

11.5.2 Allocation of Awards. The awards received by the Insurance Trustee pursuant to Section 11.5.1 shall be allocated by the ARO among the Owners in that proportion which the damage to each Owner's Parcel and to all easements and other appurtenances thereto shall bear to the damage to all of the Parcels and the easements and other appurtenances thereto, taking into account the allocations provided for in Article VI and the award shall be distributed by the Insurance Trustee to the respective Owners (or to any lessee or Mortgagee as their interests may appear in accordance with such allocation, subject, however, to the provisions of this Section 11.5. If the damages to each Owner's Parcel and the easements and other appurtenances thereto shall have been determined by a court of law or equity in connection with the taking proceeding, then, subject to any right of appeal, such determination shall be conclusively as to the proportions of the total award to be allocated to each of the Owners pursuant to this Section 11.5.2, in lieu of application of the preceding sentence. Notwithstanding the foregoing, all condemnation proceeds allocated to any Owner shall first be paid to the Insurance Trustee, for utilization pursuant to Section 11.5.3 in funding repair and restoration, and Section 11.5.3 and 11.5.4 shall control the timing and amount of any subsequent distribution to the Owners.

11.5.3 Repair and Restoration Following Condemnation. If the taking authority shall take a portion of the Improvements within only one Parcel and if such taking does not include any facilities within such Parcel which serve or benefit the Owner of another Parcel, then, the repair and restoration of such improvements shall be performed by the Owner of such improvements, and such Owner shall be entitled to withdraw, for application to the cost of said repair and restoration, that portion (which may be 100%) of any condemnation award or awards paid to the Insurance Trustee by reason of such taking which shall have been allocated to the Owner of such improvements pursuant to Section 11.5.2.

In the event of a taking, if the provisions of the preceding paragraph shall not be applicable, then, the repair and restoration of any damage occasioned by such taking shall be performed by Worldco on behalf of all of the Owners. The plans and specifications for such repair and restoration shall be approved by the ARO. The ARO may require the contractor and subcontractors to maintain such insurance and bonding as it deems advisable. The contractor shall be approved by the ARO. The contractor shall work under the administration of the architect and Worldco. Worldco is hereby authorized, empowered and directed to instruct the Insurance Trustee from time to time as such repair and restoration progress, to disburse in accordance with the architect's certificate the condemnation award or awards paid to the Insurance Trustee pursuant to Section 11.5.1 by reason of the taking and any other monies deposited with the Insurance Trustee pursuant to Section 11.5.4, for application to the cost and expense of such repair and restoration. Each such instruction given by Worldco, to the Insurance Trustee to disburse funds for such cost and expense shall be accompanied by a statement of the architect setting forth the portion of such cost and expense which is to be borne by each of the respective Owners pursuant to the allocation provided for in Section 11.5.4. The Insurance Trustee shall charge each Owner's portion of such cost and expense against the portion of the condemnation award or awards allocated to such Owner pursuant to Section 11.5.2.

11.5.4 Allocation of Costs of Repair and Restoration. All condemnation awards paid to the Insurance Trustee shall first be used to fund all repair and restoration to be performed under Section 11.5.3. To the extent the condemnation awards paid into the Insurance Trustee are insufficient to fully fund any repair and restoration to be performed under Section 11.5.3, or if there are no such awards, the cost and expense of performing the repair and restoration provided for in Section 11.5.3 shall be borne by the respective Owners as a Shared Area Expense.

11.5.5 Substantial Taking. For the purpose of Section 11.5.6 and generally in this Master Declaration, "Substantial Taking" of the Master Property shall be defined as follows: (i) If greater than or equal to 50% of the replacement value of the Master Property is destroyed by such a condemnation occurring during the period commencing with the initial recordation of this Master Declaration and terminating thirty (30) years thereafter ("Initial Period"); (ii) If greater than or equal to 35% of the replacement value of the Master Property is destroyed by a condemnation occurring at any time during the period commencing with the end of the Initial Period and terminating ten (10) years thereafter ("Second Period"); (iii) If an amount greater than or equal to 25% of the replacement value of the Master Property is destroyed by a condemnation occurring at any time during the period commencing with the end of the Second Period.

11.5.6 Limitations on Repair or Restoration by Worldco. In the event that any condemnation results in a Substantial Taking of the Master Property, Worldco shall have the option not to proceed with repair or restoration of the Master Property, notwithstanding any obligation Worldco might otherwise have to repair or restore under Section 11.5.3. Worldco shall elect whether to exercise such option on or before the ninetieth (90th) day following the date the order establishing the amount of the condemnation award becomes final, and shall deliver written notice to the Owners and the Insurance Trustee of any election by it to exercise such option. In such event, the condemnation proceeds paid to the Insurance Trustee from the condemnation shall be disbursed by the Insurance Trustee to the Owners whose Parcels has been taken, or their Mortgagee(s), as their interests may appear, for utilization in demolition of the affected Improvements or such other purposes as Worldco and any such other Owner and/or such Mortgagee(s) may reasonably determine.

11.6 Force Majeure. If the performance by any person obligated under this Master Declaration (excluding monetary obligations) is limited, delayed or prevented in whole or in part by Applicable Law or action adopted or taken by any federal, state or local governmental authority, and not attributable to an act or omission of said party, or by any Acts of God, fire or other casualty, floods, storms, explosions, accidents, epidemics, war, civil disorders, strikes or other labor difficulties, shortages or failure of supply of materials, labor, fuel, power, equipment, supplies or transportation, or by any other cause not reasonably within said party's control, whether or not specifically mentioned in this Master Declaration, said person shall be excused, discharged and released of performance to the extent such performance or obligation (excluding any monetary obligation) is so limited, delayed or prevented by such occurrence without liability of any kind.

11.7 Assignments. Worldco shall have the sole and exclusive right at any time to transfer and assign to any person, firm or corporation, partnership, limited liability company or other entity, any or all rights, powers, easements, privileges, authorities and reservations given to or reserved by Worldco or any obligation imposed upon Worldco by any part, section or paragraph of this Master Declaration as to all or a portion of the Master Property. Such transfer or assignment shall be evidenced by a writing, such as a memorandum of Ground Lease or a deed of conveyance from Worldco to a successor in title to all or a portion of the Master Property, recorded in the Official Records of Orange County, California, which such writing shall specifically indicate Worldco's intent to transfer and assign any or all rights, powers, easements, privileges, authorities and reservations given to or reserved by Worldco or any obligation imposed upon Worldco hereunder.

11.8 Termination. Unless sooner terminated as provided in this Master Declaration, this Master Declaration shall run with and bind the land until Worldco and all Owners owning an interest in all or a portion of the Master Property (including Worldco is applicable) agree in writing that it shall terminate or until January 31, 2060, whichever shall occur earlier.

11.9 No Representations. Each Owner shall inspect and examine the Master Property and shall not rely on any representations or warranties as to the condition of the Master Property (except with respect to any express representations or warranties that Worldco may provide in a writing signed by Worldco authorizing reliance). Prior to the commencement of any construction on the Master Property, an Owner shall conduct such tests of the subsurface and soil conditions as the Owner may deem necessary or desirable to ascertain the existence of any hazards as well as the suitability of the Master Property for the contemplated development and shall furnish such fill and take such other steps as may be required prior to the commencement of construction, all in accordance with Applicable Laws. Worldco shall not have any liability because of, or as a result of, the existence (either upon the commencement of the term of this Master Declaration or at any time during the term) of any subsurface or soil or hazardous condition, either at the Master Property or land adjacent thereto, which might affect an Owner's construction or otherwise cause an Owner or any person claiming by, through or under an Owner to suffer or incur any damage, loss, fine, penalty, liability, cost or expense.

11.10 Notices. Except as may be otherwise provided in this Master Declaration, any notice, demand, request, consent, approval or communication under this Master Declaration shall be in writing and shall be deemed duly given or made: (i) when deposited, postage prepaid, in the United States mail, certified or registered mail with a return receipt requested, addressed to the person at the last known address of the person; (ii) when delivered personally to the person at the last known address of the person; (iii) when deposited with a reliable overnight courier service, fee prepaid, with receipt of confirmation requested, addressed to the person at the last known address; or (iv) when delivered by facsimile transmission with confirmed receipt of transmission. A person may designate a different address for receiving notices hereunder by notice to the other persons giving notice. All notices required to be given to Owners who own property declared as Condominium Property, declared to a Timeshare Plan or subject to subdivision restrictions or other similar restrictive documents pursuant to which an Association is created, shall be deemed given in accordance with this Master Declaration when delivered to such Association in accordance with this Section. Such Association is authorized to receive all notices required to be given to the members of the Association by the provisions of this Master Declaration. Any notice, demand, request, consent, approval or communication under this Master Declaration to be given to Worldco under this Master Declaration shall be given at the address noted above unless a notice of an alternative address is recorded in the Official Records of Orange County, California.

11.11 Severability. If any covenant, condition, restriction, term or provision of this Master Declaration to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Master Declaration, or the application of such covenant, condition, restriction, term or provision to persons whose circumstances are other than those as to which it is held invalid and unenforceable, shall not be affected thereby and shall remain in full force and effect.

11.12 Headings. The paragraph, section and article headings contained in this Master Declaration are for reference purposes only and shall not in any way affect the meaning, content or interpretation of this Master Declaration.

11.13 No Waiver. The rights of Worldco, any Owner or any Association under this Master Declaration shall be cumulative and not exclusive of any other right or available remedy. Worldco's, any Owner's or any Association's pursuit of any one or more of the rights or remedies provided for in Article X shall not preclude pursuit of any other right, remedy or remedies provided in this Master Declaration or any other right, remedy or remedies provided for or allowed by law or in equity, separately or concurrently or in any combination. Worldco's, any Owner's or any Association's pursuit of any one or more of its rights or remedies shall not constitute an election of remedies excluding the election of another right, remedy or other remedies, or a forfeiture or waiver of any right or remedy or of any damages or other sums accruing to Worldco, such Owner or Association by reason of any obligated person's failure to fully and completely keep, observe, perform, satisfy and comply with all of the covenants, conditions and restrictions set forth in this Master Declaration. No action taken by or on behalf of Worldco, Owner or Association shall be construed to be an acceptance of a surrender of this Master Declaration. Worldco's, an Owner's or Association's forbearance in pursuing or exercising one or more of its or their rights or remedies, or the failure of Worldco, an Owner or Association to enforce any of the covenants, conditions and restrictions set forth in this Master Declaration or to promptly pursue and exercise any right or remedy contained in this Master Declaration, shall not be deemed or construed to constitute a waiver of any other right or remedy or any waiver of the further enforcement or the provision or the exercise of the right or remedy that was the subject of the forbearance or failure. No waiver by Worldco, an Owner or Association of any right or remedy on one occasion shall be construed as a waiver of that right or remedy on any subsequent occasion or as a waiver of any other right or remedy then or thereafter existing. No failure of Worldco, an Owner or Association to pursue or exercise any of their respective powers, rights or remedies or to insist upon strict and exact compliance by any obligated person with this Master Declaration, and no custom or practice at variance with the terms of this Master Declaration, shall constitute a waiver by Worldco, such Owner or Association of the right to demand strict and exact compliance with all terms and conditions of this Master Declaration. No termination of this Master Declaration shall affect Worldco's, an Owner's or Association's right to collect any monetary amounts due to it for the period prior to termination.

11.14 Governing Law; Waiver of Jury Trial; Venue. This Master Declaration shall be governed by, and shall be construed in accordance with, the laws of the State of California. To the extent permitted by Applicable Law, Worldco, any Owner, Association and all other persons who may acquire any right, title, interest, lien or encumbrance in or to all or any part of the Master Property subsequent or subordinate to this Master Declaration waive any right any of them may now or hereafter have under Applicable Law to a trial by jury with respect to any suit or legal action which may be commenced by

any of them against any of the others concerning the interpretation, construction, validity, enforcement or performance of this Master Declaration or any other agreement or instrument executed in connection with this Master Declaration. If any such suit or legal action is commenced by any of them, each of them agrees, consents and submits to the personal jurisdiction of the Superior Courts in and for Orange County, California, with respect to such suit or legal action, or if the Superior Courts do not have jurisdiction, then before any other court sitting in Orange County, California, having subject matter jurisdiction, and each of them also consents and submits to and agrees that venue in any such suit or legal action is proper in said court and county, and each of them waives any and all personal rights under Applicable Law or in equity to object to the jurisdiction and venue in said court and county. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue.

11.15 Plural and include. Where the context so indicates, a word in the singular form shall include the plural. The term "include" and similar terms (e.g., includes, including, included, comprising, such as, e.g., and for example), when used as part of a phrase including one or more specific items, are used by way of example and not of limitation.

11.16 Estoppel Certificates. Each Owner agrees, within fifteen (15) days after written request by any other Owner, to execute and deliver to such Owner or to any existing or prospective purchaser, Mortgagee or lessee designated by such Owner, a certificate in recordable form stating to the best of its knowledge: (a) whether or not there is any existing default hereunder by any Owner in the payment of any sum of money owing to the Owner executing such certificates; (b) whether or not there is any existing default by any Owner with respect to which a notice of default has been given or received by the Owner executing such certificate and if there is any such default, specifying the nature and extent thereof; (c) whether or not there are any sums which the Owner executing such certificate is entitled to receive or demand from any other Owner hereunder, and if there is any such sum specifying the nature and extent thereof; (d) whether or not Worldco has performed or caused to be performed, or is then performing or causing to be performed, any Maintenance or other work, the cost of which Worldco may be entitled to charge in whole or in part to any Owner but has not yet charged to such other Owner, and if there be any such Maintenance or other work, specifying the nature and extent thereof; (e) whether or not Worldco has performed or caused to be performed, or is then performing or causing to be performed, any maintenance or other work, specifying the nature and extent thereof; (f) whether or not there are any set-offs, defenses or counterclaims then being asserted or otherwise known against enforcement of any obligations hereunder which are to be performed by the Owner executing such certificate, and, if so, the nature and extent thereof; (g) whether or not any Owner has given any notice to the Owner executing such certificate making a demand or claim hereunder which has not yet been discharged or otherwise resolved, or given any notice of a dispute, and if so, a copy of any such notice shall be delivered with the certificate; (h) whether or not there is any pending dispute involving the Owner executing such certificate which has been submitted for arbitration hereunder, and if so, specifying the nature of the dispute; and (i) whether or not there is any ruling or decision involving the Owner executing such certificate within the ninety (90) days preceding the date of such certificate, and if so, identifying such ruling or decision. In the event of the recording of the Condominium Declarations, any such certificates which are required of the Owners within a Parcel submitted to condominium ownership shall be given by the president or vice president of the Association.

IN WITNESS WHEREOF, Worldco has caused this instrument to be duly executed effective as of the date and year above.

WITNESS:

Name: *John McGowan*

Print Name: John McGowan

Name: *Tamara Bamford*

Print Name: TAMARA J. BAMFORD

WALT DISNEY WORLD CO.,

a Florida corporation

By: *[Signature]*

As its: *Lee Sa Vice-President*

STATE OF FLORIDA)
COUNTY OF Orange) SS.

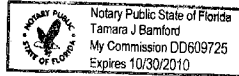
On December 19, 2008 BEFORE ME, Tamara Bamford (name and title
notary public), appeared Lee Schumacher, Dee Caldwell of
WALT DISNEY WORLD CO., a Florida corporation, who proved to me on the basis of satisfactory evidence to be the person
whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized
capacity, and that by his signature on the instrument the entity on behalf of which he acted executed the foregoing
instrument.

I certify under PENALTY OF PERJURY under the laws of the State in which this acknowledgment is taken that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(NOTARY SEAL)

Tamara Bamford
NOTARY PUBLIC - State of Florida



LEGAL DESCRIPTION

EXHIBIT A

MASTER DECLARATION BOUNDARY
CITY OF ANAHEIM, COUNTY OF ORANGE

MASTER DECLARATION BOUNDARY:

THAT PORTION OF THE WEST ONE-HALF OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO SAN JUAN CAJON DE SANTA ANA, IN CITY OF ANAHEIM, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 22, AS SHOWN ON RECORD OF SURVEY NO. 92-1104 FILED IN BOOK 144, PAGES 24 THROUGH 30 OF RECORDS OF SURVEY OF SAID COUNTY, SAID CORNER BEING THE CENTERLINE INTERSECTION OF DISNEYLAND DRIVE (WEST STREET) AND KATELLA AVENUE AS SHOWN ON SAID RECORD OF SURVEY; THENCE NORTH 00°39'34" EAST 1240.77 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE, LEAVING SAID CENTERLINE OF DISNEYLAND DRIVE (WEST STREET), SOUTH 89° 20' 26" EAST A DISTANCE OF 116.82 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 70.00 FEET;

THENCE, SOUTHEASTERLY 104.52 FEET ALONG SAID TANGENT CURVE THROUGH A CENTRAL ANGLE OF 85° 33' 05";

THENCE, SOUTH 03° 47' 21" EAST A DISTANCE OF 3.84 FEET;

THENCE, NORTH 86° 12' 39" EAST A DISTANCE OF 200.84 FEET;

THENCE, SOUTH 79° 55' 41" EAST A DISTANCE OF 157.19 FEET;

THENCE, NORTH 90° 00' 00" EAST A DISTANCE OF 41.66 FEET;

THENCE, NORTH 36° 17' 24" EAST A DISTANCE OF 58.52 FEET;

THENCE, NORTH 00° 10' 25" WEST A DISTANCE OF 155.22 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 135.86 FEET, A RADIAL TO SAID BEGINNING BEARS SOUTH 01° 38' 14" WEST;

THENCE, NORTHEASTERLY 170.77 FEET ALONG SAID NON-TANGENT CURVE THROUGH A CENTRAL ANGLE OF 72° 01' 05";

THENCE, NORTH 83° 00' 00" EAST A DISTANCE OF 96.51 FEET;

THENCE, NORTH 06° 35' 59" WEST A DISTANCE OF 164.53 FEET;

THENCE, NORTH 83° 00' 00" EAST A DISTANCE OF 12.76 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 50.00 FEET, A RADIAL TO SAID BEGINNING BEARS NORTH 81° 22' 21" EAST;

THENCE, NORTHWESTERLY 32.64 FEET ALONG SAID NON-TANGENT CURVE THROUGH A CENTRAL ANGLE OF 37° 24' 26";

THENCE, NORTH 46° 02' 05" WEST A DISTANCE OF 9.52 FEET;

THENCE, NORTH 43° 58' 30" EAST A DISTANCE OF 32.05 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 36.37 FEET, A RADIAL TO SAID BEGINNING BEARS NORTH 60° 06' 56" WEST;

THENCE, NORTHEASTERLY 22.66 FEET ALONG SAID NON-TANGENT CURVE THROUGH A CENTRAL ANGLE 35° 42' 10" TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 22.33 FEET, A RADIAL TO SAID BEGINNING BEARS SOUTH 31° 13' 25" EAST;

THENCE, NORTHERLY 53.74 FEET ALONG SAID NON-TANGENT CURVE THROUGH A CENTRAL ANGLE OF 137° 53' 53" TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 21.08 FEET, A RADIAL TO SAID BEGINNING BEARS SOUTH 43° 57' 01" WEST;

THENCE, NORTHWESTERLY 11.79 FEET ALONG SAID NON-TANGENT CURVE THROUGH A CENTRAL ANGLE OF 32° 02' 58" TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 25.65 FEET, A RADIAL TO SAID BEGINNING BEARS NORTH 72° 51' 25" EAST;

THENCE, NORTHWESTERLY 18.58 FEET ALONG SAID NON-TANGENT CURVE THROUGH A CENTRAL ANGLE OF 41° 30' 22";

THENCE, NORTH 07° 05' 54" WEST A DISTANCE OF 13.78 FEET;

THENCE, NORTH 89° 09' 27" WEST A DISTANCE OF 87.76 FEET;

THENCE, NORTH 07° 00' 00" WEST A DISTANCE OF 58.48 FEET;

THENCE, NORTH 90° 00' 00" WEST A DISTANCE OF 276.46 FEET;

THENCE, NORTH 00° 00' 00" EAST A DISTANCE OF 75.51 FEET;

(SEE SHEET 2 FOR CONTINUATION)

H:\DISNEY - REFS\MASTER DECLARATION\MASTER_LEGAL_DESC_AND_EXHIBIT_MASTER.dwg 9/16/08 11:20



IKE CONSULTING ENGINEERS
3621 S. HARBOR BLVD., SUITE 100
SANTA ANA, CALIFORNIA 92704
PHONE 714-241-0606 FAX 714-241-1221

CLIENT/OWNER: WALT DISNEY WORLD, CO.	DATE: 09/16/2008
PROJECT: DISNEY GCH EXPANSION AND SUITES - MASTER DECLARATION	SCALE: -
SHEET TITLE: MASTER DECLARATION BOUNDARY - LEGAL DESCRIPTION	DRAWN: AC CHECKED: JT
COMMENTS: -	SHEET NO: 1 OF 4

LEGAL DESCRIPTION

MASTER DECLARATION BOUNDARY
CITY OF ANAHEIM, COUNTY OF ORANGE

MASTER DECLARATION BOUNDARY CONTINUED:

THENCE, NORTH 90° 00' 00" WEST A DISTANCE OF 78.21 FEET;
 THENCE, NORTH 00° 00' 00" EAST A DISTANCE OF 56.53 FEET;
 THENCE, NORTH 90° 00' 00" WEST A DISTANCE OF 24.89 FEET;
 THENCE, NORTH 00° 00' 00" EAST A DISTANCE OF 12.44 FEET;
 THENCE, NORTH 90° 00' 00" WEST A DISTANCE OF 98.70 FEET;
 THENCE, NORTH 00° 02' 01" WEST A DISTANCE OF 3.30 FEET;
 THENCE, SOUTH 89° 57' 04" WEST A DISTANCE OF 63.47 FEET;
 THENCE, SOUTH 00° 46' 54" WEST A DISTANCE OF 15.71 FEET;
 THENCE, NORTH 89° 53' 08" WEST A DISTANCE OF 65.19 FEET;
 THENCE, NORTH 89° 20' 26" WEST A DISTANCE OF 119.23 FEET, MORE OR LESS, TO THE CENTERLINE OF DISNEYLAND DRIVE (WEST STREET);
 THENCE, SOUTH 00° 39' 34" WEST A DISTANCE OF 729.75 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPT THAT PORTION THEREOF DESCRIBED AS FOLLOWS:
 THE NORTH 30 FEET OF THE WEST 100 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN.

CONTAINING APPROXIMATELY 539,347 SQUARE FEET. (12.38 ACRES)

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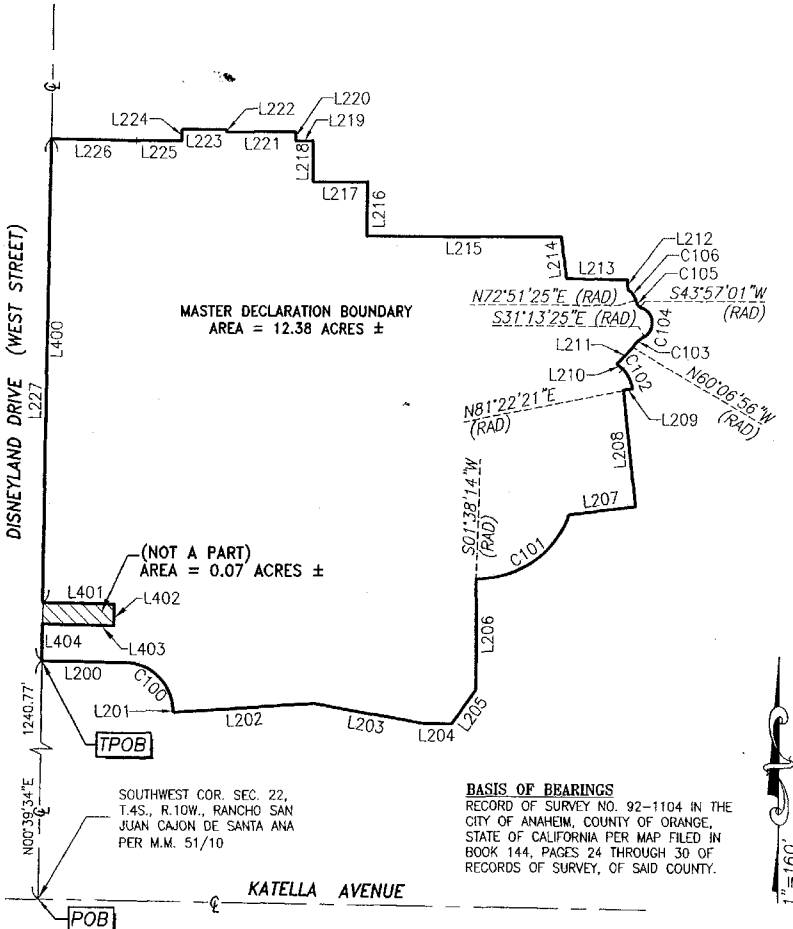


IKE CONSULTING ENGINEERS
 3621 S. HARBOR BLVD., SUITE 100
 SANTA ANA, CALIFORNIA 92704
 PHONE 714-241-0606 FAX 714-241-1221

CLIENT/OWNER: WALT DISNEY WORLD, CO.		DATE: 09/16/2008
PROJECT: DISNEY GCH EXPANSION AND SUITES - MASTER DECLARATION		SCALE: -
SHEET TITLE: MASTER DECLARATION BOUNDARY - LEGAL DESCRIPTION		DRAWN: AC
COMMENTS: -		CHECKED: JT
		SHEET NO: 2 OF 4

LEGAL DESCRIPTION EXHIBIT

MASTER DECLARATION BOUNDARY
CITY OF ANAHEIM, COUNTY OF ORANGE



MASTER DECLARATION BOUNDARY
AREA = 12.38 ACRES ±

(NOT A PART)
AREA = 0.07 ACRES ±

BASIS OF BEARINGS
RECORD OF SURVEY NO. 92-1104 IN THE
CITY OF ANAHEIM, COUNTY OF ORANGE,
STATE OF CALIFORNIA PER MAP FILED IN
BOOK 144, PAGES 24 THROUGH 30 OF
RECORDS OF SURVEY, OF SAID COUNTY.



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IKE	CLIENT/OWNER: WALT DISNEY WORLD, CO.	DATE: 09/16/2008
	PROJECT: DISNEY GCH EXPANSION AND SUITES - MASTER DECLARATION	SCALE: 1" = 160'
	SHEET TITLE: MASTER DECLARATION BOUNDARY - LEGAL DESCRIPTION	DRAWN: AC CHECKED: JT
	COMMENTS: -	SHEET NO: 3 OF 4

LEGAL DESCRIPTION EXHIBIT
 MASTER DECLARATION BOUNDARY
 CITY OF ANAHEIM, COUNTY OF ORANGE

LINE DATA TABLE		
LINE #	BEARING	DISTANCE
L200	S89°20'26"E	116.82'
L201	S3°47'21"E	3.84'
L202	N86°12'39"E	200.84'
L203	S79°55'41"E	157.19'
L204	N90°00'00"E	41.66'
L205	N36°17'24"E	58.52'
L206	N0°10'25"W	155.22'
L207	N83°00'00"E	96.51'
L208	N6°35'59"W	164.53'
L209	N83°00'00"E	12.76'
L210	N46°02'05"W	9.52'
L211	N43°58'30"E	32.05'
L212	N7°05'54"W	13.78'
L213	N89°09'27"W	87.76'
L214	N7°00'00"W	58.48'
L215	N90°00'00"W	276.46'
L216	N0°00'00"E	75.51'
L217	N90°00'00"W	78.21'
L218	N0°00'00"E	56.53'
L219	N90°00'00"W	24.89'
L220	N0°00'00"E	12.44'
L221	N90°00'00"W	98.70'
L222	N0°02'01"W	3.30'
L223	S89°57'04"W	63.47'
L224	S0°46'54"W	15.71'
L225	N89°53'08"W	65.19'
L226	N89°20'26"W	119.23'
L227	S0°39'34"W	729.75'

CURVE DATA TABLE			
CURVE #	RADIUS	LENGTH	DELTA
C100	70.00'	104.52'	85°33'05"
C101	135.86'	170.77'	72°01'05"
C102	50.00'	32.64'	37°24'26"
C103	36.57'	22.66'	35°42'10"
C104	22.33'	53.74'	137°53'53"
C105	21.08'	11.79'	32°02'58"
C106	25.65'	18.58'	41°30'22"

LINE DATA TABLE		
LINE #	BEARING	DISTANCE
L400	S0°39'34"W	648.18'
L401	S89°10'38"E	100.00'
L402	S00°39'34"W	30.00'
L403	N89°10'38"W	100.00'
L404	S0°39'34"W	51.57'

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IKE CONSULTING ENGINEERS
 3621 S. HARBOR BLVD., SUITE 100
 SANTA ANA, CALIFORNIA 92704
 PHONE 714-241-0666 FAX 714-241-1121

CLIENT/OWNER: WALT DISNEY WORLD, CO.
 PROJECT: DISNEY GCH EXPANSION AND SUITES - MASTER DECLARATION
 SHEET TITLE: MASTER DECLARATION BOUNDARY - LEGAL DESCRIPTION
 COMMENTS: _

DATE: 09/16/2008
 SCALE: -
 DRAWN: AC CHECKED: JT
 SHEET NO: 4 OF 4

EXHIBIT B**LEGAL DESCRIPTION**

PARCEL 1 OF LOT LINE ADJUSTMENT 659
CITY OF ANAHEIM, COUNTY OF ORANGE

PARCEL 1:

THAT PORTION OF THE WEST ONE-HALF OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST, IN THE RANCHO SAN JUAN CAJON DE SANTA ANA, IN CITY OF ANAHEIM, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SAID SECTION IS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 10 OF MISCELLANEOUS MAPS, RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 22, AS SHOWN ON RECORD OF SURVEY NO. 92-1104 FILED IN BOOK 144, PAGES 24 THROUGH 30 OF RECORDS OF SURVEY OF SAID COUNTY, SAID CORNER BEING THE CENTERLINE INTERSECTION OF DISNEYLAND DRIVE (WEST STREET) AND KATELLA AVENUE AS SHOWN ON SAID RECORD OF SURVEY; THENCE NORTH 00°39'34" EAST 1245.13 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE, LEAVING SAID CENTERLINE OF DISNEYLAND DRIVE (WEST STREET), SOUTH 89°20'26" EAST A DISTANCE OF 173.97 FEET;

THENCE, SOUTH 45°00'00" EAST A DISTANCE OF 45.38 FEET;

THENCE, NORTH 90°00'00" EAST A DISTANCE OF 314.79 FEET;

THENCE, SOUTH 00°00'00" EAST A DISTANCE OF 29.16 FEET;

THENCE, NORTH 90°00'00" EAST A DISTANCE OF 74.23 FEET;

THENCE, NORTH 00°00'00" EAST A DISTANCE OF 197.71 FEET;

THENCE, NORTH 90°00'00" WEST A DISTANCE OF 145.96 FEET;

THENCE, NORTH 00°00'00" EAST A DISTANCE OF 76.44 FEET;

THENCE, NORTH 90°00'00" WEST A DISTANCE OF 110.50 FEET;

THENCE, SOUTH 00°00'00" EAST A DISTANCE OF 39.78 FEET;

THENCE, NORTH 89°20'26" WEST A DISTANCE OF 336.62 FEET, MORE OR LESS, TO THE CENTERLINE OF DISNEYLAND DRIVE (WEST STREET);

THENCE ALONG SAID CENTERLINE OF WEST STREET, SOUTH 00°39'34" WEST 175.00 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPT THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

THE NORTH 30 FEET OF THE WEST 100 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 22, TOWNSHIP 4 SOUTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN.

CONTAINING APPROXIMATELY 114,536 SQUARE FEET. (2.63 ACRES)

ALL AS SHOWN ON EXHIBIT B, ATTACHED HERETO AND MADE A PART THEREOF.

H:\DISNEY\XREFS\MASTER DECLARATION\PARCEL_1.LEGAL DESC AND EXHIBIT_PARCEL_1.dwg 9/17/08 10:02

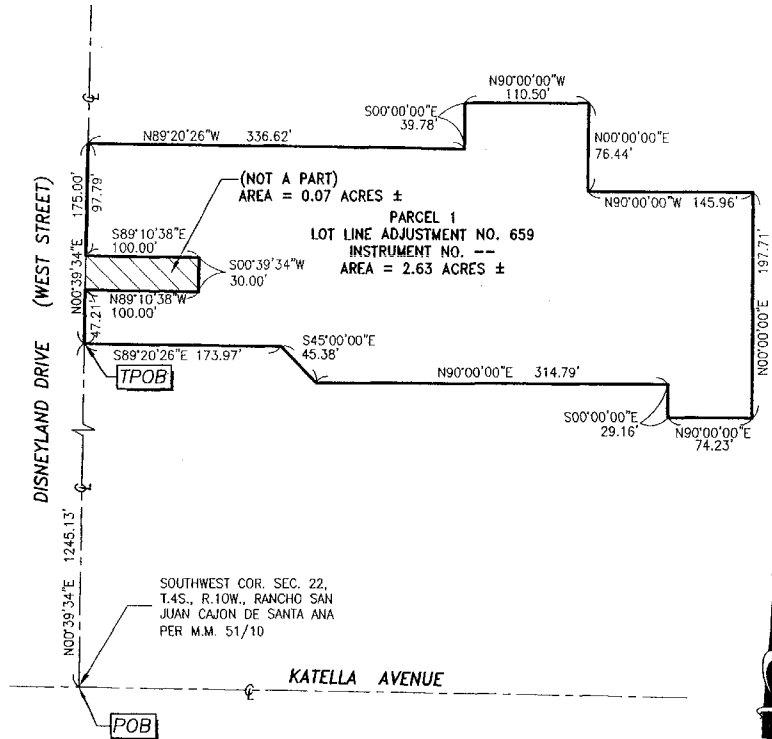


IKE CONSULTING ENGINEERS
3621 S HARBOR BLVD., SUITE 100
SANTA ANA, CALIFORNIA 92704
PHONE 714-241-0666 FAX 714-241-1221

CLIENT/OWNER: WALT DISNEY WORLD, CO.	DATE: 09/16/2008
PROJECT: DISNEY GCH EXPANSION AND SUITES	SCALE: -
SHEET TITLE: PARCEL 1 OF LLA 659 - LEGAL DESCRIPTION	DRAWN: AC CHECKED: -
COMMENTS: -	SHEET NO: 1 OF 2

LEGAL DESCRIPTION EXHIBIT

PARCEL 1 OF LOT LINE ADJUSTMENT 659, CITY OF ANAHEIM
CITY OF ANAHEIM, COUNTY OF ORANGE



(NOT A PART)
AREA = 0.07 ACRES ±

PARCEL 1
LOT LINE ADJUSTMENT NO. 659
INSTRUMENT NO. --
AREA = 2.63 ACRES ±

SOUTHWEST COR. SEC. 22,
T.4S., R.10W., RANCHO SAN
JUAN CAJON DE SANTA ANA
PER M.M. 51/10

BASIS OF BEARINGS
RECORD OF SURVEY NO. 92-1104 IN THE
CITY OF ANAHEIM, COUNTY OF ORANGE,
STATE OF CALIFORNIA PER MAP FILED IN
BOOK 144, PAGES 24 THROUGH 30 OF
RECORDS OF SURVEY, OF SAID COUNTY.



H:\DISNEY\REFSY\MASTER DECLARATION\PARCEL 1\LEGAL DESS AND EXHIBIT\PARCEL 1.dwg 9/16/08 11:13



IKE CONSULTING ENGINEERS
3621 S. HARBOUR BLVD., SUITE 100
SANTA ANA, CALIFORNIA 92704
PHONE 714-241-0606 FAX 714-241-1211

CLIENT/OWNER: **WALT DISNEY WORLD, CO.**

PROJECT: **DISNEY GCH EXPANSION AND SUITES - MASTER DECLARATION**

SHEET TITLE: **PARCEL 1 OF LLA 658 - LEGAL DESCRIPTION**

COMMENTS: **_**

DATE: **09/16/2008**

SCALE: **1" = 100'**

DRAWN: **AC** CHECKED: **-**

SHEET NO: **2 OF 2**

SEP 03 2008

**ARTICLES OF INCORPORATION
OF THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM
ASSOCIATION, INC.**

All terms used in these Articles of Incorporation of THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM ASSOCIATION, INC. (the "**Articles**") shall have the same meaning as the identical terms used in the Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Ownership Plan of THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL, a leasehold condominium (the "**Declaration**"), unless the context otherwise requires.

ARTICLE I – Name

The name of the corporation is: **The Villas at Disney's Grand Californian Hotel Condominium Association, Inc.**

ARTICLE II – Purposes

1. This corporation is a nonprofit **Mutual Benefit Corporation** organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.
2. The specific purpose of this corporation is to manage, operate and maintain a condominium, to be known as THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL, a leasehold condominium (the "**Condominium**"), in accordance with the Declaration, the Master Declaration and the Ground Lease.
3. The Villas at Disney's Grand Californian Hotel Condominium Association, Inc. shall have no capital stock and shall make no distribution of income or profit to its members, directors or officers.

ARTICLE III – INITIAL AGENT FOR SERVICE OF PROCESS

The name and address in the State of California of this corporation's initial agent for service of process is:

Name: Marsha L. Reed

Address: 500 South Buena Vista Street

City: Burbank

State: CALIFORNIA

Zip Code: 91521-0586

ARTICLE IV - Powers

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or

exercise any powers that are not in furtherance of the specific purposes of this corporation.

1. The Association shall have all of the common law and statutory powers of a nonprofit corporation which are not in conflict with applicable law or the terms of these Articles, together with such specific powers as are contained in the Bylaws or the Declaration.

2. The Association shall have all of the powers reasonably necessary to implement the purpose of the Association including, without limitation, the following:

a. To adopt a budget and make and collect assessments against Owners to defray the costs of the Condominium.

b. To use the proceeds of assessments in the exercise of its powers and duties.

c. To maintain, manage, repair, replace and operate the Condominium Property.

d. To reconstruct improvements after casualty and construct further improvements to the Condominium Property.

e. To promulgate and amend the Condominium Rules and Regulations respecting the use of Condominium Property.

f. To enforce by legal means the provisions of the various Condominium Documents, these Articles, the Bylaws of the Association (the **"Bylaws"**) and the Condominium Rules and Regulations.

g. To contract for the management of the Condominium and to delegate to such contractor all powers and duties of the Association except such as are specifically required by the various Condominium Documents to have approval of the Board or the Owners. Notwithstanding any provisions contained in these Articles to the contrary, it is the intent of these Articles that the Board shall not have the power to independently terminate the Property Management Agreement except as set forth in the Property Management Agreement. The Property Management Agreement may only be terminated in accordance with its own terms or by the vote of the Owners in accordance with California law.

h. To maintain, manage, repair, replace and operate the property of the single condominium resulting from a merger of this Condominium with another independent and separate condominium pursuant to the merger provisions of the Declaration.

i. To operate and manage or assign the operation or management of any reservation system created for the Condominium. Notwithstanding any provisions contained in these Articles to the contrary, it is the intent of these Articles that the Board shall not have the power to independently terminate the Membership Agreement or the DVC Resort Agreement except as set forth in the Membership Agreement or the DVC Resort Agreement, respectively.

j. To acquire title to and hold, convey or mortgage non-Condominium Property and Condominium Property in accordance with the Declaration.

3. All funds and the titles to all property acquired by the Association and the proceeds thereof shall be held only for the benefit of the Owners in accordance with the provisions of the Condominium Documents.

4. The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Declaration, the Master Declaration and the Ground Lease.

ARTICLE V - Owners

The qualifications of Owners, the manner of their admission to the Association, and voting by Owners shall be as follows:

1. All Owners of Units shall be members of this Association, and no other persons or entities shall be entitled to membership. Each Owner other than Disney Vacation Development, Inc., is a Class A Member. Disney Vacation Development, Inc. ("DVD"), is the sole Class B Member. Class B membership shall automatically be converted to Class A membership and Class B membership shall thereafter cease to exist when DVD has sold more than eighty percent (80%) of the Ownership Interests in all phases of the Condominium. Each Unit other than Hotel Units shall be entitled to one (1) vote for every bedroom contained in the Unit. Each Hotel Unit shall be entitled to one vote for every hotel room contained within the Hotel Unit.

For Units owned by more than one person or by a corporation or other entity, the votes for such Unit shall be cast by its Voting Representative named in a Voting Certificate signed or accepted by all of the Owners of that Unit and filed with the secretary of the Association.

2. Changes in membership in the Association shall be established by the recording in the Official Records of Orange County, California, of a deed or other instrument establishing a change of record title to a Unit in the Condominium. The Association shall recognize a change in membership upon delivery to the Association of a copy of such recorded instrument. The new Owner designated by such instrument shall thereby become a member of the Association. The membership of the prior Owner shall be thereby terminated.

3. The share of Owners in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to their Unit.

ARTICLE VI - Directors

1. The affairs of the Association will be managed by a board of directors of not less than five (5) nor more than seven (7) directors as shall be determined by the Bylaws, and in the absence of such determination the board of directors shall consist of five (5) directors.

2. Directors of the Association shall be appointed or elected at the annual Owners' meeting in the manner determined by the Bylaws.

ARTICLE VII - Officers

The affairs of the Association shall be administered by a president, a vice president, a secretary, a treasurer, and as many assistant vice presidents, assistant secretaries and assistant treasurers as the Board shall from time to time determine. Such officers shall be elected by the Board at its first meeting following the annual Owners' meeting. Officers shall serve without compensation at the pleasure of the Board. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the offices of president and vice president shall not be held by the same person, nor shall the offices of president and secretary or assistant secretary or treasurer or assistant treasurer be held by the same person.

ARTICLE VIII - Indemnification

The Association is authorized to indemnify agents of the Association to the fullest extent permitted under California law.

ARTICLE IX - Bylaws

The Bylaws shall be adopted by the Board and may be altered, amended or rescinded as provided in the Bylaws.

ARTICLE X - Amendments

Subject to the limitations of the Nonprofit Mutual Benefit Corporation Law, amendments to these Articles of Incorporation shall be proposed and adopted in the following manner:

1. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.
2. Proposal of an amendment and approval thereof shall require the vote of a majority of the membership of the Board, a majority of the Class A Members and, for so long as there exists two classes of membership, the consent of the Class B Member.
4. Once adopted, an amendment shall be effective when filed with the Secretary of State of the State of California and recorded in the Public Records of Orange County.

ARTICLE XI - Term

In accordance with California Corporate Code Section 7132(a)(1), The Association shall cease to exist at midnight on January 31, 2060.

ARTICLE XII - Special Meetings

Special Owners' meetings shall be held whenever called by the president or vice president or by a majority of the Board and must be called by such officers upon receipt of a written request from five percent (5%) of the Owners, unless otherwise provided by law.

ARTICLE XIII - Incorporator

The name and address of the incorporator of the corporation is as follows:
John M. McGowan, 1375 Buena Vista Drive, 4th Floor North, Lake Buena Vista, Florida 32830-1000.

ARTICLE XIV - Principal Office

The mailing address of the principal office of the Association is 200 Celebration Place, Celebration, Florida 34747.

IN WITNESS WHEREOF the incorporator has affixed his signature this 22 day of August, 2008.



John M. McGowan



**BYLAWS
OF
THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM ASSOCIATION, INC.,**
a nonprofit mutual benefit corporation under the laws of the State of California

The terms used in these Bylaws of The Villas at Disney's Grand Californian Hotel Condominium Association, Inc. (the "**Bylaws**") shall have the same meaning as the identical terms used in the Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Ownership Plan of The Villas at Disney's Grand Californian Hotel, a leasehold condominium (the "**Declaration**"), unless the context otherwise requires.

I. IDENTITY

These are the Bylaws of THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM ASSOCIATION, INC., a nonprofit mutual benefit corporation under the laws of the State of California (the "**Association**"), and under the Articles of Incorporation (the "**Articles**") which were filed in the office of the Secretary of State of the State of California. The Association has been organized for the purpose of administering a leasehold condominium upon certain lands in Orange County, California known as The Villas at Disney's Grand Californian Hotel, a leasehold condominium (the "**Condominium**"), in accordance with the Declaration, the Master Declaration and the Ground Lease.

1. The principal office of the Association shall be at 200 Celebration Place, Celebration Florida 34747, or at such other place as may be designated by the board of directors of the Association (the "**Board**") from time to time.
2. The fiscal year of the Association shall be the calendar year.
3. The seal of the Association shall bear the name of the Association, the word "California," the words "Nonprofit Mutual Benefit Corporation" and the year of incorporation.

II. MEMBERSHIP AND VOTING RIGHTS

1. Each Owner of an Ownership Interest shall be a Member of the Association and no other persons or entities shall be entitled to membership. Each Owner other than Disney Vacation Development, Inc., is a Class A Member. Disney Vacation Development, Inc. ("**DVD**"), is the sole Class B Member. Class B membership shall automatically be converted to Class A membership and Class B membership shall thereafter cease to exist when DVD has sold more than eighty percent (80%) of the Ownership Interests in all phases of the Condominium. Ownership of an Ownership Interest shall be the sole qualification for membership in the Association.
2. No membership in the Association may be separated from any Ownership Interests to which it is appurtenant nor shall the membership be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of title to the Ownership Interest to which the membership is appurtenant and then only to the transferee of title to the Ownership Interest. If title to an Ownership Interest is transferred, the membership in the Association appurtenant to such Ownership Interest shall automatically transfer to the new Owner. Any attempt to make a prohibited transfer is void.
3. Each Unit other than Hotel Units shall be entitled to one (1) vote for every bedroom contained in the Unit. Each Hotel Unit shall be entitled to one (1) vote for every hotel room contained within the Hotel Unit.
4. Changes in membership in the Association shall be established by the recording in the Official Records of Orange County, California, of a deed or other instrument establishing a change of record title to an Ownership Interest. The Association shall recognize a change in membership upon delivery to the Association of a copy of such recorded instrument. The new Owner designated by such instrument shall thereby become a member of the Association. The membership of the prior Owner shall be thereby terminated unless the prior Owner owns another Ownership Interest.

5. The share of Owners in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to their Ownership Interest.

III. OWNERS' MEETINGS

1. The annual Owners' meeting shall be held at such time, place and date as may be designated by the Board, for the purpose of electing directors and of transacting any other business authorized to be transacted by the Owners. At the election of the Board and to the extent permitted by applicable law, such annual Owners' meeting may be held jointly with the annual Owners' meetings of other condominium associations that are members of the Disney Vacation Club; provided, however, that to the extent required by applicable law, Owners' meetings shall be held at a suitable location that is readily accessible at reasonable cost to the largest possible number of Owners. The first Owners' meeting shall be held within one (1) year following the closing of escrow for the first sale of an Ownership Interest in the Condominium.

2. As set forth in Article XI of the Articles, special Owners' meetings shall be held whenever called by the president or vice president of the Association, or by a majority of the Board, and must be called by such officers upon receipt of a written request from five percent (5%) of the voting interests, except as provided for in Article III below. Unless otherwise set forth in the notice of special meeting, as provided for above, all special meetings shall be held at the Condominium.

3. Notice of all Owners' meetings stating the time, place and agenda for which the meeting is called shall be given by the president or secretary of the Association, unless waived in writing. Such notice shall be sent in writing to each Owner at the Owner's address or, to the extent permitted by applicable law, e-mail address as it appears on the books of the Association and shall be sent by mail, facsimile (upon confirmation of receipt) or e-mail (to the extent permitted by applicable law) to each Owner not less than fourteen (14) days nor more than ninety (90) days prior to the date of the meeting. Any notice by e-mail shall only be valid if permitted by applicable law and if the Owner has first consented electronically to the use of e-mail for notice purposes demonstrating that the purchaser has the ability to access the notice by e-mail. Any consent to receive notice by e-mail is effective until revoked by the Owner. An affidavit executed by the secretary attesting to the mailing or the post office certificate of mailing shall be retained in the records of the Association as proof of such mailing. In addition, a notice of the meeting shall be posted at a conspicuous place on the Condominium Property, which location shall be duly adopted by rule by the Board upon notice to the Owners, at least fourteen (14) days prior to said meeting. In lieu of any physical posting of notice, the Board may adopt a procedure for conspicuously posting and repeatedly broadcasting the notice and agenda on a closed-circuit television system serving the Association at least four (4) times every broadcast hour each day notice is required. Owners may waive notice of specific meetings and may take action by written agreement without meetings, and any Owner's attendance at a meeting shall constitute a waiver of the notice of that meeting. Mortgagees shall, upon prior written request, be entitled to receive notice of all Owners' meetings. Failure to provide such notice shall not invalidate any action taken at an otherwise properly noticed meeting. Where assessments against Owners are to be considered for any reason at an Owners' meeting, the notice shall contain a statement that assessments will be considered and shall specify the nature of any such assessment.

4. The presence in person or by proxy of Voting Representatives representing one-third (1/3) of the total voting interests eligible to vote shall constitute a quorum, and decisions shall be made by the vote of a majority of the voting interests at which a quorum is present and the approval of the Class B Member for so long as the Class B membership exists.

5. For each Unit owned by more than one person or by a corporation or other entity, the votes associated with such Unit shall be cast by the Voting Representative named in a Voting Certificate signed or accepted by all of the Owners of that Unit and filed with the secretary of the Association. The Voting Certificate shall provide that all notices or other information required to be delivered to Owners by the Association shall be delivered by the Association to the Voting Representative; provided, however, that the Voting Certificate shall require the Voting Representative to provide the Owners of a Unit with all notices required by California law. Each Voting Certificate shall be valid until revoked by a subsequent Voting Certificate. In the event that a Voting Certificate is not on file with respect to a Unit that is owned by more than one Owner, the votes of such Unit shall not be considered in determining the requirements for a quorum nor

for any other purposes. By execution of a deed for purchase of a Vacation Ownership Interest in a Unit in the Condominium, Cotenants of a Unit shall evidence their joinder in the Master Cotenancy Agreement recorded in the Public Records of Orange County, California which Agreement shall be recognized by the Association as the Voting Certificate for that Unit, and nothing herein shall affect the terms and conditions of the Voting Certificate established in the Master Cotenancy Agreement for each Unit.

6. Votes may be cast in person or by proxy. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof and must be filed with the secretary at or before the appointed time of the meeting. Each proxy shall specifically set forth the name of the person voting by proxy, the name of the person authorized to vote the proxy, and the date the proxy was given. Each proxy shall contain the date, time and place of the meeting for which the proxy is given. In addition, limited proxies shall set forth those items which the holder of the proxy may vote and the manner in which the vote is to be cast. In no event shall any proxy be valid for a period of longer than ninety (90) days after the date of the first meeting, and any adjournments thereof, for which the proxy was given. Every proxy shall be revocable at any time at the pleasure of the Owner executing it. If a proxy expressly provides, any proxy holder may appoint, in writing, a substitute to act in the Owner's place. If such provision is not made, substitution is not authorized. Proxies or written consents on votes may be received by e-mail and utilized for votes of the Association; provided, however, that the e-mail signature is authorized through use of a password, cryptology software or other reasonable means and proof of such authentication is made available to the Board.

7. Approval or disapproval of an Owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person, corporation or other entity who would cast the vote of such Owner if in an Association meeting.

8. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

9. The presiding officer of all Owners' meetings shall be the president of the Association. In the absence of the president, the vice-president of the Association shall preside.

10. The order of business at annual Owners' meetings and, as far as practicable at all other Owners' meetings, shall be:

- | | |
|--|---------------------------|
| A. Call to order. | F. Report of committees. |
| B. Calling of the roll and certifying of proxies. | G. Election of directors. |
| C. Proof of notice of meeting or waiver of notice. | H. Unfinished business. |
| D. Reading and disposal of any unapproved minutes. | I. New business. |
| E. Report of officers. | J. Adjournment. |

Notwithstanding the foregoing, if any item listed above is not relevant to a particular meeting, as determined by the Board in its sole, absolute and unfettered discretion, such item shall not be required to be addressed at that particular meeting.

11. For so long as Disney Vacation Development, Inc., a Florida corporation ("DVD"), holds Units or Vacation Ownership Interests in Units for sale in the ordinary course of business, none of the following actions may be taken without the prior approval in writing by DVD:

- A. Assessment of DVD as the Owner of Units or Ownership Interests in Units for capital improvements.
- B. Any action by the Association that would be detrimental to the sale of Units or Ownership Interests in Units by DVD.
- C. Any other action by the Association for which the Condominium Documents require the written approval of DVD.

IV. DIRECTORS

1. The affairs of the Association shall be managed by a board of directors who shall be members of the Association, excepting that the first Board and their successors appointed by the remaining directors (in the event of vacancies occurring before the first election of a majority of directors by Owners) need not be members and excepting that any directors appointed or elected by DVD as developer or as Voting Representative need not be members. The initial Board shall consist of five (5) directors, and thereafter the membership of the Board shall consist of not less than five (5) nor more than seven (7) directors. The Board may from time to time increase or decrease the number of persons to serve on the Board; provided, however, that the Board shall always consist of an odd number of directors. Where Ownership Interests are owned by corporations, the officers, directors, employees or other appointed representatives of said corporations shall be eligible to serve on the Board on behalf of the corporation.
2. Election of directors shall be conducted in the following manner:
 - A. Members of the Board shall be elected by a plurality of the votes cast at an annual Owners' meeting. There shall be no cumulative voting. The Board may appoint a search committee for the purpose of locating and encouraging qualified persons to become candidates.
 - B. Vacancies in the Board may be filled by the remaining directors subject to the provisions of Paragraph 2(C) of this Article. A director appointed to fill a vacancy in office shall serve the remainder of the term of the office which the departing director held.
 - C. The initial directors shall be appointed by DVD and shall serve until the first election of directors, and any vacancies in office occurring before the first election shall be filled by the remaining directors. In the event there are no remaining directors, any such vacancies shall be filled by DVD. Thereafter, directors shall be elected by a majority of all voting interests cast by the Voting Representative at an annual meeting of the Members of the Association. There shall be no cumulative voting.
3. At the first annual meeting and at all times thereafter, Members other than DVD and the Owners of Hotel Units shall be entitled to elect not less than one Director; provided, however, that all such votes shall be cast by the Voting Representatives.
4. The organizational meeting of a newly elected Board shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary providing a quorum shall be present.
5. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors. Notice of regular meetings shall be given to each director, personally by fax upon confirmation of receipt, or by mail or e-mail at least fourteen (14) days prior to the date set forth for such meeting unless such notice is waived. Notice of all meetings of the Board shall be posted in a conspicuous place on the Condominium Property for the benefit of Owners at least forty-eight (48) hours in advance of such meeting, except in an emergency. In lieu of any physical posting of notice, the Board may adopt a procedure for conspicuously posting and repeatedly broadcasting the notice and agenda on a closed-circuit television system serving the Association at least four (4) times every broadcast hour each day notice is required. Any item not included on the notice may be taken up on an emergency basis by at least a majority plus one (1) of the members of the Board. Such emergency action shall be noticed and ratified at the next regular meeting of the Board. Upon notice to the Owners, the Board shall, by duly adopted rule, designate a specific location on the Condominium Property upon which all notices of Board meetings shall be posted. All meetings of the Board shall be open to all Owners. All Owners shall have the right to speak at meetings of the Board with reference to designated agenda items; however, the Board may adopt reasonable rules governing the frequency, duration, and manner of Owner statements.

6. Special meetings of the Board may be called by the chairperson of the Board or the president of the Association and must be called by the secretary of the Association at the written request of two (2) members of the Board. Not less than three (3) days notice of the meeting shall be given personally, by fax upon confirmation of receipt, by mail facsimile (upon confirmation of receipt) or e-mail, which notice shall set forth the time, place and purpose of the meeting.

7. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. Any director's attendance at a meeting shall constitute a waiver of the notice of that meeting.

8. A quorum at Board meetings shall consist of the directors entitled to cast a majority of the votes of the entire Board. The acts of the Board, approved by a majority of votes present at a meeting at which a quorum is present, shall constitute the acts of the Board, except as specifically otherwise provided in the Declaration. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. Once a quorum is present, the meeting may resume and any business which might have been transacted at the meeting as originally called may be transacted without further notice.

9. The presiding officer of Board meetings shall be the president of the Association. In the absence of the president, the members of the Board who are present shall elect a chairperson to preside.

10. Directors' fees, if any, shall be determined by the Owners, and no director shall receive a fee prior to the election of a majority of the members of the Board by Owners other than DVD.

11. The Board may, with the approval of a majority of a quorum of the Board, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

12. Any action required or permitted to be taken by the Board may be taken without a meeting if all Directors shall individually or collectively consent in writing to the action. The written consent or consents shall be filed with the minutes of the proceedings of the Board, and shall have the same force and effect as a unanimous vote of all members of the Board.

13. Any or all of the Directors may be removed without cause. The removal shall be approved by the majority vote of the Voting Representatives present at a meeting at which a quorum is present or by the Class B Member; provided, however, that a Director that has been elected to office pursuant to Section 3 of this Article IV may only be removed from office prior to expiration of his or her term by the same voting process.

14. Vacancies on the Board may be filled by the remaining Directors. A Director appointed to fill a vacancy in office shall serve the remainder of the term of the office to which he or she is appointed.

13. Anything to the contrary contained herein notwithstanding, any director appointed by DVD may be removed by DVD at any time. Upon such removal, DVD shall immediately appoint a replacement director and notify the remaining directors, if any, of such removal and appointment.

V. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association shall be exercised by the Board, including, but not limited to, those existing under common law, statutes and the Condominium Documents. Such powers and duties of the Board shall be exercised in accordance with the provisions of the Declaration governing the use of the Condominium Property, and shall include the following:

1. To adopt a budget and to make and collect assessments against Owners to defray the costs of operating the Condominium.

2. To use the proceeds of assessments in the exercise of its powers and duties.

3. To maintain, manage, repair, replace and operate the Condominium Property, including, but not limited to, obtaining and maintaining adequate insurance to protect the Association and the Condominium Property.
4. To reconstruct improvements after casualty and to construct further improvements to the Condominium Property.
5. To make and amend rules and regulations respecting the use of the Condominium Property.
6. To enforce by legal means the provisions of the Condominium Documents.
7. To contract for management of the Condominium and to delegate to such contractor all powers and duties of the Association except such as are specifically required by the Condominium Documents to have approval of the Board or Owners. Notwithstanding any provisions contained in these Bylaws to the contrary, it is the intent of these Bylaws that the Board shall not have the power to independently terminate the Property Management Agreement except as set forth in the Property Management Agreement. The Property Management Agreement may only be terminated in accordance with its own terms or by the vote of the Owners in accordance with California law.
8. To pay taxes and assessments which are liens against any part of the Condominium, and to assess the same against the Owner subject to such liens.
9. To pay the cost of all power, water, sewer and other utility services rendered to the Condominium and not billed directly to an Owner.
10. To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association, including, but not limited to, accountants and attorneys.
11. To bond any or all employees, officers and directors of the Association, for which the Association shall bear the costs.
12. To maintain, manage, repair, replace and operate the property of the single condominium resulting from a merger of this Condominium with another independent and separate condominium pursuant to the merger provisions of the Declaration.
13. To maintain all books and records concerning the Condominium and the Vacation Ownership Plan including, but not limited to, the maintenance of a complete list of the names, addresses and e-mail addresses of all Owners.
14. To operate and administer or assign the operation and administration of any reservation system created for the Condominium, and to amend or revise the reservation system as is necessary from time to time. Notwithstanding any provisions contained in these Bylaws to the contrary, it is the intent of these Bylaws that the Board shall not have the power to independently terminate the Membership Agreement or DVC Resort Agreement except as set forth in the Membership Agreement or the DVC Resort Agreement, respectively.
15. To lease non-Condominium Property for the Association as lessee, and Condominium Property, including, but not limited to, Association Property and Common Areas, for the Association as lessor, in accordance with the Declaration.
16. To convey a portion of the Common Areas to a condemning authority for the purpose of providing utility easements, right-of-way expansions or other public purposes, whether negotiated or as a result of eminent domain proceedings.

VI. OFFICERS

1. The executive officers of the Association shall be a president, a vice president, a secretary, and a treasurer, all of whom may be directors of the Association and who shall be elected annually by the Board at any meeting. Any person may hold two or more offices except that the president shall not also be the vice president, secretary or treasurer, or assistant secretary or assistant treasurer. The Board shall from time to time elect such other officers and designate their powers and duties as the Board determines necessary to manage the affairs of the Association.

2. The president shall be the chief executive officer of the Association. The president shall have all of the powers and duties which are usually vested in the office of president including, but not limited to, the power of appointing committees from among the Owners from time to time, as the president may in the president's discretion determine appropriate, to assist in the conduct of the affairs of the Association.

3. The vice president shall, in the absence or disability of the president, exercise the powers and duties of the president. The vice president shall also generally assist the president and exercise such other powers and perform such other duties as shall be prescribed by the Board.

4. The secretary shall keep the minutes of the proceedings of the Board and the Owners in a book available for inspection at any reasonable time by the directors or Owners, or their authorized representatives. The Association shall retain these minutes for a period of not less than seven (7) years. The secretary shall attend to the giving and serving of all notices required by law. The secretary shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed.

5. The treasurer shall have custody of all property of the Association including, but not limited to, financial records, funds, securities and evidences of indebtedness. The treasurer shall keep the financial records of the Association and shall keep the assessment rolls, the accounts of the Owners, and the books of the Association in accordance with good accounting practices. The treasurer shall perform all other duties incident to the office of treasurer of an Association and as may be required by the directors or the president of the Association.

6. The compensation of all employees of the Association shall be fixed by the Board. This provision shall not preclude the Board from employing a director or an officer as an employee of the Association nor from contracting with a director for the management of the Condominium.

VII. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration and the Articles shall be supplemented by the following:

1. Assessments.

A. The Board shall fix and determine from time to time the sum or sums necessary and adequate for the Common Expenses of the Condominium in accordance with the terms of the Declaration. Common Expenses shall include the expenses for the operation, maintenance, repair or replacement of the Common Areas and the Exclusive Use Common Areas, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including, but not limited to, fire insurance and extended coverage, and any other expenses designated as Common Expenses from time to time by the Board, or under the provisions of the Declaration. The Board is specifically empowered, on behalf of the Association, to make and collect assessments and to lease, maintain, repair and replace the Common Areas and Exclusive Use Common Areas of the Condominium. The Board shall have the power, on behalf of the Association, to lease Common Areas of the Condominium in accordance with the provisions of the Declaration. Funds for the payment of Common Expenses shall be assessed against the Owners in the proportions of percentages of sharing Common Expenses, as provided in the Declaration. Assessments for Units shall be due on the fifteenth day of January each year and shall be considered delinquent if payment has not been received before the fourteenth day of February each year, unless otherwise ordered by the Board. Special assessments, should such be required by the Board, shall be levied in the same manner as provided for regular assessments, and shall be payable in the manner determined by the Board. If an Owner shall be in default in the payment of any assessment or taxes due on the Owner's Ownership Interest, the Association shall have all collection rights available to it under California law. If any unpaid share of Common Expenses or assessments is extinguished by foreclosure of a superior lien or by a deed in lieu of foreclosure thereof, the unpaid share of Common Expenses or assessments shall be Common Expenses collectible from all the Owners.

B. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such an account shall designate the name and address of the Owners or Owner, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments. Assessments shall be made against Owners in an amount not less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. In the absence of a determination by the Board as to the frequency of assessments, assessments shall be due and payable annually. The personal liability of an Owner for assessments shall survive the termination of such Owner's membership in the Association.

C. Any Owner shall have the right to require a certificate from the Association showing the amount of unpaid assessments against such Owner with respect to the Owner's Unit. The holder of a mortgage or other lien shall have the same right as to any Unit upon which the lien is against. Any person who relies upon such certificate shall be protected thereby.

D. Notice of any meeting at which assessments against Owners are to be considered, whether a meeting of the Board or of the Owners, shall specifically contain a statement that assessments will be considered and the nature of such assessments.

2. Budget.

A. The Board shall adopt an operating budget and a capital reserves budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association and estimates of the revenue received by the Association. The proposed annual operating budget of Common Expenses shall be detailed and shall show the amounts budgeted, by accounts and expense classifications. The capital reserves budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include roof replacement, building painting and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon estimated remaining useful life, taking into account deferred maintenance, and estimated replacement cost of each reserve item. These reserve accounts may be waived, or less adequate reserves established, by a majority vote of the voting interests, voting in person or by proxy, at a duly called meeting of the Association. The budget shall include proposed assessments against each Owner, together with an annual total of assessments, and the following items, if applicable:

- | | |
|---|---|
| (a) Administration of the Association. | (i) Operating Capital. |
| (b) Management fees. | (j) Reserves. |
| (c) Maintenance. | (k) Fees payable to any governmental entities, if applicable. |
| (d) Rent for recreational and other commonly used facilities. | (l) The costs and expenses of the Club, including, but not limited to, the DVC Reservation Component, that are attributed to the Vacation Ownership Plan. |
| (e) Taxes upon Association Property. | (m) Other expenses. |
| (f) Taxes upon leased areas. | |
| (g) Insurance. | |
| (h) Security provisions. | |

B. Copies of the proposed budget and proposed assessments shall be transmitted to each Owner at least fourteen (14) days prior to the meeting at which the budget is to be considered, together with a notice of the meeting which shall state the time and place of the meeting. The meeting shall be open to all Owners. If the budget is subsequently amended before the assessments are made, a copy of the amended budget or a description of any changes in the adopted budget and a disclosure regarding the Owner's rights to receive a copy of the adopted budget shall be furnished to each Owner. The Board may impose as part of the budgeting process, without the vote or written approval of the Owners, a regular annual assessment that is as much twenty percent (20%) greater than the regular annual assessment charged for the immediately preceding calendar year. A regular annual assessment that is greater than twenty percent (20%) higher than the regular annual assessment charged for the immediately preceding calendar year may only be levied with the approval of a majority of the Class A Members other than DVD. Any increase in the

annual assessment resulting from an increase in Ad Valorem Taxes shall be excluded in determining whether the annual assessment is greater than twenty percent (20%) higher than the regular annual assessment charged for the immediately preceding calendar year. The Board may propose a budget containing a regular annual assessment which exceeds twenty percent (20%) higher than the regular annual assessment for the immediately preceding calendar year to the Owners at a meeting of the Owners or in writing, and if the budget or proposed budget is approved at the meeting or by a majority of the Class A Members other than DVD in writing, the budget shall be adopted.

3. Special Assessments.

The Board may impose, without the vote or written approval of the Owners, (i) special assessments against all Owners of Vacation Ownership Interests, other than a special assessment to restore or rebuild because of damage or destruction to an accommodation, which in the aggregate in any fiscal year do not exceed five percent (5%) of the budgeted gross expenses of the Association for that calendar year; (ii) special assessments for the repair or rebuilding of an accommodation that does not exceed ten percent (10%) of the budgeted gross expenses of the Association for the calendar year in which the assessment is levied; and (iii) special assessments against an Owner or Owners for the purpose of reimbursing the Association for costs incurred in bringing the Owner or Owners into compliance with the provisions of the Declaration.

4. The depository of the Association shall be such bank or other institution as permitted by applicable California law, as shall be designated from time to time by the Board and from which the monies in such accounts shall be withdrawn only by checks signed by such persons as are authorized by the Board.

5. The Board shall arrange for an annual independent audit of all the books and financial records of the Association by a certified public accountant licensed by the California State Board of Accountancy in accordance with generally accepted auditing standards as defined by the rules of the California State Board of Accountancy. A copy of the audit shall be forwarded to the officers of the Association, and, to the extent required by applicable law, filed with any state agencies with applicable jurisdiction over the Condominium.

5. The Board shall obtain fidelity bonding of all officers and directors who control or disburse funds of the Association. The amount of such bonds shall be determined in accordance with applicable California law. The premiums on such bonds shall be paid by the Association as a Common Expense.

VIII. PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with the Condominium Documents or with the statutes of the State of California.

IX. AMENDMENTS

Amendments to these Bylaws shall be proposed and adopted in the following manner:

1. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

2. An amendment of these Bylaws may not be enacted without the vote or written consent (acting through the Voting Representatives) of not less than twenty five percent (25%) of the votes of the Class A Members, and, for so long as there exists two classes of membership, the consent of the Class B Member.

3. These Bylaws shall be amended by DVD, if necessary, to make the same consistent with the provisions of the Declaration, the Master Declaration or the Ground Lease, to conform these Bylaws to meet the requirements of any governmental entity or statute, as may be in the best interests of the Association, and as it may deem appropriate, in its sole, absolute and unfettered discretion, to carry out the purposes of the project and to expand or enhance the Vacation Ownership Plan or the Disney Vacation Club.

4. An amendment when adopted or made shall become effective only after being recorded in the Official Records of Orange County, California. No Bylaw shall be revised or amended by reference to its title or number only. Proposals to amend existing Bylaws shall contain the full text of the Bylaws to be amended; new words shall be inserted in the text double underlined, and words to be deleted shall be lined through. However, if the proposed change is so extensive that this procedure would hinder rather than assist the understanding of the proposed amendment, it is not necessary to use double underlining and lining as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language "Substantial rewording of Bylaw. See Bylaw . . . for present text." Nonmaterial errors or omissions in the Bylaw amendment process shall not invalidate an otherwise properly promulgated amendment.

X. SEVERABILITY AND CONFORMITY TO STATE LAW

These Bylaws are to be governed by and construed according to the laws of the State of California. If it should appear that any of the provisions hereof are in conflict with the Declaration, the Master Declaration, the Ground Lease or any rule of law or statutory provision of the State of California, as of the date of the recording of the Declaration, then such provisions of these Bylaws shall be deemed inoperative and null and void insofar as they may be in conflict therewith, and shall be deemed modified to conform to the Declaration, the Master Declaration, the Ground Lease or such rule of law.

XI. MANDATORY NON-BINDING ARBITRATION

Internal disputes arising from the operation of the Condominium among DVD, the Association, the Owners, their respective agents and assigns, or any or all of them, must be submitted first for resolution through non-binding arbitration pursuant to California law.

The Villas At Disney's Grand Californian Hotel Condominium Association, Inc.
 Estimated Operating Budget For The Year
 January 1, 2014 Through December 31, 2014

Condominium Common Expenses	Total Condominium Common Expenses - 203 Hotel Units and 48 Vacation Ownership Units		
	Ownership Units	Hotel Units - 203 Units	Vacation Ownership Units - 48 Units
Revenue Components			
Member Late Fees and Interest	\$6,187	\$3,635	\$2,652
Member Annual Dues Assessment	978,358	558,062	419,296
TOTAL REVENUES AND INCOME	\$984,545	\$562,597	\$421,948

Cost Components			
Administration and Management	\$186,077	\$106,330	\$79,747
Housekeeping	299,974	171,415	128,562
Income Taxes	7,244	4,139	3,104
Insurance	73,578	42,044	31,533
Maintenance	147,304	84,174	63,130
Condominium Management Fee	190,336	108,763	81,573
Security	34,006	19,432	14,574
Utilities	46,026	26,300	19,725
TOTAL CONDOMINIUM COMMON EXPENSES	\$984,545	\$562,597	\$421,948

Vacation Ownership Common Expense Budget	48 Vacation Homes	
	Budget	Per Vacation Point
Revenue Components		
Member Late Fees and Interest	\$26,513	\$0.0233
Breakage Income	128,435	0.1139
Member Annual Dues Assessment	4,698,524	3.8060
Condominium Common Revenue and Income	421,948	0.3711
TOTAL REVENUES AND INCOME	\$4,677,420	\$4.1143

Cost Components		
Administration and Front Desk	\$770,489	\$0.6777
Annual Audit	14,382	0.0127
Condominium Common Expenses	421,948	0.3711
DVC Reservation Component	7,259	0.0064
Housekeeping	1,157,044	1.0176
Income Taxes	27,939	0.0246
Insurance	284,284	0.2501
Legal	1,000	0.0009
Maintenance	568,174	0.4998
Vacation Ownership Plan Management Fee	495,648	0.4360
Member Activities	144,864	0.1274
Security	131,167	0.1154
Transient Occupancy Tax	475,697	0.4184
Utilities	177,527	0.1582
TOTAL OPERATING EXPENSES excluding property tax	\$4,677,420	\$4.1143
Ad Valorem Real Estate Taxes	\$988,231	\$0.8675
TOTAL OPERATING EXPENSES including property tax	\$5,665,651	\$4.9818

Estimated Operating Budget Notes

All capitalized terms not defined in these budget notes will have the same meanings ascribed to such terms in the Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Ownership Plan of The Villas at Disney's Grand Californian Hotel, a Leasehold Condominium. See also Additional Budget Notes.

Description of Condominium Revenue Components:

1. **Member Late Fees and Interest** - All delinquent Annual Dues payments are subject to a late fee in an amount equal to the greater of \$10.00 or ten percent (10%) of the delinquent Annual Dues, plus interest at the maximum rate permitted by law (currently 12 percent) accrued on the amount outstanding from the date which is thirty (30) days after the original due date.
2. **Member Annual Dues Assessment** – The amount assessed to Owners with an Ownership Interest in The Villas at Disney's Grand Californian Hotel.

Description of Condominium Cost Components:

1. **Administration and Management** - Cost of resort management, including operating supplies and equipment rental. Also includes costs for operational and administrative support from the Disneyland® Resort ("DLR").
2. **Housekeeping** - Cost of cleaning the Common Areas and Common Furnishings.
3. **Income Taxes** - Federal income taxes and state taxes. Timeshare condominium associations may not claim non-profit status for federal income tax purposes under current regulations.
4. **Insurance** - Cost of insurance premiums for the Common Areas and Common Furnishings for property coverage and general liability, workers' compensation, crime and Director's and Officer's liability.
5. **Maintenance** - Cost of interior and exterior maintenance and repairs of Common Areas not paid for out of replacement reserves. Also includes landscaping, pest control and fire alarm monitoring.
6. **Condominium Management Fee** - Fee paid to DVCMC for providing management services to the Association according to the Property Management Agreement. The fee is equal to 12 percent of the total Operating Budget (total operating expenses less the sum of interest income, Member late fees and interest, and breakage income) and Capital Reserve Budget for the operation and management of the Condominium as a whole, exclusive of the Condominium Management Fee.
7. **Security** - A portion of the cost of guard coverage at the Resort allocated to the Common Areas.
8. **Utilities** - Cost of electricity, gas, water, sewer, solid waste disposal, cable television and telephone service for the Common Areas of the Resort.

Description of Vacation Ownership Revenue Components:

1. **Member Late Fees and Interest** - All delinquent Annual Dues payments are subject to a late fee in an amount equal to the greater of \$10.00 or ten percent (10%) of the delinquent Annual Dues, plus interest at the maximum rate permitted by law (currently 12 percent) accrued on the amount outstanding from the date which is thirty (30) days after the original due date.
2. **Breakage Income** - As stated in the Condominium Documents, Disney Vacation Club Management Corp. ("DVCMC") rents, during the Breakage Period, certain accommodations that have not been reserved by Members. The Association is entitled to receive, as breakage income, the proceeds of

such rentals not to exceed 2.5 percent of the aggregate of the Condominium Operating Budget (total operating expenses less the sum of interest income and Member late fees and interest) and Capital Reserve Budget in each calendar year.

4. Member Annual Dues Assessment – The amount assessed to Owners with an Ownership Interest in The Villas at Disney's Grand Californian Hotel.

Description of Vacation Ownership Cost Components:

1. Administration and Front Desk - Cost of front desk operations and resort management exclusively for the benefit of the Vacation Ownership Plan, including operating supplies and equipment rental.
2. Annual Audit - Fee for the independent audit of the Association's financial statements.
3. DVC Reservation Component - Fee paid to Buena Vista Trading Company for providing the exchange component of the Club central reservation system.
4. Housekeeping - Cost of cleaning Vacation Homes; replacement of disposable amenities in Vacation Homes. Also includes the purchase, replacement and cleaning of linens and towels.
5. Income Taxes - Federal income taxes and state taxes. Timeshare condominium associations may not claim non-profit status for federal income tax purposes under current regulations.
6. Insurance - Cost of insurance premiums for the Vacation Homes for property coverage, general liability, workers' compensation, crime and Director's and Officer's liability.
7. Legal - Cost of legal counsel regarding Association business.
8. Maintenance - Cost of maintenance and repairs of Vacation Homes not paid for out of replacement reserves.
9. Vacation Ownership Plan Management Fee - Fee paid to DVCMC for providing management services to the Association according to the Property Management Agreement. The fee is equal to 12 percent of the total Operating Budget (total operating expenses less the sum of interest income, Member late fees and interest, and breakage income) and Capital Reserve Budget for the operation and management of the Vacation Ownership Plan exclusive of the management fee.
10. Member Activities - Cost of recreation operations, certain Member activities and events at the Resort. Cost of quarterly Member newsletter, annual Association meetings and printing and postage for Association legal mailings.
11. Security - A portion of the cost of guard coverage at the Resort allocated to the Vacation Homes.
12. Transient Occupancy Tax – Tax on timeshare occupancy in the City of Anaheim, California.
13. Utilities - Cost of electricity, gas, water, sewer, solid waste disposal, cable television and telephone service for the Vacation Homes at the Resort.

General Notes:

1. Condominium Common Expenses and Vacation Ownership Common Expenses - The Condominium Common Expenses are the expenses incurred by the Association in operating, maintaining and managing the Condominium as a whole and such expenses are allocated between the Hotel Units and the Vacation Homes. The Vacation Ownership Expenses are the expenses incurred by the Association in operating, maintaining and managing the Vacation Ownership Plan and are payable solely by Owners of Vacation Ownership Units. All expenses of owning, operating and managing the

Hotel Units (e.g., housekeeping of hotel rooms) are paid directly by the Owner(s) of the Hotel Units and are not included in the Association's Budgets.

2. Property Management Subcontract - Certain of the variable and semi-variable expenses related to the provision of hospitality services to the Condominium as set forth in the 2014 Estimated Annual Operating Budget, including expenses for housekeeping, maintenance and front desk operations, may be lower than they otherwise would be if such services were being provided only to the Condominium instead of included in a property management subcontract that takes into account that the services are also being provided to Hotel Units and hotel rooms that are not part of the Condominium.
3. Developer Guarantee - Pursuant to a Maintenance/Subsidy Agreement, DVD has agreed to guarantee to the Association that for the calendar year of this Budget no Owner will be required to pay more than the Annual Dues Assessment (exclusive of Ad Valorem Taxes) set forth in this Budget and that DVD will pay the difference between the actual costs incurred in operating the Condominium during the calendar year and all amounts assessed to Owners other than DVD with respect to such operating costs. Provided DVD timely performs its obligations under the Maintenance/Subsidy Agreement, DVD's payments thereunder to the Association shall satisfy fully its obligation to pay assessments attributable to each Ownership Interest owned by DVD. However, any expenses incurred during the calendar year resulting from a natural disaster or an act of God and/or required repair or replacement of damage to the Condominium, which are not covered by insurance proceeds from the insurance maintained by the Association, will be assessed against all Owners on the date of such natural disaster, act of God or other damage, or their successors or assigns, including DVD. The Maintenance/Subsidy Agreement shall automatically be renewed for successive one-year periods unless DVD elects to terminate the Maintenance/Subsidy Agreement upon thirty (30) days prior written notice to the Association.

See also Additional Budget Notes.

Estimated Capital Reserves Budget For January 1, 2014 Through December 31, 2014

Replacement Fund Components	TOTAL CONDOMINIUM COMMON RESERVES		VACATION OWNERSHIP RESERVES	
	203 Hotel Units and 48 Vacation Ownership Units	Hotel Units - 203 Units	Vacation Ownership Units - 48 Units	Per Vacation Point
Capital Reserves	\$307,571	\$175,755	\$530,193	\$0.4063
Interest Income	(8,610)	(4,920)	(3,090)	(0.0032)
TOTAL CAPITAL RESERVES BUDGET	\$298,961	\$170,835	\$526,503	\$0.4631

Capital Reserves Analysis For The Year Ended December 31, 2013

Replacement Fund Components	Estimated Fund Balance as of	Estimated Useful Lives	Estimated Remaining Useful Lives	Estimated Current Replacement Costs (48 Vacation Ownership Units)	Estimated Current Replacement Costs (203 Hotel Units and 48 Vacation Ownership Units)
	December 31, 2013	(Years)	(Years)		
Roof Replacements/Repair		25	20	\$246,707	\$573,737
Interior Refurbishment		6 - 24	1 - 19	6,744,314	-
External Building Painting		6 - 12	1 - 7	534,041	1,241,956
Common Element Renovation		3 - 36	1 - 31	1,888,656	4,352,247
Pavement Resurfacing		-	-	-	-
Capital Reserves	\$3,562,570				
TOTAL	\$3,562,570			\$8,413,728	\$6,207,940

Estimated Capital Reserves Budget Notes

All capitalized terms not defined in these budget notes will have the same meanings ascribed to such terms in the Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Plan of The Villas at Disney's Grand Californian Hotel, a Leasehold Condominium. See also Additional Budget Notes.

1. **Funds Covered** - The annual budget for Capital Reserves covers funds set aside for the repair or replacement of major items pertaining to the Units and Common Elements with a useful life of greater than one year. The interest earned on these funds remains in the Capital Reserves account and is not absorbed into the Operating Budgets.

See also Additional Budget Notes.

Additional Budget Notes

1. **2014 Dollars** - All costs are stated in 2014 dollars unless otherwise indicated.
2. **Shared Facilities** – The use of certain facilities, including without limitation, hotel check-in facility, back office facilities, telephone equipment rooms, etc., are being provided to the Resort pursuant to the terms of either the Property Management Agreement or the Master Declaration as a shared area, the cost of operating and maintaining such facilities being apportioned among its users including Owners. If the Resort was required to provide such facilities within the Condominium Property and solely for the use and benefit of the owners, the cost of operating the Condominium Property would increase.
3. **Books and Records** - The books and records for the Association are maintained at: 1390 Celebration Boulevard, Celebration, Florida 34747. The person responsible for the upkeep and custodianship of the books and records of the Association is the Treasurer of the Association, (407) 566-3000.
4. **Related Party Transactions** - DVD is a Florida corporation and a subsidiary of The Walt Disney Company ("TWDC"), a Delaware corporation. DVD acquired a term-for-years interest in certain property, located in Anaheim, California. DVD developed the Condominium on the property, and sells ownership interests in Condominium units, as part of the vacation ownership plan. DVD developed the Condominium under the terms of a ground lease by and between Walt Disney Parks and Resorts U.S., Inc. ("WDPR"), a Florida corporation (formerly Walt Disney World Co.), its successor and assigns, as successor by merger to Walt Disney World Hospitality & Recreation Corporation ("WDWHRC"), and DVD. WDPR is also a subsidiary of TWDC. The terms of the ground lease permit DVD to develop certain real property in Orange County, California, for the purpose of offering prospective purchasers ownership interests in Condominium units as part of the vacation ownership plan. Unless otherwise extended, the ground lease will expire on January 31, 2060 and vest to the benefit of WDPR.

Certain directors or officers of DVD or DVCMC serve on the Board or as officers of the Association. Certain directors or officers of the Association are also employees of TWDC or its affiliates.

DVD retains no less than 2 percent of the total ownership interests in each unit declared in the Condominium and is responsible for annual dues with respect to its retained or unsold ownership interests. DVD has retained ownership interest equivalent to approximately 22,756 vacation points. In addition, DVD also had unsold ownership interests equivalent to approximately 5,945 vacation points as of December 31, 2012. During the year ended December 31, 2012, DVD annual dues paid to the Association were \$80,215.

During the year ended December 31, 2012, DVD voluntarily subsidized the operations of the Association for common expenses incurred, exclusive of real estate taxes in the amount of \$129,160. As of December 31, 2012, the amount due to DVD related to allocable expenses was \$205,227 and is recorded as such.

DVCMC, a Florida corporation, is the manager of the Association and is also a subsidiary of TWDC.

Management fees payable to DVCMC are 12 percent of the total operating and reserve budget exclusive of real estate taxes, transportation fees, and the management fee. Management fees incurred during the period ended December 31, 2012, were \$429,371.

DVCMC has entered into an agreement with the Association whereby DVCMC may operate a resort hotel operation with respect to the rental of unreserved accommodations in the Condominium. Gross proceeds, resulting from the rental of unreserved accommodations, are retained by the Association up to an amount equal to 2.5 percent of the adjusted operating and reserve budget, as defined, in each calendar year, as breakage revenue. During the period ended December 31, 2012, the Association received \$103,035 in breakage revenue.

Substantially all operating expenses have been allocated to the Association from DVCMC, and certain operating expenses have been rendered by or incurred through other TWDC entities.

Amounts due to or from DVCMC are payable in full and due on demand. As of December 31, 2012, the amount due to DVCMC for allocable expenses was \$82,724 and is shown as such.

5. Management Agreement - The Association currently has a three-year management agreement ending on December 15, 2016 with DVCMC. The management agreement automatically renews for successive periods of three (3) years each, upon its scheduled expiration, unless either party gives the other written notice of nonrenewal, as stipulated in the agreement. DVCMC provides on-site management and maintenance services, and off-site administrative and accounting services.

Pursuant to the Agreement, DVCMC has been delegated the authority by the Association to provide all services, through employees and experts retained by it, incidental to the management and operation of the Condominium. In connection therewith, substantially all operating expenses have been allocated to the Association from DVCMC. However, certain operating expenses may be incurred through other Disney entities.

6. Vacation Homes - Wherever used throughout this budget, the term Vacation Home does not include studio or one bedroom accommodations that comprise part of a two bedroom lockoff Vacation Home.

Estimated Ad Valorem Taxes for January 1, 2014 through December 31, 2014

The amount of ad valorem taxes assessed against the Condominium as a whole will be determined by the Orange County Assessor. The ad valorem tax assessments to be included on your 2014 Annual Dues billing statement will be \$0.8675 per Vacation Point. This is DVCMC's best estimate of the actual taxes, which will be assessed for the tax year 2014. DVCMC does not certify this ad valorem tax estimate. Each Owner is responsible for his or her per Vacation Point share of the actual tax bill received each year from the tax collector's office. Any difference between the tax estimate and actual taxes paid on the Owner's behalf will be applied towards the Owner's subsequent year's tax assessment. Section 2 of Article XIII A of the California Constitution (enacted by Proposition 13) establishes an acquisition-value assessment system. It provides that real property is to be assessed at its value when acquired through a change of ownership or by new construction. Thereafter, increases in the taxable value of property are limited. As a result, similar properties may have different taxable values. However, the Condominium Documents permit the Association to allocate Ad Valorem Taxes in any equitable manner, including in the same manner in which Common Expenses are allocated. For tax year 2014, the ad valorem taxes are allocated in the same manner as Common Expenses are allocated (on a per Vacation Point basis). In the future, ad valorem tax assessments may be specifically assessed against each Ownership Interests which would result in Owners paying different amounts of taxes depending on when Owners purchased their Ownership Interest.

2014 Estimated Annual Dues Assessment

The estimated Annual Dues for the year January 1, 2014 through December 31, 2014 are \$4,9366 per Vacation Point, which is comprised of the estimated Annual Operating Budget (\$3.6060 per Vacation Point), the estimated Annual Capital Reserves Budget (\$0.4631 per Vacation Point) and the estimated ad valorem taxes (\$0.8675 per Vacation Point). The total amount of Annual Dues paid by a Purchaser or Owner is determined by multiplying the total number of Vacation Points represented by the Ownership Interest purchased by \$4.9366. For example, if the Ownership Interest is represented by 230 Vacation Points, the estimated Annual Dues would be \$1,135.42.

CONDOMINIUM RULES AND REGULATIONS OF THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL, A LEASEHOLD CONDOMINIUM

Each Owner at The Villas at Disney's Grand Californian Hotel, a leasehold condominium, shall be governed by and shall comply with the terms of the Condominium Documents and these Condominium Rules and Regulations adopted pursuant to the Condominium Documents. All terms used in these Condominium Rules and Regulations shall have the same meaning as the identical terms used in the Declaration of Condominium for The Villas at Disney's Grand Californian Hotel, a leasehold condominium. Failure of an Owner to comply with the provisions of the Condominium Documents and these Condominium Rules and Regulations shall entitle the Association or other Owners to pursue any and all legal and equitable remedies for the enforcement of such provisions, including, without limitation, an action for damages, an action for injunctive relief or an action for declaratory judgment.

1. Personal Use. Except for Units or Ownership Interests owned by DVD, which may be utilized as provided in the Declaration of Condominium, each of the Vacation Homes shall be occupied only as vacation accommodations. Except for Units or Ownership Interests owned by DVD, rentals of Vacation Homes to the general public by DVD or the Management Company and use of Vacation Points in connection with the DVC Reservation Component or external exchange programs, use of the accommodations, commonly used facilities, and recreational facilities of the Condominium is limited solely to the personal use of the Owners or Cotenants, their lessees, guests, exchangers and invitees and for recreational uses by corporations and other entities owning Ownership Interests in a Unit. No Owner may occupy a Unit or Vacation Home or use any recreational facilities or Common Elements at any time other than during the time that a Vacation Home is properly reserved in accordance with the Condominium Documents. Except as set forth above, use of Vacation Homes, recreational facilities and Common Elements, other than Hotel Units and Hotel Unit EUCAs, for commercial purposes or any purposes other than the personal use described herein is expressly prohibited. "Commercial purpose" shall include a pattern of rental activity by a Cotenant that the board of directors of the Association (the "**Board**"), in its reasonable discretion, could conclude constitutes a commercial enterprise or practice. From time to time, to the extent that the Board determines that use is occurring that is for a commercial purpose, the Board may in its sole and absolute discretion, adopt and amend policies to provide what constitutes a commercial enterprise, practice or purpose. The Association has adopted a policy regarding what constitutes a commercial enterprise, practice or purpose, which policy is a record of the Association and may be reviewed upon request. No Vacation Home in any Unit may be divided or subdivided into a smaller Vacation Home without prior written approval of DVD. No Ownership Interest may be added to a vacation ownership plan, multisite timeshare plan, vacation club or exchange program except as provided in the Declaration of Condominium without written approval of DVD. The provisions of this Section 1 do not apply to Hotel Units, DVD, the Management Company or the TWDC Companies.

It is expressly contemplated that Hotel Units and Hotel Unit EUCAs may be operated as, and portions of the Master Property and nearby properties owned by The TWDC Companies are and will continue to be operated as, commercial spaces containing stores, restaurants, entertainment areas and other public establishments which may have nighttime hours of operation and which may result in noise or light levels in excess of that typically occurring in areas consisting solely of residential accommodations, including, without limitation, fireworks and concerts. In addition, a monorail system and other transportations systems are operated on portions of the Master Property and nearby properties owned by The TWDC Companies which also may result in noise or light levels in excess of that typically occurring in areas consisting solely of residential accommodations. Nothing contained within these Condominium Rules and Regulations shall be deemed to prohibit such commercial activity.

2. Common Areas and Exclusive Use Common Areas. The Common Areas and Exclusive Use Common Areas shall be used only for the purposes for which they are intended as set forth in the Declaration.

3. Nuisances. No nuisance shall be allowed upon the Condominium Property nor within a Unit or a Vacation Home, nor any use or practice that is the source of annoyance to Owners or which interferes with the

peaceful possession and proper use of the property by the Owners. All parts of the Condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate or any fire hazard allowed to exist. No Owner shall permit any use of a Unit or a Vacation Home or make any use of the Common Elements that will increase the cost of insurance upon the Condominium Property beyond the cost generally charged for intended use.

As more specifically provided in the Master Declaration, Worldco has reserved unto itself easement rights over, under and across all the Master Declaration Property for the purpose, among other things, of maintaining and supporting a monorail and internal roadways and parking facilities as part of the larger Disneyland transportation system. In the event these easement rights are exercised, it may result in noise or light levels in excess of that typically occurring in areas consisting solely of residential accommodations and may result in an obstruction of views.

4. Non-Smoking Policy. Smoking in any accommodations, common areas, limited common areas, commercial areas, or any other areas (including but not limited to balconies, sidewalks, entrances, driveways, passages, vestibules, and stairways) of the Condominium Property, other than those areas specifically designated for smoking, is expressly prohibited. The Association may charge a cleaning fee for any violation of this policy in an amount to be determined at the sole discretion of the Association and the Management Company.

5. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property, a Unit or a Vacation Home, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification or repair of the Condominium Property, a Unit or a Vacation Home shall be the same as the responsibility for the maintenance and repair of the property concerned.

6. Leasing of Vacation Homes. All of the terms and provisions of the Condominium Documents and these Condominium Rules and Regulations pertaining to use and occupancy shall be applicable and enforceable against any person occupying a Vacation Home as a tenant to the same extent as against an Owner. Any lease or rental agreement, whether oral or written and whether specifically expressed in such agreement or not, shall be deemed to contain a covenant upon the part of each such tenant designating the Association as the Owner's agent for the purpose of and with the authority to terminate any such lease or rental agreement in the event of violations by the tenant of the terms and provisions of the Condominium Documents or Condominium Rules and Regulations. All leasing or rental agreements relating to the use, occupancy and possession of any Vacation Home must be in writing and must set forth an acknowledgment and consent on the part of the lessee-sublessee-tenant to use, occupy and possess such Vacation Home in conformance and compliance with the provisions of the Condominium Documents and these Condominium Rules and Regulations. In the event an Owner fails to secure a written leasing or rental agreement, the Association reserves the right to request the lessee-sublessee-tenant to execute an acknowledgment to use and occupy the rented or leased Vacation Home in conformance and compliance with the Condominium Documents and these Condominium Rules and Regulations.

7. Signs. No "For Sale" or "For Rent" signs or other displays or advertising shall be maintained on any part of the Common Elements, Limited Common Elements, Units or Vacation Homes, except that the right is specifically reserved in DVD, to place and maintain "For Sale" and "For Rent" signs for so long as it may have Units or Ownership Interests to sell or lease in this Condominium or any other DVC Resort, and except as permitted by the Board from time to time.

8. Prohibited Vehicles. No trucks, motorcycles, trailers or commercial vehicles (excluding those vehicles owned by DVD or the Management Company) shall be parked in any parking space, except such temporary parking spaces provided for the purpose as may be necessary to effectuate deliveries to the Condominium, the Association or the Owners. Bicycles and motorcycles shall not be stored on the Condominium Property, except in such areas designated for this purpose or except as permitted by the Board.

9. No Pets. All pets are prohibited. No pets of any type are allowed on Condominium Property. The provisions of this paragraph shall not apply to service animals, as defined by the Americans With Disabilities Act.

10. Exterior Appearance. No Owner shall decorate or alter any part of a Unit or a Vacation Home so as to affect the appearance of a Unit or a Vacation Home from the exterior. Such decoration or alteration shall include painting or illumination of the exterior of a Unit or a Vacation Home, display of plants or other objects upon balconies or railings or exterior window sills or ledges, reflective film or other window treatments, draperies, window shades, screen doors and lights. The Association shall have the sole discretion, which may be based on aesthetic principles only, to determine compliance with this provision.

11. Antennas. No antennas or satellite transmission receivers of any type designed to serve a Unit or a Vacation Home shall be allowed on the Common Elements or Limited Common Elements, except as provided by the Association to serve as a master antenna for the benefit and use of the Condominium. Notwithstanding such restriction, the Owners of Hotel Units may place such antennas or satellite transmission receivers upon Hotel Units or Hotel Unit EUCAs. No electrical or other equipment may be operated on the Condominium Property which interferes with television signal reception, except for permitted equipment on the Hotel Units or Hotel Unit EUCAs.

12. Decor of Vacation Homes. No Owner shall alter the furnishings, appliances, personal property or decor of any Unit or Vacation Home without the prior written consent of the Board. The Association shall determine the interior color scheme, decor and furnishings of each Unit and Vacation Home as well as the proper time for redecorating and renovating the Unit or Vacation Home and its contents.

13. Noise. Should noise transmission within the Condominium create a disturbance or a nuisance, the responsibility is with the Owner to abate the noise transmission and not with the Association. In order to insure the comfort of all Owners and authorized users, radio, stereo and television sets, and any and all other such audio equipment generating noise should be turned down to a minimum volume so as not to disturb other persons between the hours of 11:00 p.m. and 8:00 a.m. All other unnecessary noises between these hours should be avoided. Nothing contained within this paragraph shall be deemed to prohibit commercial activity occurring within any Hotel Unit or on any Hotel Unit EUCA.

14. Obstructions. Sidewalks, entrances, driveways, passages, patios, courts, vestibules, stairways, corridors, halls and/or all other areas intended for common use must be kept open and shall not be obstructed in any manner. Rugs or mats, except those either permitted or placed by the Association, must not be placed outside of doors or in corridors. No sign, notice or advertisement shall be inscribed or exposed on or at any window of a Unit or any part of the Condominium Property, except such as shall have been approved in writing by the Board or as is permitted to DVD pursuant to these Condominium Rules and Regulations or the Condominium Documents; nor shall anything be projected out of any window in the Condominium Property without similar approval. All personal property of Owners shall be stored within the Vacation Home.

15. Children. Children are to play only in areas either designated or clearly intended for play, and they are not to play in public halls, on stairways, or other common areas which would cause an obstruction. Reasonable supervision by parents or guardians must be exercised at all times when children are playing on the Condominium Property.

16. Balconies. Plants, pots, receptacles and other movable objects must not be kept, placed or maintained on ledges or balconies, except as permitted by the Board. No objects shall be hung from balconies or window sills. No cloth, clothing, rugs or mops shall be hung up or shaken from windows, doors or balconies. No cooking shall be permitted on any balcony of a Unit. Owners shall not allow anything to be thrown or to fall from windows, doors, balconies or the interior of the building from hall doors.

17. Hallways. Bicycles, garbage cans, laundry, dry cleaning, supplies or other articles shall not be placed in the halls or on staircase landings. No Owner shall allow doors to the corridor to remain open for any purpose other than for immediate ingress and egress.

18. Entry for Emergencies. In case of emergency originating in or threatening any Unit or Vacation Home, regardless of whether or not the Owner is present at the time of such emergency, the Board, the Management Company or any other person authorized by them, shall have the right to enter such Unit or Vacation Home for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry into Units and Vacation Homes in the event of any such emergency, the Association or its designee shall be allowed to retain a key for each Unit and each Vacation Home.

19. Plumbing. Plumbing shall not be used for any other purpose than those for which it was constructed, and no sweepings, rubbish, rags or other foreign substances shall be deposited into the plumbing.

20. Roof. Owners are not permitted on the roof of any building within the Condominium Property for any purpose without the express written approval of the Board or Management Company.

21. Solicitation. There shall be no solicitation by any person anywhere on the Condominium Property for any cause, charity or purpose whatsoever, unless specifically authorized in writing by the Board or the Management Company, except for solicitation by DVD in marketing Ownership Interests or related products.

22. Parking. No vehicle belonging to any Owner or to a member of the family of an Owner or guest, tenant or employee of an Owner shall be parked in any unauthorized area or in such manner as to impede or prevent access to another Owner's or authorized user's parking space or any fire lanes. The Association or Management Company has the right to limit the number of vehicles permitted to be parked on the Condominium Property in connection with occupancy of a Unit. No repair of vehicles shall be made within the Condominium Property. No Owner shall store or leave boats, trailers, mobile homes, recreational vehicles and the like on the Condominium Property, except in areas, if any, designated for same; provided, however, that boats, trailers, mobile homes, recreational vehicles and the like may be parked on the Condominium Property if the vehicle is less than the width of the interior of the lines of one (1) individual parking space and does not exceed twenty-four (24) feet in length. If the vehicle is wider than the width of the interior lines of one (1) individual parking space or if the vehicle exceeds twenty-four (24) feet in length, then such vehicle may not be parked on the Condominium Property without the prior permission of the Association or Management Company. No trucks or buses may be parked anywhere on Condominium Property, except for those of DVD or the Management Company, if any. Parking spaces are not assigned as appurtenances to particular Units or Vacation Homes. As such, each space may be used by any Owner, family member, lessee or guest. Owners may not park vehicles in spaces designated for handicapped persons, unless they fall within this category of individuals, and the Association or Management Company shall have the right to notify local authorities of any such violations. All vehicles shall be parked within the painted lines of one individual parking space and in no event shall a vehicle exceed, in width, the interior of the painted lines of one individual space. The Owners, their employees, servants, agents, visitors, licensees and the Owner's family will obey all posted parking regulations. Vehicles parked in any unauthorized area or impeding or preventing access to another Owner's or authorized user's parking space or any fire lanes are subject to being towed away at the Owner's or authorized user's sole expense.

23. Use of Swimming Pools, Whirlpools, and/or Other Facilities. Owners and authorized users of the swimming pools, whirlpools and/or other facilities do so at their own risk. All users are requested to obey the posted rules. Children under ten (10) years of age using any swimming pools, whirlpools, and/or other available facilities must be accompanied and supervised by a responsible adult.

Swimming in the pools and/or whirlpools and use of other facilities is permitted only during the posted hours of operation. Persons using the facilities do so at their own risk. Persons using all facilities must be appropriately attired.

The following are the basic rules for persons using the swimming pools and/or whirlpools:

- a. Shower thoroughly each and every time before entering.
- b. Pneumatic floats or other items of similar nature, except for Board-approved floatation devices, are not permitted in the pools or whirlpools.

c. Running and/or ball playing or throwing objects is not permitted in the general pool area except in designated areas and in connection with various activities as permitted by the Board from time to time.

d. Beverages may be consumed within the pool areas, but absolutely no glass, glass bottles or other glass containers shall be allowed within the pool area. Anyone who hosts or participates in serving or consuming beverages will be held strictly responsible for cleaning up after such refreshments have been consumed and will further be held strictly liable for any injury resulting from broken glass.

e. If suntan oils, creams or lotions are used, a towel or other form of protection must be placed on pool furniture to protect the attire of others who use the furniture.

f. No children in diapers will be allowed in the pools and/or whirlpools.

g. Pool towels are provided at the pool for your convenience. No person or party may leave personal items, including towels to reserve pool chairs.

h. There will be no swimming or fishing allowed in any lakes, retention ponds and/or lagoons.

24. Storage of Dangerous Items. No inflammable, combustible, or explosive fluid, chemical or substance, shall be kept in any Unit or Vacation Home, Common Element or Limited Common Element except as are required for normal household use. This provision shall not apply to the storage of such materials in Hotel Units or Hotel EUCAs where such storage is for commercial purposes.

25. Employees/Agents Control and Entry of Units for Maintenance. Employees and/or agents of the Association or Management Company, and employees and/or agents of DVD's on-going sales program, shall not be sent off the Condominium Property by any Owner or authorized user at any time for any purpose. No Owner or authorized user shall direct, supervise or in any manner attempt to assert any control over the employees of the Management Company or the Association. Violations of these Condominium Rules and Regulations, or other matters of concern, should be brought to the attention of the Management Company for proper resolution. Employees or agents of the Management Company shall be permitted to enter Units or Vacation Homes for maintenance and repairs during reasonable hours.

26. Complaints. Complaints regarding the operation of the Condominium shall be made in writing first to the Management Company, as long as the Property Management Agreement remains in effect, and thereafter, to the Board.

27. Payment of Maintenance Fees, Special Charges and Fines. Payment of maintenance fees, special charges, and fines shall be made at the office of the Management Company or at such other location as designated by the Management Company from time to time. Payments made in the form of checks shall be made to the order of such party as the Management Company shall designate.

28. Weapons. No explosives, firearms, or weapons of any kind shall be permitted in any Unit or Vacation Home or anywhere on the Condominium Property without the approval of the Board.

29. Non-Payment of Assessment. Any Owners who are delinquent in payment of their assessments may be denied the right to make reservations, access, check-in and occupancy of a Vacation Home in accordance with applicable law, until all delinquent assessments are paid in full. In addition, the Board or the Management Company may rent the delinquent Owner's Vacation Home in accordance with applicable law. Assessments and installments on such assessments paid on or before fifteen (15) days after the date when due shall not bear interest, but all sums not paid on or before fifteen (15) days after the date when due shall bear interest at the highest rate permitted by law from the date when due until paid. In addition to such interest, the Association may charge an administrative late fee on delinquent accounts in an amount not to exceed the amount permitted under California law. In addition, the Association may authorize the Management Company to charge a non-sufficient funds fee on all returned checks or dishonored electronic debits in an amount not to exceed the amount permitted under California law.

30. Right of Occupancy - Holdover Owners. In the event Owners, their lessees, guests, exchangers or invitees fail to vacate a Vacation Home upon the expiration of any reserved use period each year, as may be required by the rules and regulations governing occupancy of the Vacation Home or as otherwise established by the Management Company, such persons shall be deemed a "holdover owner" or, to the extent permitted by law and at the election of the Association or Management company, such person shall be deemed not to be exercising his/her Ownership Interest but rather deemed a "trespasser", in which case the Association or Management Company shall be entitled to exercise the remedies available to it under applicable law. It shall be the responsibility of the Association to take such steps as may be necessary to remove such holdover owner from the Vacation Home, and to assist the holder of any subsequent reservation who may be affected by the holdover owner's failure to vacate to find alternate accommodations during such holdover period.

a. In addition to such other remedies as may be available to it, the Association shall have the right to secure, at its expense, alternate accommodations for any holder of a subsequent reservation who may not occupy the Vacation Home due to the failure to vacate of any holdover owner. Such accommodations shall be as similar to the reserved Vacation Home as possible. The holdover owner shall be charged for the cost of such alternate accommodations, any other costs incurred due to the holdover owner's failure to vacate, and an administrative fee of One Hundred Dollars (\$100.00) per day or the maximum amount permitted by applicable law, whichever is less, during this period of holding over. In the event it is necessary that the Association contract for a period greater than the actual period of holding over, in order to secure alternate accommodations as set forth above, the entire period shall be the responsibility of the holdover owner, although the One Hundred Dollars (\$100.00) per day administrative fee shall cease upon actual vacating by the holdover owner.

b. The Association shall submit a bill to the holdover owner in accordance with this rule.

c. The foregoing provisions shall not abridge the Association's right to take such other action as is provided by law including, without limitation, eviction proceedings. Further, the foregoing provisions shall not limit the Association's right to take any action permitted by California law against trespassers who are not Owners.

31. No Private Watercraft. No boats, jet-skis, waverunners or watercraft of any kind shall be used, stored or brought onto the Condominium Property by any Owner, lessee, guest, exchanger or invitee except in such areas and under such conditions as may be determined by the Board from time to time.

32. Security. Owners shall at all times lock and secure their unattended motor vehicles parked or located upon the Condominium Property, and they shall not leave any valuables in plain sight within or upon such vehicles. During their occupancy, Owners shall at all times lock and secure all doors, windows, balconies or other points of possible entry with respect to their accommodations (except when any such point of entry is in use by Owners or their lessees, guests, exchangers or invitees). Neither the Management Company nor the Association shall be responsible for the safekeeping or protection of personal property brought onto the Condominium Property.

33. Check-In, Check-Out Times. Check-in time for all Disney Vacation Club Resorts is 4:00 p.m. Check-out time for all Disney Vacation Club Resorts is 11:00 a.m. The front desk must approve any exceptions to these times.

34. Repairs and Replacements. Each Owner shall bear in their entirety any expenses for repairs or replacements to the Condominium Property occasioned by the specific use or abuse of such Owner or any lessee, guest, exchanger, tenant, or invitee of said Owner.

35. Timeshare Plans, Fractional Plans and Clubs. Except as provided in the Declaration, no timeshare plans, fractional plans, exchange programs or clubs, or travel or vacation clubs comprised of a trust, corporation, cooperative, limited liability company, partnership, equity plan, non-equity plan, membership program, or any such other similar programs, structures, schemes, devices or plans of any kind (a) shall be created, established, operated or maintained with respect to the Condominium Property or the Ownership interests; (b) shall acquire or accommodate Condominium Property or Ownership interests; or (c) shall be

permitted to incorporate an Ownership Interest into such entity, program, structure, scheme, device or plan, except by the Developer or except with the prior written authorization from the Developer, which authorization may be given or withheld in the Developer's sole and absolute discretion, and which authorization shall be evidenced by a written instrument executed by the Developer, recorded in the Public Records, and containing a reference to the Declaration.

36. Violations of Condominium Rules and Regulations. If and to the extent that any of the foregoing, Condominium Rules and Regulations are violated, the Association and the Management Company shall have the right to exercise all rights and remedies available under applicable law against those individuals or entities violating the Condominium Rules and Regulations. In addition, if and to the extent that any violations, in the Board's judgment, (1) involve safety or security, (2) are crimes, or (3) adversely affect the reasonable enjoyment of the Condominium Property by other owners; those individuals committing such violations may be removed from the Condominium Property to the fullest extent permitted by law.

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When Recorded Return To:

John M. McGowan, Esquire
c/o Compliance Department
Disney Vacation Development, Inc.
200 Celebration Place
Celebration, FL 34747
(407) 566-3000

Recorded in Official Records, Orange County
Tom Daly, Clerk-Recorder



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(The area above is reserved for Recorder's use)

MASTER COTENANCY AGREEMENT

THIS MASTER COTENANCY AGREEMENT (this "Agreement") is entered into effective as of the Commencement Date (as defined in Paragraph 10) by and among DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, whose address is 200 Celebration Place, Celebration, Florida 34747 ("**DVD**"); DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation, whose address is 200 Celebration Place, Celebration, Florida 34747 ("**DVCMC**"); THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM ASSOCIATION, INC., a California nonprofit mutual benefit corporation, whose address is 200 Celebration Place, Celebration, Florida 34747 ("**Association**"); and the owners of Ownership Interests as tenants-in-common in each Vacation Ownership Unit in The Villas at Disney's Grand Californian Hotel, a leasehold condominium, more specifically described below (individually, "Cotenant" and collectively, "Cotenants").

W I T N E S S E T H :

WHEREAS, DVD is the developer of The Villas at Disney's Grand Californian Hotel, a leasehold condominium (the "**Condominium**"), according to the Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Ownership Plan thereof recorded ~~DECEMBER 26, 2008~~ as Document No. ~~2008000590970~~, Official Records of Orange County, California, and all amendments thereto (the "**Declaration**") pursuant to which "Units" and "Common Areas" have been created as provided for and defined in the Declaration; and

WHEREAS, the Condominium is a Qualified Resort Vacation Club Project subject to a vacation ownership plan (the "**Vacation Ownership Plan**") pursuant to applicable California law; and

WHEREAS, DVD is offering undivided tenant-in-common interests ("**Ownership Interests**") in each Vacation Ownership Unit in the Condominium calculated in accordance with Exhibit "A" attached hereto and incorporated herein by reference, and has made such Ownership Interests subject to the Vacation Ownership Plan; and

WHEREAS, pursuant to the Declaration, the Association has the responsibility and obligation to operate and manage the Condominium; and

WHEREAS, the Association has assigned its responsibilities and obligations to operate and manage the Condominium to DVCMC pursuant to the terms of a property management agreement (the "**Property Management Agreement**") and the Disney Vacation Club Membership Agreement for the Condominium (the "**Membership Agreement**"); and

WHEREAS, to implement the Vacation Ownership Plan, DVD has provided for the creation of a central reservation system and related services (the "**Disney Vacation Club**" or "**Club**"); and

WHEREAS, the Club includes the operation of a reservation system for the assignment and use of accommodations in each Vacation Ownership Unit designed for separate occupancy and use ("**Vacation Homes**") and the facilities of the Condominium pursuant to the priorities, restrictions and limitations established by DVCMC from time to time in accordance with the Vacation Ownership Plan (the "**Home Resort Reservation Component**"); and

WHEREAS, the respective Ownership Interest of each Cotenant, including DVD, is symbolized by a number of Home Resort Vacation Points calculated in accordance with Exhibit "A" attached hereto; and

WHEREAS, DVD will retain the ownership of a certain undivided interest in each Vacation Ownership Unit in the Condominium for its own use and benefit, and such Ownership Interests will be symbolized by a number of Home Resort Vacation Points calculated in accordance with Exhibit "A" attached hereto; and

Property address: 1600 S. Disneyland Drive Anaheim, CA 92802

WHEREAS, pursuant to the Declaration, each Vacation Ownership Unit in the Condominium will contain a certain number of Vacation Homes and the number of Vacation Homes may vary from Vacation Ownership Unit to Vacation Ownership Unit; and

WHEREAS, pursuant to the Declaration and to the Membership Agreement, each Cotenant must make a reservation through the Home Resort Reservation Component in order to use a Vacation Home within a Vacation Ownership Unit, regardless of the Vacation Ownership Unit in which the Cotenant has an Ownership Interest; and

WHEREAS, in order to facilitate: (i) the Vacation Home reservation process within each Vacation Ownership Unit; (ii) the reservation process among all Vacation Ownership Units in the Condominium; (iii) the proper allocation and discharge of all of the duties and obligations appurtenant to Vacation Ownership Unit ownership pursuant to the Declaration, pursuant to applicable law; and (iv) the reservation process regarding the Vacation Homes and facilities of the Condominium, DVD and the other Cotenants, the Association, and DVCMC hereby agree as follows:

1. Definitions. All terms used in this Agreement shall have the same meaning as the identical terms used in the Declaration unless otherwise defined herein or unless the context otherwise requires.

2. Allocation of Vacation Ownership Unit Expenses and Liabilities. Each Vacation Ownership Unit in the Condominium will be assessed at least annually for its share of the Common Expenses of the Condominium pursuant to the Declaration. Each Vacation Ownership Unit will also be assessed for ad valorem taxes by Orange County, California and the City of Anaheim, California, respectively. Pursuant to applicable law and the Declaration, the Cotenants as the owners of a Vacation Ownership Unit are jointly and severally liable for all Common Expenses of the Condominium attributable to that Vacation Ownership Unit. The Cotenants are also jointly and severally liable for all assessed taxes, including ad valorem taxes, for which the failure to pay can give rise to the placing of a lien against the entire Vacation Ownership Unit. However, for purposes of this Agreement, the Cotenants agree that each individual Cotenant, including DVD, will be severally liable for that proportion of these and any other expenses or taxes that may be assessed against the Vacation Ownership Unit, or for which the Cotenants may become liable by virtue of their Ownership Interest in the Vacation Ownership Unit, that equals the Ownership Interest owned in the Vacation Ownership Unit. No Cotenant shall be liable for any assessment made against any other Cotenant pursuant to this paragraph, and any failure of a Cotenant to promptly pay the Cotenant's several share of such expenses, taxes or liabilities shall constitute a default hereunder pursuant to paragraph 7 below.

3. Allocation of Vacation Ownership Unit Rents, Profits and Casualty or Condemnation Proceeds. As provided in the Declaration and in the Membership Agreement, each Cotenant must make a reservation prior to using any Vacation Home within any Vacation Ownership Unit, and any rents derived from the use of a reserved Vacation Home by a Cotenant (or DVD) will inure to the exclusive benefit of the person holding the reservation and securing the rental; therefore, it is not contemplated that any rents will be derived from any Vacation Ownership Unit that will inure to the benefit of the Cotenants as a whole, and no common rental pools shall be established with regard to the Vacation Ownership Unit. Subject to DVD's right of first refusal as set forth in the Declaration, each Cotenant is free to convey his or her Ownership Interest in a Vacation Ownership Unit, and any proceeds derived from the sale of an Ownership Interest by a Cotenant (or DVD) will inure to the exclusive benefit of the person or entity selling the Ownership Interest; therefore, it is not contemplated that any proceeds derived from the conveyance of any Ownership Interest in a Vacation Ownership Unit will inure to the benefit of the Cotenants as a whole. However, as more particularly set forth in the Declaration, the Cotenants agree that each individual Cotenant, including DVD, will be entitled to share in any proceeds that are produced by or allocable to the Vacation Ownership Unit as a whole, including the proceeds of any insurance or eminent domain award, in that proportion that equals the Ownership Interest owned in the Vacation Ownership Unit. DVD, the Association and DVCMC are not obligated to provide any rental or resale assistance to any Cotenant. Any rental by a Cotenant of a Vacation Home or sale by a Cotenant of an Ownership Interest will occur, if at all, solely through the efforts of such Cotenant. The Declaration shall govern as to each Cotenant's rights with respect to any proceeds arising out of casualty to the Vacation Ownership Unit or as to a taking of the Vacation Ownership Unit in condemnation.

4. Voting Certificate.

Pursuant to this Agreement, Cotenants of Ownership Interests in each Vacation Ownership Unit hereby designate DVD as their authorized voting representative at all meetings of the Association.

Pursuant to the Declaration, each Vacation Ownership Unit is allocated a certain number of votes in the affairs of the Association, and where a Vacation Ownership Unit is owned by more than one person, the Cotenant of the Vacation Ownership Unit must, pursuant to this Agreement, designate in a Voting Certificate the Cotenant authorized to cast the Vacation Ownership Unit's votes in meetings of the Association and to represent the Vacation Ownership Unit in all Association matters as the Voting Representative. In accordance with the foregoing, by the acceptance of a deed conveying an Ownership Interest in a Vacation

Ownership Unit, each Cotenant, pursuant to this Agreement, hereby designates DVD as the Voting Representative. In exercising this authority, DVD agrees to act at all times on behalf of the Cotenants as a whole pursuant to its fiduciary duties. DVD also agrees that it will not cast the Vacation Ownership Unit's vote in any of the following respects without the prior concurrence of the Cotenants who own sixty percent (60%) of the Ownership Interests in the Vacation Ownership Unit:

- a. waiver of any material rights of the Association or of the Cotenants against DVD or any of its affiliates;
- b. waiver or reduction of required replacement reserves;
- c. any increase in the Association's annual operating budget in excess of one hundred twenty percent (120%) of the previous year's budget, excluding ad valorem taxes;
- d. any increase in the calculation of compensation paid to DVCMC under the Property Management Agreement;
- e. reallocation of the undivided interests in the Common Areas of the Condominium appurtenant to each Vacation Ownership Unit other than the reallocation that results from annexation or deannexation of property or conversion of Hotel Units into Vacation Ownership Units to the extent permitted under the Declaration;
- f. amendment of the Declaration or of the Articles of Incorporation or the Bylaws of the Association in any manner that is materially adverse to the Cotenants as a whole; or
- g. voluntary termination of the Condominium, or any proposition not to reconstruct, repair or replace any portion of any Unit or Common Areas after casualty.

Subject to the provisions of paragraph 9 below, DVD shall continue to serve as the Voting Representative of the Vacation Ownership Unit until such time as the Cotenants who own sixty percent (60%) of the Ownership Interests in the Vacation Ownership Unit concur in writing that DVD should be removed from this position; however, during any period of time in which DVD owns in excess of forty percent (40%) of the Ownership Interests in a given Vacation Ownership Unit, the Cotenants who own sixty percent (60%) of the Ownership Interests in that Vacation Ownership Unit (other than the Ownership Interests owned by DVD in that Vacation Ownership Unit) may remove DVD as the Voting Representative of the Vacation Ownership Unit. Should DVD be removed from this position for any reason, the provisions of this Agreement shall continue in full force and effect, and the Cotenants shall elect one of their number to serve as the Voting Representative of the Vacation Ownership Unit until such time as that person resigns or is replaced pursuant to the provisions of this paragraph. In all events, the Cotenant of each Vacation Ownership Unit must have elected a Voting Representative pursuant to this paragraph at all times until such time that the Condominium has been terminated.

5. Vacation Home Reservations. Subject to the provisions of paragraph 9 below, the Cotenants agree that the Association shall serve as the reservation manager for the Vacation Ownership Unit in which they own. The Association is hereby granted the authority to establish reservation procedures for the assignment and use of Vacation Homes within that Vacation Ownership Unit. Under the authority granted herein, the Association shall assign the use of Vacation Homes within a Vacation Ownership Unit to the Cotenants of that Vacation Ownership Unit and to the Cotenants in other Vacation Ownership Units in the Condominium and to assign the Cotenants the use of Vacation Homes in other Vacation Ownership Units in the Condominium, through the Home Resort Reservation Component. The Association's authority to perform these functions has been delegated to DVCMC pursuant to the Membership Agreement. In the event that the Membership Agreement is terminated, the Association shall retain its authority to establish reservation procedures for the assignment and use of Vacation Homes in a Vacation Ownership Unit by the Cotenants who own in that Vacation Ownership Unit, as well as to establish reservation procedures, which may or may not be identical to those set forth in the Membership Agreement, by which use of all Vacation Ownership Units and Vacation Homes in the Condominium shall be determined.

6. Assessment Collections. Subject to the provisions of paragraph 9 below, the Cotenants agree that the Association shall serve as the assessment collection manager for the Vacation Ownership Unit for the purpose of ensuring that all Common Expenses and taxes assessed against the Vacation Ownership Unit pursuant to paragraph 2 above are timely remitted. The Association has assigned these duties to DVCMC under the Property Management Agreement. As part of its duties, DVCMC shall notify each Cotenant of his or her share of such expenses and shall provide for a reasonable time after receipt of the statement within which the Cotenant must pay his or her share to DVCMC. The failure of any Cotenant to promptly pay his or her share of expenses and/or taxes to DVCMC shall constitute a default under this Agreement, and the defaulting Cotenant shall be subject to the remedies in favor of non-defaulting Cotenants set forth in paragraph 8 below and to the remedies in favor of the Association pursuant to the Declaration.

7. Rights Against Defaulting Cotenant. Upon the default of a Cotenant pursuant to paragraph 6 above, DVD has the right but not the obligation to pay the amounts due from the defaulting Cotenant to DVCMC prior to the end of the then current fiscal year of the Association if collection attempts made by DVCMC are unsuccessful. Each Cotenant agrees that upon such payment by DVD, DVD shall acquire a lien upon the Ownership Interest in the Vacation Ownership Unit owned by the defaulting Cotenant. The lien shall secure the amount of monies paid by DVD to DVCMC on behalf of the defaulting Cotenant together with interest thereon at the highest rate permitted by law and together with the costs and reasonable attorneys' fees incurred by DVD in the collection of such sums from the defaulting Cotenant. The lien may be foreclosed upon the Ownership Interest of the defaulting Cotenant in the manner generally prescribed for the foreclosure of mortgages under California law. In the event DVD elects not to exercise its right pursuant to this paragraph, any other Cotenant may tender the amounts due to DVCMC and acquire the lien described herein. Defaulting Cotenants may also be subject to legal actions for recovery of assessments as a personal liability and subject to the termination of their reservation rights pursuant to California law.

8. Insolvency or Bankruptcy. In the event DVD, the Association or DVCMC files for protection from creditors under any state or federal law or becomes the debtor in a bankruptcy proceeding, voluntarily or involuntarily, the filing party shall be deemed to have automatically resigned from its positions hereunder as Voting Representative, reservation manager and/or assessment collection manager for the Vacation Ownership Unit as the case may be. If necessary, the Cotenants shall thereafter elect a successor Voting Representative pursuant to paragraph 4 above.

9. Execution and Joinder by Cotenant; Commencement Date. Cotenants shall evidence their acceptance of the terms and conditions of this Agreement by the acceptance of a deed for the purchase of an Ownership Interest in a Vacation Ownership Unit and the recordation of such deed among the Official Records of Orange County, California. The "Commencement Date" shall be the date of the first deed so recorded.

10. Waiver of Partition. The Cotenants hereby agree that no action for partition of any Vacation Ownership Unit or Vacation Home in the Condominium shall lie.

11. Notices. Except as may be otherwise provided herein, any notice, demand, request, consent, approval or communication under this Agreement shall be in writing and shall be deemed duly given or made to DVD, the Association or DVCMC: (i) when deposited, postage prepaid, in the United States mail, certified or registered mail with a return receipt requested, addressed to the party at the address shown above; (ii) when delivered personally to the party at the address specified above; (iii) when deposited with a reliable overnight courier service, fee prepaid, with receipt of confirmation requested, addressed to the party as specified above; or (iv) when delivered by facsimile transmission with confirmed receipt of transmission. A party may designate a different address for receiving notices hereunder by notice to the other parties. Unless otherwise provided herein, all notices or information required to be delivered to Cotenants by the Association shall be delivered by the Association to DVD. DVD shall provide the Cotenants with all notices required by applicable law, and all such notices shall be deemed given if delivered by regular U.S. mail to the Cotenant at the last known address of the Cotenant pursuant to the books and records maintained by DVCMC, or if provided to the Cotenants as a part of a newsletter or other periodic report directly by DVD or through the Association or DVCMC as the Management Company.

12. Governing Law; Successors in Title. This Agreement shall be governed by and construed under the laws of the State of California and shall run with the land, inuring to the benefit and burden of the successors in title of the parties including all trustees in bankruptcy; therefore, this Agreement shall not be cancelled until such time as the Condominium is terminated. Wherever used, the singular shall include the plural and the plural, the singular.

13. Captions and Paragraph Headings. Captions and paragraph headings contained in this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope or content of this Agreement nor the intent of any provision hereof.

14. No Partnership or Joint Venture. It is the express intent of the parties that neither this Agreement nor any provision hereof be deemed or construed to create a partnership or joint venture by or between any and all parties hereto.

15. Severability. In the event that any clause or provision of this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any other provision of this Agreement.

16. Amendment.

This Agreement may be amended by the concurrence of Cotenants owning seventy-five percent (75%) of the total Ownership Interests in a given Vacation Ownership Unit as to that Vacation Ownership Unit by an instrument in writing recorded among the Official Records of Orange County, California.

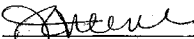
However, during any period of time in which DVD owns in excess of twenty-five percent (25%) of the undivided interests in a given Vacation Ownership Unit, the Cotenants who own seventy-five percent (75%) of the undivided interests in that Vacation Ownership Unit (other than the undivided interests owned by DVD in that Vacation Ownership Unit) may amend this Agreement as to that Vacation Ownership Unit. If required by any public body or by applicable law, DVD may unilaterally amend this Agreement by an instrument in writing executed by DVD and recorded among the Official Records of Orange County, California. DVD shall notify the Cotenants of any such unilateral amendment, the purpose therefore, and the nature of the public body or law that required same.

18. Waiver of Jury Trial; Venue of Actions. To the extent permitted by applicable law, the parties hereby waive any right they may have under any applicable law to a trial by jury with respect to any suit or legal action which may be commenced by or against another party concerning the interpretation, construction, validity, enforcement or performance of this Agreement or any other agreement or instrument executed in connection with this Agreement. In the event any such suit or legal action is commenced by a party, the other parties hereby agree, consent and submit to the personal jurisdiction of the Superior Courts in and for Orange County, California, with respect to such suit or legal action, or if the Superior Courts do not have jurisdiction, then before any other court sitting in Orange County, California, having subject matter jurisdiction, and each party also hereby consents and submits to and agrees that venue in any such suit or legal action is proper in said court and county, and each party hereby waives any and all personal rights under applicable law or in equity to object to the jurisdiction and venue in said court and county. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue.

19. The recitals set forth at the beginning of this Agreement are true and correct and are incorporated herein by this reference.

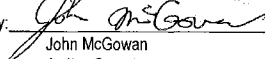
IN WITNESS WHEREOF, DVD, the Association and DVCMC have executed this Agreement effective as of the Commencement Date.

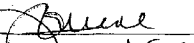
WITNESSES:


Print Name: J. Greene


Print Name: Karen Grip

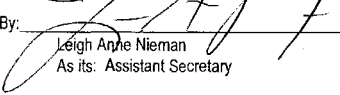
DISNEY VACATION DEVELOPMENT, INC.,
a Florida corporation


By: 
John McGowan
As its: Secretary


Print Name: J. Greene


Print Name: Karen Grip

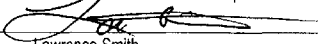
DISNEY VACATION CLUB MANAGEMENT CORP.,
a Florida corporation

By: 
Leigh Anne Nieman
As its: Assistant Secretary


Print Name: J. Greene


Print Name: Karen Grip

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL
CONDOMINIUM ASSOCIATION, INC.,
a California nonprofit mutual benefit corporation

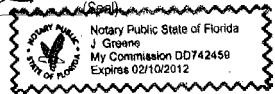
By: 
Lawrence Smith
As its: Treasurer

STATE OF FLORIDA)
COUNTY OF Osceola)

On Dec. 16, 2008 before me, Jeannette Greene (insert name of notary public), personally appeared John McGowan as the Secretary of DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, who proved to me on the basis of satisfactory evidence to be the person(s) whose name is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State in which this acknowledgment is taken that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: [Signature] (Seal)

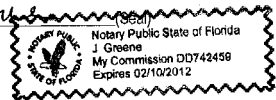


STATE OF FLORIDA)
COUNTY OF Osceola)

On Dec. 16, 2008 before me, Jeannette Greene (insert name of notary public), personally appeared Leigh Anne Nieman as the Assistant Secretary of DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation, who proved to me on the basis of satisfactory evidence to be the person(s) whose name is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State in which this acknowledgment is taken that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: [Signature] (Seal)



STATE OF FLORIDA)
COUNTY OF Osceola)

On Dec. 16, 2008 before me, Jeannette Greene (insert name of notary public), personally appeared Lawrence Smith as the Treasurer of THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM ASSOCIATION, INC., a California nonprofit mutual benefit corporation, who proved to me on the basis of satisfactory evidence to be the person(s) whose name is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity on behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State in which this acknowledgment is taken that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: [Signature] (Seal)

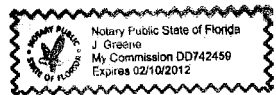


EXHIBIT "A"
REAL ESTATE INTEREST AND POINT FORMULATION

Vacation Ownership Plan Real Estate Interest Formulation: In order to efficiently manage the use of Vacation Homes by the Cotenants in the best interests of the Cotenants as a whole, the Ownership Interest in a Vacation Ownership Unit owned by a given Cotenant shall be symbolized for administrative convenience only as a number of Home Resort Vacation Points as calculated below.

The specific Ownership Interest owned by a given Cotenant in a given Vacation Ownership Unit shall be calculated based upon the expectations of the Cotenant regarding use of a specific type of Vacation Home during a specific time of year for a specific number of days within the Condominium as follows:

- (a) DVD shall initially assign each day during the calendar year to a "season" grouping based upon relative projected Cotenant use demand. DVD may create as many season groupings as it determines are necessary and desirable.
- (b) A "demand factor" shall be determined for the selected types of Vacation Homes (e.g., Studio Vacation Homes; One-Bedroom Vacation Homes; Grand Villas; and Two-Bedroom Vacation Homes; as those terms are defined in the Membership Agreement) across each season grouping based upon relative projected Cotenant use demand. In determining the demand factor, elements such as location, view, comparable rental values for similar accommodations, and other such elements typically considered by a real estate appraiser in formulating such a determination shall be considered.
- (c) Each demand factor for each selected type of Dedicated Vacation Home shall be multiplied by the number of calendar days which have been assigned to each season grouping, yielding the total "demand days per year" for each selected type of Dedicated Vacation Home during each season grouping. "Dedicated Vacation Homes" do not separately include those One-Bedroom Vacation Homes and Studio Vacation Homes which are part of a Two-Bedroom lock-off Vacation Home.
- (d) The total demand days per year for each respective selected type of Dedicated Vacation Home shall be added together to yield a total of demand days per year for all season groupings for all Dedicated Vacation Homes by Vacation Home type.
- (e) The total number of each type of Dedicated Vacation Home in a given Vacation Ownership Unit is then multiplied by the total demand days per year for that type of Dedicated Vacation Home; and the demand days per year for all Dedicated Vacation Homes in that Vacation Ownership Unit are then added together to yield the total demand days per year for that Vacation Ownership Unit.
- (f) After the calculations required in subparagraphs (b) through (e) above have been completed, the Cotenant's Ownership Interest in the Vacation Ownership Unit in question is determined by multiplying the demand factor assigned to that selected type of Vacation Home during that season grouping pursuant to subparagraph (b) above by the number of days of desired use, yielding the total number of demand days in that Vacation Ownership Unit that will relate to the Cotenant's Ownership Interest. The Cotenant's specific Ownership Interest in that Vacation Ownership Unit is the quotient of the total number of demand days in that Vacation Ownership Unit that relate to the Cotenant's Ownership Interest divided by the total demand days per year for that Vacation Ownership Unit calculated pursuant to subparagraph (e) above.

Vacation Ownership Plan Home Resort Vacation Point Formulation: DVD shall initially determine the number of Home Resort Vacation Points that will be symbolic of a given Ownership Interest in a given Vacation Ownership Unit as follows:

- (a) The percentage Ownership Interest in question is multiplied by the total number of square feet in the Vacation Ownership Unit in which it is owned to determine the total square footage relating to that Ownership Interest.
- (b) The total square footage relating to that Ownership Interest is then multiplied by a constant to yield the number of Home Resort Vacation Points which are symbolic of that Ownership Interest. The constant shall equal a number that will result in all Home Resort Vacation Points appearing as whole numbers with no decimals for administrative convenience.

DVCMC shall initially determine the number of Home Resort Vacation Points that will correspond to the use of a given Vacation Home during a given day each year within the Condominium based upon relative projected use demand by allocating the total number of Home Resort Vacation Points in all Vacation Ownership Units as determined above to each day in each Vacation Home in each Vacation Ownership Unit pursuant to the terms and conditions of the Membership Agreement. During any period of time in which the Vacation Ownership Plan continues in operation, DVCMC shall also determine any reallocation of Home Resort Vacation Points for the Condominium pursuant to the terms and conditions of the Membership Agreement. Pursuant to the Declaration and this Agreement, during any period of time in which the Vacation Ownership Plan is no longer in operation, the Association shall have the authority to establish reservation procedures by which use of the Vacation Ownership Units and Vacation Homes in the Condominium among all of the Cotenants shall be determined, which procedures shall set forth how the then-existing Home Resort Vacation Point allocation should be revised from time to time based upon actual Cotenant use demand experienced. In any event, the total number of Home Resort Vacation Points can never exceed the total number of Ownership Interests in Vacation Ownership Units of which they are symbolic.

DVC RESORT AGREEMENT

THIS DVC RESORT AGREEMENT ("**Agreement**") is made and entered into effective the 16th day of December 2008 (the "**Effective Date**") by and among BUENA VISTA TRADING COMPANY, a Florida corporation, having offices and its principal place of business at 1375 Buena Vista Drive, 4th Floor North, Lake Buena Vista, Florida, 32830 ("**BVTC**"); DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation, having offices and its principal place of business at 200 Celebration Place, Celebration, Florida 34747 ("**DVCMC**"); DISNEY VACATION DEVELOPMENT, INC., a Florida corporation having offices and its principal place of business at 200 Celebration Place, Celebration, Florida 34747 ("**DVD**"); and THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM ASSOCIATION, INC., a California non-profit mutual benefit corporation, having offices at 200 Celebration Place, Celebration, FL 34747 (the "**Association**").

RECITALS

WHEREAS, DVD has developed a Qualified Resort Vacation Club Project known as The Villas at Disney's Grand Californian Hotel, a leasehold condominium, located in Orange County, California (the "**Grand Californian Resort**") subject to a vacation ownership plan (the "**Vacation Ownership Plan**") pursuant to Applicable Law; and

WHEREAS, DVD has provided for a central reservation system and related services (the "**Club**") which includes the operation of an exchange system (the "**DVC Reservation Component**") through which the owners of ownership interests in the Grand Californian Resort ("**Owners**") and in any other vacation resorts that are entitled to access and use the DVC Reservation Component ("**DVC Resorts**") have the ability to voluntarily reserve the use of available accommodations and related facilities of any DVC Resort in accordance with and as restricted by rules and regulations established by BVTC from time to time; and

WHEREAS, the Association is the owners' association for the Grand Californian Resort pursuant to Applicable Law; and

WHEREAS, DVCMC and the Association have entered into that certain property management agreement and that certain membership agreement for the purpose of the Association assigning to DVCMC all of the Association's management and assessment collection duties, obligations and responsibilities (except those which cannot be delegated as a matter of law), including the Association's responsibility for managing the use of the accommodations and related facilities of the Grand Californian Resort in accordance with and as restricted by the Vacation Ownership Plan; and

WHEREAS, DVD, the Association, DVCMC and BVTC desire to enter into this Agreement for the purpose of enabling the Grand Californian Resort to become a DVC Resort and for BVTC to coordinate activities and perform services associated therewith in accordance with the provisions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties hereby agree as follows:

AGREEMENT

I. Definitions

The following definitions of terms used in this Agreement shall prevail unless the context requires a different meaning:

1.1 Agreement shall mean this DVC Resort Agreement for the Grand Californian Resort.

1.2 Annual Dues means that portion of the Grand Californian Resort Estimated Budgets that has been assessed against an individual Owner's Ownership Interest together with the Owner's proportionate share of the ad valorem taxes for the Ownership Interest.

1.3 Applicable Law shall mean the law of the jurisdiction where the DVC Resort referred to is located, as of the date of this Agreement unless BVTC determines otherwise.

1.4 Association shall mean The Villas at Disney's Grand Californian Hotel Condominium Association, Inc., a California nonprofit mutual benefit corporation, and its successors and assigns, which is responsible for the operation and management of the Grand Californian Resort under Applicable Law.

1.5 BVTC shall mean Buena Vista Trading Company, a Florida corporation, its successors and assigns. BVTC is an exchange company registered under Applicable Law.

1.6 Club shall mean the Disney Vacation Club. The Club is not a legal entity or association of any kind, but rather is a service name for the services and benefits appurtenant to and the restrictions imposed upon the use and enjoyment of Ownership Interests. These services presently include, among other things, the operation of a central reservation system consisting of the reservation component for the Vacation Ownership Plan and the DVC Reservation Component.

1.7 Club Member shall mean the owner of record of an Ownership Interest.

1.8 Disclosure Document shall mean the disclosure statement promulgated or amended by BVTC in accordance with Applicable Law, and containing the rules and regulations that BVTC in its sole, absolute and unfettered discretion determines are necessary or desirable from time to time in order to enforce the provisions of this Agreement. The terms and conditions of the Disclosure Document are incorporated herein by this reference.

1.9 DVCMC shall mean Disney Vacation Club Management Corp., a Florida corporation, its successors and assigns.

1.10 DVC Reservation Component shall mean the exchange component of the Club central reservation system through which Vacation Homes in any DVC Resort may be reserved using DVC Vacation Points pursuant to priorities, restrictions and limitations established by BVTC from time to time and as set forth in the Disclosure Document.

1.11 DVC Resort shall mean each resort, including the Grand Californian Resort, which is entitled to access and use the DVC Reservation Component and other applicable Club services and benefits provided by BVTC by virtue of and pursuant to the terms and conditions of a DVC Resort Agreement.

1.12 DVC Resort Agreement shall mean the agreement pursuant to which a resort becomes and remains a DVC Resort in accordance with the terms and conditions of such agreement.

1.13 DVC Vacation Points shall mean Vacation Points utilized by a Club Member to make a reservation through the DVC Reservation Component at a DVC Resort.

1.14 DVD shall mean Disney Vacation Development, Inc., a Florida corporation, its successors and assigns, and the developer of the Grand Californian Resort.

1.15 Grand Californian Resort Documents shall mean all of the documents, by whatever names denominated, and any amendments thereto, which create and govern the rights and relationships of the Club Members in the Grand Californian Resort as required or allowed by Applicable Law.

1.16 Grand Californian Resort Estimated Budgets shall mean the operating and capital reserves budgets that establish the estimated annual common expenses and reserves of the Grand Californian Resort.

1.17 Home Resort shall mean any DVC Resort in which a Club Member owns an Ownership Interest which is symbolized by Home Resort Vacation Points.

1.18 Home Resort Priority Period shall mean the period of time at each DVC Resort during which only Club Members having an Ownership Interest at that DVC Resort are entitled to request a reservation for the Vacation Homes at that DVC Resort through the vacation ownership plan at that DVC Resort.

1.19 Home Resort Vacation Points shall mean Vacation Points symbolizing an Ownership Interest at a Home Resort which Vacation Points may be used to reserve Vacation Homes at that Home Resort where that Ownership Interest is held.

1.20 Ownership Interest shall mean a property interest in a Unit in a DVC Resort.

1.21 The TWDC Companies shall mean TWDC and all subsidiaries and affiliates of TWDC, including DVD, DVCMC and BVTC.

1.22 TWDC shall mean The Walt Disney Company, a Delaware corporation, its successors and assigns.

1.23 Unit shall mean that portion of a DVC Resort, which is subject to exclusive ownership by one or more persons pursuant to Applicable Law.

1.24 Vacation Home shall mean those portions of a Unit designed and intended for separate use and occupancy.

1.25 Vacation Ownership Plan is the arrangement pursuant to Applicable Law and the documents establishing the DVC Resort under Applicable Law whereby a Club Member receives an Ownership Interest in a Unit in a DVC Resort under which the exclusive right of use, possession or occupancy of all Units in the DVC Resort circulates among the various Club Members at that DVC Resort on a recurring basis during the term of the plan.

1.26 Vacation Point shall mean the symbolic unit of measuring the respective rights of a Club Member to enjoy the benefits of the Club Member's Ownership Interest within the Club.

II. Assignment

2.1 The Association, on its own behalf and on behalf of all of the Club Members at the Grand Californian Resort, hereby enters into and agrees to be bound by the terms and conditions of this Agreement with the purpose of engaging BVTC to arrange for the assignment of the possession and use of the Grand Californian Resort Vacation Homes by Club Members from other DVC Resorts and the possession and use of Vacation Homes at other DVC Resorts by Club Members from the Grand Californian Resort through the DVC Reservation Component. In this regard, the Association shall be deemed to be the "corporate member" entitled to act on behalf of the Club Members with respect to all provisions of this Agreement. Each Club Member at the Grand Californian Resort shall expressly evidence acceptance of the terms and conditions of this Agreement and the Disclosure Document by acceptance of a deed conveying an Ownership Interest in a Unit.

2.2 DVD hereby enters into this Agreement for the purpose of expressing its consent to and acceptance of the terms and conditions of this Agreement.

2.3 DVMCM, as the management company for the Grand Californian Resort, hereby enters into this Agreement for the purpose of expressing its consent to and acceptance of the terms and conditions of this Agreement. Whatever obligations are imposed upon the Association by this Agreement, the reference to the Association shall include DVMCM as the management company authorized to act on behalf of the Association to the extent contemplated under the Grand Californian Resort Documents.

2.4 BVTC for itself and its successors and assigns hereby agrees to assume all of the responsibilities and duties set forth above, and to faithfully discharge all of its obligations as assigned hereunder.

2.5 The parties agree that the rights assigned to BVTC pursuant to this Agreement are exclusive to BVTC.

III. Acknowledgments

3.1 DVMCM, DVD, BVTC and the Association hereby acknowledge the following:

a. That the DVC Reservation Component shall be operated by BVTC pursuant to the terms of this Agreement and the Disclosure Document, as the same may be amended from time to time.

b. That membership in the Club is an appurtenance to each Ownership Interest at the Grand Californian Resort in accordance with the terms of the Grand Californian Resort Documents and this Agreement and may not be partitioned from such Ownership Interest.

c. That the Club does not own any property or assets, and that Club Members will acquire no legal or beneficial interest in any of The TWDC Companies or their assets, including the Club, and no right or interest in the property, contract rights or business of The TWDC Companies. Furthermore, Club Members will not be entitled to any share of income, gain or distribution by or of The TWDC Companies and will not acquire any voting rights in respect of The TWDC Companies.

d. That DVD is only obligated to develop and construct the phases of the Grand Californian Resort initially declared as part of the Grand Californian Resort and described in the Grand Californian Resort Documents. DVD has the right, in its sole discretion, to add other land, units and facilities, whether or not developed by The TWDC Companies, as part of the Grand Californian Resort.

e. That BVTC has the right to delete a DVC Resort, including the Grand Californian Resort, in accordance with Section 6.3 below, in which case the Club Members at the remaining DVC Resorts will not be able to reserve the use of accommodations at the deleted resort through the DVC Reservation Component and owners at the deleted resort will not be able to reserve the use of Vacation Homes through the DVC Reservation Component.

f. That the discretion to associate other resorts as DVC Resorts and the terms and conditions of such association and the right to delete existing DVC Resorts belongs solely to BVTC and neither the Association, DVMCM nor the individual Club Members will be entitled to participate in BVTC's decision in this regard.

g. That the relationship between DVMCM, the Association and BVTC, together with the handling of all of the services and benefits provided by BVTC for the Club Members at the Grand Californian Resort, constitutes legitimate business of the Association.

IV. Covenants of DVD, DVMCM and the Association

4.1 DVD agrees to notify BVTC of DVD's execution and delivery of deeds to each Club Member at the Grand Californian Resort indicating that DVD has transferred an Ownership Interest in the Grand Californian Resort to the Club Member.

4.2 The Association agrees that at the time that DVD transfers its control of the Grand Californian Resort to the Association as set forth in the Grand Californian Resort Documents, the Grand Californian Resort shall continue to be a DVC Resort pursuant to the provisions of and in accordance with the terms and conditions of this Agreement.

4.3 DVD, DVCMC and the Association represent and warrant to BVTC that: (a) DVD owns or leases, or shall own or lease prior to marketing or commencement of sales, the real estate and improvements constituting the Grand Californian Resort; and (b) each Club Member owning an Ownership Interest in the Grand Californian Resort shall acquire, possess and enjoy the right to use his or her Ownership Interest in accordance with information contained in the deed submitted for each Club Member and in accordance with the Grand Californian Resort Documents. DVD, DVCMC and the Association shall immediately notify BVTC of any change or any other fact or circumstance affecting BVTC's delivery of services and benefits to Club Members at the Grand Californian Resort, including the termination of any existing management company for the Grand Californian Resort.

V. Operation and Management of Reservation Rights.

5.1 All reservations made by Club Members among the DVC Resorts using the DVC Reservation Component shall be made in accordance with the Disclosure Document as promulgated and/or amended from time to time by BVTC. BVTC reserves the right to amend the Disclosure Document in its sole, absolute and unfettered discretion and as it determines is necessary or desirable in order to operate and manage the services and benefits made available through BVTC; provided, however, that the Disclosure Document will only be amended as permitted under Applicable Law.

5.2 DVD, DVCMC and the Association acknowledge and understand that the operation and management of the DVC Reservation Component is based upon a Vacation Point structure. Under this structure, each Ownership Interest is symbolized by a number of Home Resort Vacation Points under the Vacation Ownership Plan for the DVC Resort representing the reservation power of that Ownership Interest in that DVC Resort's Vacation Ownership Plan. These Home Resort Vacation Points may be converted into DVC Vacation Points (as described in the Disclosure Document) if the Club Member voluntarily participates in the DVC Reservation Component by making a reservation at other DVC Resorts. Home Resort Vacation Points may not be converted into DVC Vacation Points except in connection with making a reservation through the DVC Reservation Component. The number of DVC Vacation Points required to reserve Vacation Homes at a DVC Resort will be determined annually by BVTC in its sole, absolute and unfettered discretion; however, in no event will BVTC reallocate DVC Vacation Points by more than 20% for any use day from year to year except for special periods of high demand and based upon Club Member use patterns and changes in Club Member use demand (including, without limitation, use demand during special or holiday seasons), as determined by BVTC in its sole, absolute and unfettered discretion.

5.3 DVD, DVCMC and the Association acknowledge and understand that different Home Resort Priority Periods may exist at each DVC Resort; provided, however, that in no event shall BVTC associate a resort as a DVC Resort if such resort has a Home Resort Priority Period of less than one (1) month.

5.4 DVD, DVCMC and the Association acknowledge and agree that all personal property related to BVTC's operation of the DVC Reservation Component, including all computer hardware and software and intellectual property, is and always shall be the personal property of BVTC; provided, however, that in the event that this Agreement is terminated or suspended, the rights of the parties to use the DVC Reservation Component for the Club will be governed by the provisions of Article VIII. below.

VI. Other DVC Resorts

6.1 In the event BVTC associates one or more additional resorts as DVC Resorts, the DVC Resort Agreement executed to effect such association shall be substantially similar to this Agreement in all material respects under the circumstances pertaining to each such additional DVC Resort.

6.2 The parties agree that BVTC shall have the following rights with respect to the addition of resorts as DVC Resorts:

a. BVTC may elect to associate other resort properties as DVC Resorts from time to time. These other DVC Resorts, if any, may be located within or outside the United States of America. Furthermore, it is contemplated that all resorts that may be associated as DVC Resorts from time to time will be developed by DVD or another affiliate or subsidiary of The TWDC Companies and managed by DVCMC; however, BVTC in its sole discretion reserves the right to enter into a DVC Resort Agreement with other resorts that have not been developed by DVD or any of The TWDC Companies and that may or may not be managed by DVCMC.

b. The association of additional DVC Resorts is not subject to the approval of DVCMC, the Association or any Club Member, and any decision to associate DVC Resorts, including the terms and conditions under which the DVC Resort is associated, will be made by BVTC subject to the express written approval of DVD. In making a decision to associate additional DVC Resorts, BVTC shall use its best efforts, in good faith and based upon all available evidence under the circumstances, to further the best interests of the Club Members taken as a whole with respect to the Club Members' opportunity to use and enjoy all of the Vacation

Homes and related facilities made available through the DVC Reservation Component. In this regard, BVTC will consider such factors as size, capacity, furnishings, maintenance impact, location (including geographic, topographic and scenic considerations), recreational capabilities, and demand and availability for Club Member use and enjoyment.

c. In the event other resorts are associated as DVC Resorts, the addition of the DVC Resort will result in the addition of new Club Members who will have the opportunity to make reservations for the use of Vacation Homes and related facilities through the DVC Reservation Component under the same terms and conditions as existing Club Members, including the Club Members at the Grand Californian Resort, and may also result in an increase in the Annual Dues assessed against each Ownership Interest. If other DVC Resorts are associated, demand for use may vary among the various DVC Resorts and the level of Club Member demand for the use of a particular DVC Resort may increase over the level of use demand that existed at the time of purchase by a particular Club Member such that the ability of a Club Member to reserve use at a high demand DVC Resort at a particular time may be impacted. However, new Club Members' reservation requests will also be subject to the Home Resort Priority Period for each DVC Resort, and in no event shall the addition of a DVC Resort result in a greater than "one-to-one purchaser to accommodation ratio," as that term is defined in Section 721.05(23), Florida Statutes. In addition, the inclusion of new resorts as DVC Resorts will afford existing Club Members with more DVC Resort Vacation Homes and location reservation opportunities and options.

d. BVTC does not anticipate that the rules and regulations governing reservations among the DVC Resorts will be affected by adding additional resorts as DVC Resorts. However, BVTC has reserved the right to amend the Disclosure Document and DVC Vacation Point schedules to take into account the location and anticipated relative use demand of the added DVC Resort as may be necessary and as it deems necessary or desirable in order to enforce the provisions of this Agreement and the Disclosure Document as permitted under Applicable Law.

6.3 The parties agree that any deletion of a DVC Resort shall be governed by the following:

a. In the event of a deletion of any DVC Resort that results in Vacation Homes or related facilities of such DVC Resort being unavailable for use by Club Members, BVTC shall notify DVD, DVCMC, the Association and all affected Club Members of such unavailability of use within thirty (30) days after the related event of casualty, eminent domain action or automatic or other deletion.

b. BVTC may, in its sole discretion, delete all or a portion of an existing DVC Resort due to casualty where any of the affected Vacation Homes or related facilities are not reconstructed or replaced.

(1) By execution of this Agreement, DVCMC and the Association agree to obtain and maintain casualty insurance as to all Vacation Homes, related facilities and furnishings located upon the Grand Californian Resort in an amount equal to the replacement cost of such Vacation Homes, related facilities and furnishings as required by Chapter 721. BVTC shall not be liable for any costs associated with obtaining or maintaining such insurance.

(2) DVD, DVCMC, and the Association further agree that any insurance proceeds resulting from a casualty at the Grand Californian Resort shall be applied to the reconstruction or replacement of the Vacation Homes or related facilities; or, in lieu thereof, disbursed to affected Club Members at the Grand Californian Resort as their share of the non-reconstructed or replaced Unit, in accordance with the Grand Californian Resort Documents, resulting in their withdrawal from participation in the DVC Reservation Component so that Club Members will not be requesting reservations for available Vacation Homes on a greater than "one-to-one purchaser to accommodation ratio," as that term is defined in Section 721.05(23), Florida Statutes. The decision whether or not to reconstruct or replace shall be made as promptly as possible under the circumstances.

(3) Any replacement of Vacation Homes or related facilities of the Grand Californian Resort due to casualty shall be made so as to provide Club Members with an opportunity to enjoy a substantially similar vacation experience as was available with the deleted Vacation Homes or related facilities, as determined by BVTC in its sole, absolute and unfettered discretion. In determining whether the replacement Vacation Homes and related facilities will provide a substantially similar vacation experience, BVTC shall consider all relevant factors, including some or all of the following: size, capacity, furnishings, maintenance costs, location (geographic, topographic and scenic), demand and availability for Club Member use, and recreational capabilities. BVTC reserves the right, in its sole discretion, to reject replacement Vacation Homes and related facilities that do not meet its association criteria, including the high standards of quality and customer service established by BVTC for all DVC Resorts from time to time.

c. BVTC may, in its sole discretion, delete all or a portion of any existing DVC Resort where an eminent domain action has taken place and where any of the affected Vacation Homes or related facilities are not replaced.

(1) In the event of a taking of all or a portion of the Vacation Homes and related facilities of a DVC Resort by eminent domain, DVD, DVCMC, and the Association agree that any proceeds resulting from such taking shall be applied to the replacement or acquisition of additional similar Vacation Homes and related facilities; or in lieu thereof, disbursed to affected Club

Members at the Grand Californian Resort as their share of the non-replaced Unit, in accordance with the Grand Californian Resort Documents, resulting in their withdrawal from participation in the DVC Reservation Component so that Club Members will not be requesting reservations for available Vacation Homes on a greater than "one-to-one purchaser to accommodation ratio," as that term is defined in Section 721.05(23), Florida Statutes.

(2) Any replacement of Vacation Homes or related facilities due to a taking by eminent domain shall be made upon the same basis as replacements made due to casualty as set forth above.

d. BVTC may, in its sole, absolute and unfettered discretion, delete an existing DVC Resort pursuant to the specific termination rights contained in each individual DVC Resort Agreement. A DVC Resort also will be automatically deleted upon the expiration or earlier termination of the term of its Vacation Ownership Plan.

e. During any reconstruction, repair or replacement period, or as a result of a decision not to reconstruct or replace (if permitted under the documents establishing the DVC Resort under Applicable Law), Club Members may temporarily request reservations for available Vacation Homes on a greater than "one-to-one purchaser to accommodation ratio," as that term is defined in Section 721.05(23), Florida Statutes. If available, DVCMC and the Association may acquire business interruption insurance for securing replacement Vacation Homes or related facilities or expend Association funds to secure replacement Vacation Homes or related facilities during any reconstruction, replacement or acquisition period.

f. In the event that a DVC Resort is deleted, all Club Members at the deleted DVC Resort will no longer be able to participate in the DVC Reservation Component so as to maintain no greater than a "one-to-one purchaser to accommodation ratio," as that term is defined in Section 721.05(23), Florida Statutes. A Club Member at a deleted DVC Resort will not be able to make reservations at other DVC Resorts unless the Club Member owns an Ownership Interest at a non-deleted DVC Resort; however, the Club Member will continue to have reservation rights in the resort where the Club Member owns his or her Ownership Interest in accordance with the terms of the resort's Vacation Ownership Plan.

6.4 Without first receiving the express written consent of DVD, BVTC shall not offer any external exchange programs to Club Members other than as contemplated under this Agreement.

VII. BVTC Fees

7.1 In consideration for providing the services contemplated under this Agreement and in lieu of charging individual transaction fees to Club Members, BVTC shall be entitled to receive an amount equal to the rental proceeds, if any, in excess of the amount paid to the Association under the Grand Californian Resort Documents resulting from the rental of unreserved Vacation Homes (in accordance with the reservation priorities set forth in the Grand Californian Resort Documents) equal to the costs incurred by BVTC to provide the services contemplated under this Agreement plus 5% of the amount of the costs to provide the services contemplated under this Agreement. BVTC shall provide DVCMC with an annual accounting of the costs that it incurs in the performance of the services contemplated under this Agreement. DVCMC shall receive, hold and remit these proceeds due to BVTC in accordance with the terms of the Grand Californian Resort Documents. The proceeds contemplated to be remitted to BVTC pursuant to this Section shall be payable in arrears and shall be due on January 1st of the next year and past due on January 31st of that year. BVTC's right to receive these proceeds shall cease upon the termination of this Agreement.

7.2 In lieu of individual membership fees, the Association, as the "corporate member" on behalf of all Club Members at the Grand Californian Resort, shall remit to BVTC each calendar year, an amount equal to \$1.00 for each Club Member at the Grand Californian Resort. This "corporate membership fee" shall be payable in arrears and shall be due on January 1st of the next year and past due on January 31st of that year. The fee shall be based upon the number of Club Members owning Ownership Interests at the Grand Californian Resort as of December 31st of the year for which the fee is due. Upon the termination of this Agreement, BVTC shall be entitled to receive a prorated "corporate membership fee" through the termination date and based upon the number of Club Members owning Ownership Interests at the Grand Californian Resort as of the effective date of termination.

7.3 A Club Member's failure to pay his or her Annual Dues shall not relieve the Association from its obligations to timely pay the entire amount of proceeds or fees due to BVTC hereunder.

7.4 By execution of this Agreement, DVCMC and the Association authorize BVTC to prohibit Club Members who are delinquent in the payment of their Annual Dues (with respect to any Ownership Interests owned by such Club Members) or any other sums due DVCMC or the Association from accessing the DVC Reservation Component or checking in to a Vacation Home at a DVC Resort reserved through the DVC Reservation Component as permitted under and in accordance with Applicable Law and until such time as the delinquency is paid in full.

VIII. Termination, Suspension and Remedies

8.1 Termination of this Agreement can occur as follows:

a. This Agreement will automatically terminate upon:

(1) the declaration of bankruptcy or insolvency of any of DVD, DVCMC or the Association according to Applicable Law or if any general assignment shall be made of DVD's, DVCMC's or the Association's property for the benefit of creditors; provided, however, that BVTC shall have the right, in its sole discretion, to continue the Agreement as to the parties that have not been declared bankrupt or insolvent or made the subject of a general assignment for the benefit of creditors; or

(2) the deletion of the Grand Californian Resort entirely in accordance with Section 6.3 above.

b. The parties may terminate participation in this Agreement:

(1) by the mutual written agreement of the parties, effective upon the date agreed to by the parties; or

(2) in the event of a material breach of any of the terms, conditions, covenants, representations or warranties contained in this Agreement upon written notice to the breaching party stating the grounds for such termination, unless the breaching party cures the asserted breach to the reasonable satisfaction of the party giving such notice within thirty (30) days of the date of notice.

c. BVTC may immediately terminate its participation in this Agreement, by giving written notice to DVD, DVCMC and the Association, upon BVTC's determination, in its sole, absolute and unfettered discretion, that DVD, DVCMC or the Association have failed to manage, operate and maintain the Grand Californian Resort in a manner consistent with the high standards of quality and customer service established by BVTC for all DVC Resorts from time to time, including the employment or termination by DVD and/or Association of the Grand Californian Resort's management company without BVTC's consent.

8.2 Unless sooner terminated as provided in this Agreement, the term of this Agreement shall expire on January 31, 2057, or upon the earlier termination of the Vacation Ownership Plan for the Grand Californian Resort. In the event that the Vacation Ownership Plan is extended beyond January 31, 2060, pursuant to the terms of the Grand Californian Resort Documents and at BVTC's election, the term of this Agreement shall automatically be extended for the additional term unless sooner terminated as provided in this Agreement.

8.3 Upon termination of this Agreement, the following events shall occur:

a. DVD shall immediately discontinue the offering of Ownership Interests with appurtenant rights in the DVC Reservation Component in accordance with the terms of this Agreement to prospective purchasers; and

b. DVD, DVCMC and the Association shall immediately cease using and thereafter abstain from using all personal property belonging to BVTC and related to the operation and functioning of the DVC Reservation Component, including all computer hardware or software or intellectual property. DVD, DVCMC and the Association shall return same to BVTC all personal property belonging to BVTC within fifteen (15) days after termination of this Agreement, subject to any transition periods required under Applicable Law. No property right in or privilege to use BVTC materials is created by this Agreement which will extend beyond the expiration or termination of this Agreement. The terms of this Section shall survive the termination of this Agreement.

8.4 Upon termination of this Agreement, BVTC shall honor all reservations and reservation privileges of Club Members from other DVC Resorts reserving Vacation Homes at the Grand Californian Resort that are confirmed or accrued prior to termination and shall honor all reservations and reservation privileges of Club Members at the Grand Californian Resort reserving Vacation Homes at other DVC Resorts that are confirmed or accrued prior to termination of this Agreement. DVCMC and the Association shall honor all confirmed reservations and reservation privileges of Club Members from other DVC Resorts reserving Vacation Homes at the Grand Californian Resort that are confirmed or accrued prior to termination. The terms of this Section shall survive the termination of this Agreement.

8.5 Notwithstanding any provisions contained in this Agreement to the contrary, BVTC reserves the right to elect to suspend the participation of the Grand Californian Resort as a DVC Resort under this Agreement rather than electing to terminate this Agreement. The terms and conditions governing such suspension shall be determined by BVTC in its sole, absolute and unfettered discretion. Upon the termination of such suspension period, the Grand Californian Resort shall be entitled to resume participation as a DVC Resort under this Agreement subject to any terms and conditions established by BVTC.

8.6 In the event that DVD, DVCMC or the Association fails to perform its services under this Agreement and such failure results in a Club Member with a confirmed reservation at the Grand Californian Resort being wrongfully denied access to a Vacation Home, then DVD, DVCMC or the Association shall immediately correct such denial of access at its own expense.

8.7 Each party acknowledges that damages cannot adequately compensate the other parties for a breach of any of the provisions of this Agreement, and, therefore, the parties agree that each party shall be entitled to a remedy of specific performance or injunctive relief, as appropriate, in the event of a breach or threatened breach of any such provisions by any other party, in addition to any other appropriate legal or equitable remedies.

8.8 Each party agrees to indemnify and hold harmless the other parties from and against all claims, demands, obligations, deficiencies, judgments, damages, suits, losses, penalties, expenses, costs (including attorneys' and other professionals' fees) and liabilities of any kind, type or nature whatsoever directly or indirectly resulting from, arising out of or in connection with this Agreement or the operation of its business as a result of any acts or omissions by it or any of its directors, officers, partners, employees, representatives, agents, brokers, salespersons or associates.

IX. Assignment

9.1 BVTC reserves the right, and DVD, DVCMC and the Association acknowledge BVTC's right, to assign BVTC's rights and duties under this Agreement to a wholly owned subsidiary of BVTC, the parent corporation of BVTC, or a corporation under common ownership or control with BVTC. Upon such assignment and assumption, BVTC shall be released from all obligations hereunder. Thirty (30) days advance notice of the assignment shall be delivered to the other parties.

9.2 DVD reserves the right, and DVCMC, BVTC and the Association acknowledge DVD's right, to assign DVD's rights and duties under this Agreement to a wholly owned subsidiary of DVD, the parent corporation of DVCMC or a corporation under common ownership or control with DVD. Upon such assignment and assumption DVD shall be released from all obligations hereunder. Thirty (30) days advance notice of the assignment shall be delivered to the other parties.

9.3 DVCMC reserves the right, and DVD, BVTC and the Association acknowledge DVCMC's right, to assign DVCMC's rights and duties under this Agreement to a wholly owned subsidiary of DVD, the parent corporation of DVCMC or a corporation under common ownership or control with DVCMC. Upon such assignment and assumption DVCMC shall be released from all obligations hereunder. Thirty (30) days advance notice of the assignment shall be delivered to the other parties.

9.4 The parties hereby agree that the Association shall not have the right to assign its rights and duties under this Agreement to any third party other than DVCMC.

X. General

10.1 Except as may be otherwise provided herein, any notice, demand, request, consent, approval or communication under this Agreement shall be in writing and shall be deemed duly given or made: (i) when deposited, postage prepaid, in the United States mail, certified or registered mail with a return receipt requested, addressed to the party at the address shown above; (ii) when delivered personally to the party at the address specified above; (iii) when deposited with a reliable overnight courier service, fee prepaid, with receipt of confirmation requested, addressed to the party as specified above; or (iv) when delivered by facsimile transmission with confirmed receipt of transmission. A party may designate a different address for receiving notices hereunder by notice to the other parties.

10.2 The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement. All references in this Agreement to particular recitals and sections are references to recitals and sections of this Agreement. The recitals set forth at the beginning of this Agreement are true and correct and are incorporated herein by this reference.

10.3 In the event that any clause or provision of this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any other provision of this Agreement. Failure of any party to insist on strict compliance with the provisions of this Agreement shall not constitute waiver of that party's right to demand later compliance with the same or other provisions of this Agreement.

10.4 This Agreement constitutes the entire understanding and agreement among the parties concerning the subject matter of this Agreement. This Agreement may be modified only by a writing executed by the parties with the same formality with which this Agreement has been executed. All understandings among the parties are merged into this Agreement, and there are no representations, warranties, covenants, obligations, understandings or agreements, oral or otherwise, in relation thereto among the parties other than those incorporated herein.

10.5 This Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of Florida. To the extent permitted by applicable law, the parties hereby waive any right they may have under any Applicable Law to a trial by jury with respect to any suit or legal action which may be commenced by or against the other concerning the interpretation, construction, validity, enforcement or performance of this Agreement or any other agreement or instrument executed in connection with this Agreement. In the event any such suit or legal action is commenced by any party, the other parties hereby agree, consent and submit

to the personal jurisdiction of the Circuit Court of the Ninth Judicial Circuit of Florida in and for Orange County, Florida, with respect to such suit or legal action, and each party also hereby consents and submits to and agrees that venue in any such suit or legal action is proper in said court and county, and each party hereby waives all personal rights under applicable law or in equity to object to the jurisdiction and venue in said court and county. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue.


10.6 This Agreement and all of its provisions shall be binding upon and inure to the benefit of the parties and their successors and assigns. In no event shall the terms and conditions of this Agreement be deemed in any way to inure to the benefit of any person or party not expressly made a party hereto except for permitted successors or assigns to parties hereto.


10.7 In the event that BVTC shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, act of God, or any other reason beyond BVTC's control, then performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

10.8 The recitals set forth at the beginning of this Agreement are true and correct and are incorporated herein by this reference.


IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

WITNESSES:

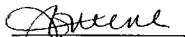



Print Name: Terrene


Print Name: Karen Grip

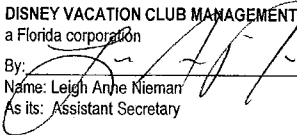
DISNEY VACATION DEVELOPMENT, INC., a Florida corporation
By: 

Name: Ted L. Watson
As its: Vice President





Print Name: Terrene


Print Name: Karen Grip

DISNEY VACATION CLUB MANAGEMENT CORP.,
a Florida corporation
By: 

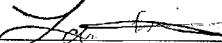
Name: Leigh Anne Nieman
As its: Assistant Secretary




Print Name: Terrene


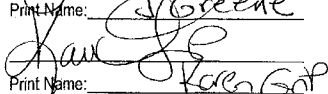
Print Name: Karen Grip

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL
CONDOMINIUM ASSOCIATION, INC.,
a California non-profit mutual benefit corporation

By: 

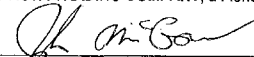
Name: Lawrence Smith
As its: Treasurer



Print Name: Terrene


Print Name: Karen Grip

BUENA VISTA TRADING COMPANY, a Florida corporation

By: 

Name: John McGowan
As its: Secretary

DISNEY VACATION CLUB MEMBERSHIP AGREEMENT

THIS DISNEY VACATION CLUB MEMBERSHIP AGREEMENT for The Villas at Disney's Grand Californian Hotel is entered into effective this 18th day of December 2008 (the "Effective Date") by and among DISNEY VACATION DEVELOPMENT, INC., a Florida corporation ("DVD"), whose address is 200 Celebration Place, Celebration, Florida 34747; DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation ("DVMC"), whose address is 200 Celebration Place, Celebration, Florida 34747; and THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL CONDOMINIUM ASSOCIATION, INC., a California non-profit mutual benefit corporation (the "Association"), whose address is 1600 South Disneyland Drive, Anaheim, CA 92802.

WITNESSETH:

WHEREAS, DVD has established a Vacation Ownership Plan as a Qualified Resort Vacation Club Project pursuant to the Vacation Ownership and Time-share Act of 2004, Bus. & Prof. Code Sections 11210 et. seq. (the "Vacation Ownership Plan"), for The Villas at Disney's Grand Californian Hotel, a leasehold condominium (the "Condominium"); and

WHEREAS, pursuant to the Declaration of Condominium for the Condominium (the "Declaration"), the Association has the responsibility, obligation and authority to operate the Vacation Ownership Plan for the Condominium; and

WHEREAS, DVD has provided for a "central reservation system" and related services (the "Club") which includes the operation of a reservation system for the Condominium (the "Home Resort Reservation Component") through which Owners of Vacation Ownership Units in the Condominium reserve the use of the accommodations of the Condominium pursuant to the priorities, restrictions and limitations of the Vacation Ownership Plan established by DVMC from time to time; and

WHEREAS, the Association is desirous of entering into this Agreement for the purpose of assigning its responsibilities and obligations for operating the Vacation Ownership Plan to DVMC as described herein and for the purpose of assuring that the quality of the operation of the Vacation Ownership Plan is maintained as described herein; and

WHEREAS, DVMC is desirous of accepting such assignment and furnishing the necessary services for the Association; and

WHEREAS, the parties desire to enter into this Agreement for the purpose of defining and implementing the operation of the Vacation Ownership Plan and the Home Resort Reservation Component.

NOW, THEREFORE, in consideration of the covenants, conditions and obligations contained herein and other good and valuable consideration received by the parties, it is agreed by and among the parties as follows:

I. DEFINITIONS

The terms used in this Agreement shall be defined in accordance with the Declaration unless otherwise defined herein or the context otherwise requires. In addition, the following definitions of terms used in this Agreement shall also apply:

1.1 Agreement shall mean this Disney Vacation Club Membership Agreement.

1.2 Annual Dues means that portion of the Condominium Estimated Budgets that has been assessed against an individual Owner's Ownership Interest together with the Owner's proportionate share of the ad valorem taxes for the Ownership Interest.

1.3 Banking shall mean the act of a Club Member in deferring the use of all or a portion of the Club Member's Home Resort Vacation Points from the current Use Year into the next succeeding Use Year.

1.4 Borrowing shall mean the act of a Club Member in using all or a portion of the Club Member's Home Resort Vacation Points from the next succeeding Use Year for the purpose of making a reservation in the immediately preceding Use Year.

1.5 Breakage shall mean those Use Days which have not been reserved by Club Members prior to the commencement of the Breakage Period, the use of which may only be reserved by Club Members pursuant to the priorities set forth in Paragraph 4.3 below.

1.6 Breakage Period shall mean the period, as set forth in the Home Resort Rules and Regulations from time to time, preceding a given Use Day.

1.7 BVTC shall mean Buena Vista Trading Company, a Florida corporation, its successors and assigns. BVTC is an exchange company registered under applicable law.

1.8 Club Member shall mean the owner of record of an Ownership Interest in a Vacation Ownership Unit.

1.9 Condominium Estimated Budgets shall mean the operating and capital reserves budgets that establish the estimated annual common expenses and reserves of the Condominium.

1.10 Disclosure Document shall mean the disclosure statement promulgated or amended by BVTC in accordance with applicable law, and containing the rules and regulations that BVTC in its sole, absolute and unfettered discretion, determines are necessary or desirable from time to time in order to enforce the provisions of this Agreement. The terms and conditions of the Disclosure Document are incorporated herein by this reference.

1.11 External Exchange Company shall mean any company that owns, operates or owns and operates an External Exchange Program.

1.12 External Exchange Documents shall mean all information provided to Club Members, from time to time, regarding the operation of any External Exchange Program, including the disclosures required by applicable law.

1.13 External Exchange Program shall mean the contractual arrangement between DVCMC, the Association, or individual Club Members or an External Exchange Company or Companies under which Club Members may request and reserve, under certain conditions, the use of accommodations in resorts other than the Condominium or other DVC Resorts.

1.14 Full Kitchen shall mean a kitchen that includes, at a minimum, a dishwasher, range, sink, oven and refrigerator.

1.15 Grand Villa Vacation Home shall mean a Vacation Home containing three (3) bedrooms, three (3) bathrooms and a Full Kitchen.

1.15 Home Resort Rules and Regulations shall mean the rules and regulations which DVCMC, in its sole, absolute and unfettered discretion, determines are necessary or desirable from time to time in order to enforce the provisions of this Agreement.

1.16 Multiple Club Member shall mean a Club Member consisting of a business entity or two (2) or more natural persons owning a single Ownership Interest.

1.17 One-Bedroom Vacation Home shall mean a Vacation Home containing one (1) bedroom, one (1) bathroom and a Full Kitchen.

1.18 Studio Vacation Home shall mean a Vacation Home containing one (1) bedroom, one (1) bathroom and equipped with a microwave, under counter refrigerator, and sink.

1.19 Transfer shall mean the assignment by one Club Member (other than DVD) of the use of his or her Home Resort Vacation Points to another Club Member (other than DVD) during a given Use Year.

1.20 Two-Bedroom Vacation Home shall mean a Vacation Home containing two (2) bedrooms, two (2) bathrooms and a Full Kitchen. Certain of the Two-Bedroom Vacation Homes may be locked-off into (i.e., used separately as) One-Bedroom and Studio Vacation Homes as a use convenience only.

1.21 Use Day shall mean a twenty-four (24) hour period (or such lesser period as may be designated by DVCMC from time to time) in a Vacation Home subject to reservation and use by Club Members.

1.22 Use Year shall mean, for each Vacation Ownership Unit, the twelve (12) month period beginning on the first day of the month designated by DVD in each purchase agreement selling an Ownership Interest to a Club Member in that Vacation Ownership Unit and in each deed conveying an Ownership Interest to a Club Member in that Vacation Ownership Unit. All Ownership Interests in a given Vacation Ownership Unit have the same Use Year. The Use Year shall continue for successive twelve (12) month periods for so long as the Vacation Ownership Plan continues. Any Ownership Interest purchased to supplement a Club Member's existing Ownership Interest must have the same Use Year as the Ownership Interest it supplements.

1.23 Vacation Home shall mean and refer to those portions of a Vacation Ownership Unit designed and intended for separate use and occupancy.

II. ASSIGNMENT

The Association, on its own behalf and on behalf of all of the Owners, hereby enters into and agrees to be bound by the terms and conditions of this Agreement and assigns to DVCMC, to the exclusion of all persons, all the powers and duties of the Association (except those that cannot be assigned as a matter of law) relating to the operation of the Vacation Ownership Plan for the Condominium. DVCMC hereby accepts such assignment and further agrees to operate the Vacation Ownership Plan and the Home Resort Reservation Component in accordance with the provisions of the Condominium Documents. Each Owner shall expressly evidence acceptance of the terms and conditions of this Agreement and the Home Resort Rules and Regulations by acceptance of a deed conveying an Ownership Interest in a Vacation Ownership Unit. DVD enters into this Agreement for the purpose of expressing its consent to and acceptance of the terms and conditions of this Agreement.

III. OPERATION OF THE VACATION OWNERSHIP PLAN

3.1 Operation of the Home Resort Reservation Component. The purpose of this Agreement is to define the operation of the Vacation Ownership Plan for the Condominium by DVCMC. Club Members at the Condominium accessing Vacation Homes in accordance with the Vacation Ownership Plan and through the Home Resort Reservation Component must do so pursuant to the terms and conditions of this Agreement and the Home Resort Rules and Regulations.

3.2 Vacation Points. For administrative convenience in the operation of the Club and in the determination of the respective rights of Club Members to enjoy the services and benefits associated with membership in the Club, the Ownership Interest of each Club Member will be symbolized by a number of Home Resort Vacation Points rather than by the specific percentage of the Club Member's Ownership Interest in a Vacation Ownership Unit. Club Members will be permitted to use their Home Resort Vacation Points each Use Year to make a reservation in the Condominium.

3.3 Home Resort Vacation Point Reservation Values. A certain number of Home Resort Vacation Points have been or will be established by DVCMC in its sole, absolute and unfettered discretion for the use of each Vacation Home in the Condominium during each Use Day, with variations that will take into account, among other factors, anticipated seasonal and geographical demand factors and the related actual use demand of Club Members experienced in the operation of the Club. The number of Home Resort Vacation Points that a Club Member has with respect to an Ownership Interest will remain fixed and will always be symbolic of the Club Member's Ownership Interest. The Home Resort Vacation Point values established by DVCMC that are symbolic of all Ownership Interests will be based upon a 365 Use Day calendar year containing a minimum number of Fridays and Saturdays distributed through high demand periods (the "Base Year"). During the Base Year the total number of Home Resort Vacation Points required to reserve all Vacation Homes during all Use Days in the Condominium must always equal, and be symbolic of, the total number of Ownership Interests owned by Club Members in the Condominium. Any excess availability that may exist from time to time shall be subject to the Breakage Period priorities set forth in the Home Resort Rules and Regulations.

In order to meet the Club Members' needs and expectations as evidenced by fluctuations in Use Day demand at the Condominium experienced by DVCMC during a given calendar year, DVCMC may, in its sole, absolute and unfettered discretion, increase or decrease the Home Resort Vacation Point requirements for reservation of a given Use Day within a given Vacation Home during the given calendar year by any amount not to exceed twenty percent (20%) of the Home Resort Vacation Points required to reserve that Use Day during the previous calendar year; provided, however, that the total number of Home Resort Vacation Points existing within a given Unit at any time may not be increased or decreased because of any such reallocation. The twenty percent (20%) reallocation limitation shall not apply to increases or decreases in Home Resort Vacation Point reservation requirements relating to special periods of high demand based upon Club Member use patterns and changes in Club Member use demand (including, without limitation, use demand during special or holiday seasons), as determined by DVCMC in its sole, absolute and unfettered discretion.

Any increase or decrease in the Home Resort Vacation Point reservation requirement for a given Use Day pursuant to DVCMC's right to make this Home Resort Vacation Point adjustment must be offset by a corresponding decrease or increase for another Use Day or Days. Except as otherwise provided above, adjustments in excess of twenty percent (20%) in any calendar year will require approval of not less than sixty percent (60%) of all then-existing Club Members at the Condominium. The right to reallocate Home Resort Vacation Points is reserved by DVCMC solely for adjusting the Home Resort Reservation Component to accommodate Club Member demand. However, with respect to the Condominium, each Club Member will always be eligible to reserve at the Condominium, subject to availability: at least one (1) Use Day in a Studio Vacation Home for every 21 Home

Resort Vacation Points; at least one (1) Use Day in a One-Bedroom Vacation Home for every 42 Home Resort Vacation Points; at least one (1) Use Day in a Two-Bedroom Vacation Home for every 62 Home Resort Vacation Points; or at least one (1) Use Day in a Grand Villa Vacation Home for every 139 Home Resort Vacation Points. A maximum reallocation of Vacation Point reservation requirements could result in a "leveling" of all seasons, such that Home Resort Vacation Point reservation requirements would have no variation based upon seasonality or different times of the year. Similarly, a maximum reallocation of Home Resort Vacation Point reservation requirements could result in a "leveling" of differences in Vacation Point reservation requirements based upon particular Use Days in the week.

Participation in certain External Exchange Programs may be based on a week for week exchange, and require the reservation and deposit of a seven (7) consecutive Use Day period in a One-Bedroom or Two-Bedroom Vacation Home. Therefore, in the event of maximum reallocation as described in the preceding paragraph, a Club Member would be required (absent Banking and Borrowing) to have annual Home Resort Vacation Points of at least 294 Home Resort Vacation Points (7 Use Days X 42 Home Resort Vacation Points per Use Day) to reserve and deposit a One-Bedroom Vacation Home for exchange through the External Exchange Program, and at least 434 Home Resort Vacation Points (7 Use Days X 62 Home Resort Vacation Points per Use Day) to reserve and deposit a Two-Bedroom Vacation Home for exchange through the External Exchange Program. Club Members should refer to the External Exchange Documents for details concerning the requirements for making an exchange through a particular External Exchange Program.

3.4 Home Resort Rules and Regulations. The Home Resort Rules and Regulations promulgated by DVCMC from time to time shall contain detailed information regarding the operation of the Vacation Ownership Plan and the Home Resort Reservation Component, including the following:

- a. The procedures by which a reservation must be made and confirmed;
- b. The procedures for Banking and Borrowing;
- c. The Home Resort Vacation Point Charts listing the values for each Vacation Home for each Use Day in the Condominium;
- d. The procedures for and limitations upon canceling confirmed reservations;
- e. The procedures for and limitations upon any wait list;
- f. The procedures for and limitations upon Transfers; and
- g. Any other rules and regulations which DVCMC in its sole, absolute and unfettered discretion determines are necessary or desirable from time to time in order to enforce the provisions of this Agreement in a manner that, in DVCMC's reasonable business judgment, will be for the principal purpose of improving upon the quality and operation of the Vacation Ownership Plan and furthering the collective enjoyment of the use of the Vacation Homes by Club Members taken as a whole. Such rules and regulations may include the implementation of *Special Season Preference Lists*, or other use demand management vehicles. In the event DVCMC implements a *Special Season Preference List*, persons eligible to appear on this List will have a special reservation priority that will supersede the usual first come, first served reservation procedure and Home Resort Priority Period to varying extents.

3.5 DVCMC. The Vacation Ownership Plan and the Home Resort Reservation Component shall be operated by DVCMC pursuant to the terms of this Agreement and pursuant to the Home Resort Rules and Regulations. DVCMC is expressly authorized to take such actions as it deems necessary and appropriate for the operation of the Vacation Ownership Plan, including the implementation of all Home Resort Reservation Component duties as outlined in Paragraph 4.2 below.

DVCMC shall also be responsible for all management, maintenance and operation of the Vacation Homes and facilities of the Condominium pursuant to the terms and conditions set forth in the Property Management Agreement. DVCMC further reserves the right to provide site management services for one or more other DVC Resorts. DVCMC shall initially be compensated for services performed under the Property Management Agreement and this Agreement by receiving (an annual fee equal to) twelve percent (12%) of the total operating and capital reserves budgets for the Condominium and for the Vacation Ownership Plan for each year of the Property Management Agreement, exclusive of ad valorem taxes, the management fee and transportation fees.

As additional consideration, the Association hereby assigns to DVCMC any and all rights of the Association to rent unreserved Vacation Homes (in accordance with the reservation priorities of the Breakage Period) and to receive the proceeds

therefrom in excess of the following: (i) the rental proceeds equaling an amount up to two and one-half percent (2 1/2%) of the Vacation Ownership Plan Estimated Budgets shall be remitted by DVCMC to the Association; and (ii) a portion of the rental proceeds, if any, in an amount equal to BVTC's costs for providing those services as set forth in the DVC Resort Agreement for the Condominium plus five percent (5%) of such costs. The portion of rental proceeds, if any, set forth in (ii) of the preceding sentence shall be remitted by DVCMC to BVTC in consideration for BVTC's performance of such services under the DVC Resort Agreement for the Vacation Ownership Plan. In performing its obligations for the Association and BVTC pursuant to (i) and (ii) above, DVCMC shall segregate such funds owed to the Association and BVTC and hold them, respectively, on behalf of the Association and BVTC and not for its own account. Such funds shall be deemed to be the property, respectively, of the Association and BVTC and not of DVCMC upon receipt of such funds by DVCMC.

3.6 DVD Home Resort Vacation Points. DVD shall not sell Ownership Interests that equal more than ninety-eight percent (98%) of the total amount of undivided percentage interests existing at the time within a Vacation Ownership Unit (although DVD reserves the right to convey its Ownership Interests to a successor developer). All Home Resort Vacation Points assigned to DVD in connection with these Ownership Interests will be governed by the same rules and regulations pertaining to all Club Members.

3.7 Reciprocal Use by DVD and Club Members. At any given time, DVD may own completed Vacation Homes which have not yet been committed to the Vacation Ownership Plan for various reasons. In order to provide Club Members with the greatest possible flexibility in making reservation requests, Club Members may be assigned to occupy both Vacation Homes which are associated with the Vacation Ownership Plan and completed accommodations which have not yet been committed to the Vacation Ownership Plan; however, the total number of accommodations available for Club Member reservation for any given Use Day will never exceed the total number of Vacation Homes existing within the Vacation Ownership Plan on that Use Day. Conversely, DVD may assign its renters or other users of the completed accommodations which have not yet been committed to the Vacation Ownership Plan to occupy both those Vacation Homes which are committed to the Vacation Ownership Plan and those accommodations which are not; however, the number of total Vacation Homes available for DVD renter/user reservation for any given Use Day will never exceed the total number of completed accommodations which have not yet been committed to the Vacation Ownership Plan on that Use Day. In addition, completed accommodations which have not yet been committed to the Vacation Ownership Plan may be available through rental or an incidental benefit plan offered by DVD.

IV. USE OF HOME RESORT VACATION POINTS

4.1 Options in Use of Home Resort Vacation Points. Home Resort Vacation Points may be used by Club Members in any of the following ways during the Use Year: (i) Home Resort Vacation Points may be used to reserve Vacation Home use rights in accordance with the reservation rules set forth in Paragraph 4.2 below and in the Home Resort Rules and Regulations; (ii) Home Resort Vacation Points may be Banked as set forth in Paragraph 4.4 below and in the Home Resort Rules and Regulations; (iii) Home Resort Vacation Points may be Borrowed as set forth in Paragraph 4.5 below and in the Home Resort Rules and Regulations; (iv) Home Resort Vacation Points may be used to reserve accommodations for exchange through an External Exchange Program as set forth in Paragraph 4.7 below and in the Home Resort Rules and Regulations; (v) Home Resort Vacation Points may be Transferred as set forth in Paragraph 4.8 below and in the Home Resort Rules and Regulations; or (vi) a Club Member may voluntarily participate in the DVC Reservation Component by converting all or a portion of a Club Member's Home Resort Vacation Points into DVC Vacation Points (as described in the BVTC Disclosure Document) to make a reservation for available accommodations in other DVC Resorts in accordance with the DVC Resort Agreement.

4.2 Reservations. Club Members shall reserve Vacation Homes pursuant to the following guidelines:

a. The Use Year. If all of a Club Member's Home Resort Vacation Points for a given Use Year are not used in some manner set forth in Paragraph 4.1 above during that Use Year, any unused balance at the end of the Use Year will automatically expire as set forth in Paragraph 4.9 below. On the first day of each new Use Year, the Club Member will again have a full complement of Home Resort Vacation Points for use during that Use Year, unless the Home Resort Vacation Points were borrowed in the previous Use Year.

b. Reservation Requests. Reservation requests for Vacation Homes by Club Members at the Condominium will be taken on a first come, first served basis. Home Resort Vacation Points available for use in a given Use Year (taking into account Banking and Borrowing activity) may only be used to reserve an available Vacation Home for use within that Use Year. To reserve a given Use Day on a space-available basis, a Club Member must follow the reservation procedures set forth in the Home Resort Rules and Regulations. Club Members are encouraged to submit requests as far in advance as possible to obtain

the best choice of Vacation Homes. DVCMC's ability to confirm a reservation request is dependent upon the availability of the requested Vacation Home; therefore, DVCMC cannot guarantee that a particular reservation request can be fulfilled.

In addition to Club Members at the Condominium, Club Members from other DVC Resorts will also have the opportunity to make reservations for a Vacation Home on a first come, first served basis through the DVC Reservation Component upon the expiration of any applicable Home Resort Priority Period. In the case of the Condominium, the Home Resort Priority Period is currently four (4) months. This Home Resort Priority Period will be subject to any preference list rights set forth in the Home Resort Rules and Regulations. A Club Member from this Condominium seeking a reservation at another DVC Resort through voluntary participation in the DVC Reservation Component will be subject to the Home Resort Priority Period established for that other DVC Resort.

DVCMC reserves the right in its sole, absolute and unfettered discretion to extend or decrease the Home Resort Priority Period; provided, however, in no event shall the Home Resort Priority Period be for a period of less than one (1) month prior to the period during which the other Club Members have the right to reserve that Vacation Home during that Use Day. In addition, DVCMC reserves the right to establish a continental or other preference periods in the event resorts located outside of the jurisdictional limits of the United States are associated as DVC Resorts.

c. Confirmations and Cancellations. Reservations shall be confirmed and cancellations shall be processed as set forth in the Home Resort Rules and Regulations. Cancellations and reservation changes may be subject to restrictions or charges as set forth in the Home Resort Rules and Regulations.

d. Annual Dues. Failure to pay all Annual Dues (with respect to all Ownership Interests owned by a Club Member) in full when due may result in the initiation of lock-out procedures by DVCMC pursuant to applicable law, resulting (where permitted) in a denial of the right of delinquent Club Members to reserve, check in or use the Vacation Homes and facilities of the Condominium through the Home Resort Reservation Component or to voluntarily participate in the DVC Reservation Component by requesting a reservation for accommodations at other DVC Resorts until such time as the delinquency is paid in full. Unsatisfied delinquencies are also subject to procedures under applicable law to foreclose a lien against a Club Member's Ownership Interest.

e. Minimum Stay. DVCMC may require from time to time that a minimum number of consecutive Use Days for a particular season or special season be reserved as set forth in the Home Resort Rules and Regulations. The number of consecutive Use Days required to be reserved shall in no event exceed five (5) Use Days.

f. Vacation Home Inventory Management. DVCMC shall have the right to forecast anticipated reservation and use of the Vacation Homes of the Vacation Ownership Plan and is authorized to reasonably reserve, deposit, or rent the Vacation Homes for the purpose of facilitating the use or future use of the accommodations or other benefits made available through the Vacation Ownership Plan.

4.3 Breakage. If a reservation request for any Vacation Home is not received by the first day of the Breakage Period with respect to a given Use Day, the right to reserve that Vacation Home for that Use Day will thereafter be subject to the priorities set forth in the Home Resort Rules and Regulations. In any event, DVCMC shall always have first priority to reserve the use of any available Use Day within the Breakage Period for purposes of Unit and Vacation Home maintenance. DVCMC, in its sole, absolute and unfettered discretion, may lengthen or shorten the Breakage Period for all Use Days from time to time if DVCMC, in its reasonable business judgment, determines that such an adjustment will be for the principal purpose of improving upon the quality and operation of the Vacation Ownership Plan and furthering the collective enjoyment of the use of the Vacation Homes by Club Members taken as a whole. In no event will DVCMC establish a Breakage Period greater than ninety (90) days or less than thirty (30) days.

4.4 Banking Home Resort Vacation Points. Banking of Home Resort Vacation Points involves the decision by a Club Member during the current Use Year to save all or a portion of the Club Member's Home Resort Vacation Points for use in the next succeeding Use Year.

Banked Home Resort Vacation Points can only be used in the next succeeding Use Year, and once deposited, the Club Member cannot retrieve the Banked Home Resort Vacation Points during the Use Year of deposit. Failure of Club Members to use their Banked Home Resort Vacation Points in the next succeeding Use Year will result in the expiration of those Home Resort Vacation Points as set forth in Paragraph 4.9 below. Banked Home Resort Vacation Points may be used by Club Members for reservations at the Condominium, or other DVC Resorts (as DVC Vacation Points) or for use of the External Exchange Program.

4.5 Borrowing Home Resort Vacation Points. Borrowing of Home Resort Vacation Points involves the decision by a Club Member during the current Use Year to use all or a portion of the Club Member's Home Resort Vacation Points from the next succeeding Use Year to secure a reservation in the current Use Year.

Borrowed Home Resort Vacation Points can only be used in the Use Year into which they have been Borrowed, and failure of a Club Member to use any Borrowed Home Resort Vacation Points in the current Use Year will result in the expiration of those Home Resort Vacation Points as set forth in Paragraph 4.9 below. Borrowed Home Resort Vacation Points may not be returned to the original Use Year once they have been Borrowed. Borrowed Home Resort Vacation Points may be used by the Club Member for reservations at the Condominium or other DVC Resorts (as DVC Vacation Points) or for use of the External Exchange Program.

4.6 Limitation on Banking and Borrowing. A Club Member's ability to either Bank or Borrow at any given time is limited by the level of general Banking and Borrowing that exists at that particular time and by the projected amount of Use Days available for reservation at the Condominium. DVMCM reserves the right, in its sole, absolute and unfettered discretion, to suspend, in whole or in part, or increase or decrease the amount of Banking and/or Borrowing activity at any time or from time to time if DVMCM, in its reasonable business judgment, determines that such suspension will be for the principal purpose of improving upon the quality and operation of the Vacation Ownership Plan and furthering the collective enjoyment of the use of the Vacation Homes by Club Members taken as a whole. A Club Member will also not be permitted to Bank or Borrow Home Resort Points in a given Use Year if the Club Member is delinquent in the payment of Annual Dues with respect to any Ownership Interests owned by the Club Member. Additional restrictions on Banking and Borrowing are set forth in the Home Resort Rules and Regulations.

4.7 External Exchange Programs. In order to increase the range of vacation options available to Club Members, DVMCM may arrange for Club Members to access External Exchange Programs from time to time. These Programs may include exchange agreements between DVMCM (as a corporate participant or member) and External Exchange Companies for the purpose of affording Club Members with the opportunity to avail themselves of alternative vacation opportunities through the duration of the Vacation Ownership Plan. There can be no assurance, however, that DVMCM will be successful in arranging for ongoing access to any External Exchange Program. Under such circumstances, Club Members may contact a provider of exchange services directly to establish individual exchange privileges. There can be no assurance, however, that an individual Club Member will be able to satisfy the terms and conditions then required by such provider to participate individually in that provider's exchange program. If neither DVMCM nor the individual Club Member is successful in establishing an agreement with a provider of exchange services, the ability of an individual Club Member to request future external exchanges other than to a DVC Resort will cease. Club Members should refer to the Home Resort Rules and Regulations and External Exchange Documents for procedures and restrictions involved in requesting an exchange into any currently existing External Exchange Program.

4.8 Transfers. Transfers may be made by Club Members from time to time as set forth in the Home Resort Rules and Regulations.

4.9 Expiration of Vacation Points. Failure of Club Members to use their Vacation Points in any given Use Year, however such Vacation Points are obtained, shall result in automatic expiration of all unused Vacation Points without compensation to the Club Members.

V. RENTALS

5.1 Club Member Rentals. A Club Member may make a reservation to use the Vacation Homes for the Club Member's own use, make their use available to family or friends or guests, or rent them solely through the Club Member's own efforts. DVD's approval of a rental by a Club Member is not required after a reservation has been made in the renter's own name, and Club Members are permitted to rent their occupancy rights on terms and conditions that they may establish. No rental assistance is being offered by The TWDC Companies. All renters must comply with the rules and regulations affecting occupancy, and the renting Club Member will be responsible for the acts or omissions of the renters or any other person or persons permitted by the Club Member to use the Vacation Home. The TWDC Companies do not in any way represent or promote that a particular Vacation Home can be rented, or if it is rented, that any particular rental rate can be obtained for such rental. Use of Vacation Homes and recreational facilities for commercial purposes or any purposes other than the personal use described in the Declaration is expressly prohibited. "Commercial purpose" includes a pattern of rental activity or other occupancy by an Owner that the Board, in its reasonable discretion, could conclude constitutes a commercial enterprise or practice. No Vacation Home may be divided or subdivided into a smaller Vacation Home.

5.2 Area Resort Hotels. Club Members should be aware that several resort hotels may be in operation within and around the Condominium, including hotels owned and/or operated by The TWDC Companies, and that DVD will also rent its Ownership Interests to the general public. Accordingly, any Club Members who attempt to rent reserved Vacation Homes for their own account must compete with these resort hotels and DVD for renters without any assistance from The TWDC Companies, and would be at a substantial competitive disadvantage. Club Members should not purchase an Ownership Interest based upon any expectation of deriving any rental or other revenue or profit therefrom.

VI. ANNUAL DUES

6.1 Condominium Estimated Budgets. The Association will promulgate an operating budget and a capital reserves budget each calendar year in the manner required by applicable law. The operating budget shall include the Condominium's share of the operating expenses of the Club attributed to it.

6.2 Assessment and Collection of Annual Dues. DVCMC will assess each Club Member's share of the Condominium Estimated Budgets to each Club Member each year in the ratio that the number of Home Resort Vacation Points assigned to that Club Member's Ownership Interest bears to the total number of Home Resort Vacation Points in the Condominium at that time. Annual Dues will be billed and will be past due as set forth in the Condominium Documents. Each Club Member who has not paid his or her Annual Dues in full by the past due date will be subject to late charges and interest as set forth in the Declaration.

6.3 Club Member Default. In the event a Club Member has not paid his or her Annual Dues after the past due date described in Paragraph 6.2 above, a lien may be placed against the Club Member's Ownership Interest and foreclosed pursuant to applicable law, resulting in the loss of the Club Member's Ownership Interest and the termination of his or her membership in the Club as set forth in the Declaration.

VII. MISCELLANEOUS PROVISIONS

7.1 Compliance; Personal Use; Commercial Purposes. Failure of a Club Member to comply with the terms and conditions of this Agreement, the Home Resort Rules and Regulations or the Condominium Documents may result in the denial of the right of the non-complying Club Member to reserve, check in or use the Vacation Homes and facilities of the Condominium or to voluntarily participate in the DVC Reservation Component by requesting a reservation for accommodations at other DVC Resorts until such time as the Club Member is in compliance. Except for Ownership Interests owned by DVD, rentals of Vacation Homes to the general public by DVD or DVCMC, use of Vacation Points in connection with external exchange programs, and the rights of third parties under the Master Declaration, use of Vacation Homes and facilities of the Condominium is limited solely to the personal use of Club Members, their guests, invitees, exchangers and lessees and for recreational use by corporations or other similar business entities owning Ownership Interests while staying as a registered guest at the Condominium. Purchase of an Ownership Interest or use of Vacation Homes and facilities of the Condominium for commercial purposes or for any purpose other than the personal use described above is expressly prohibited.

7.2 Amendment of this Agreement. DVCMC, in its sole, absolute and unfettered discretion, may change the terms and conditions of this Agreement and the Home Resort Rules and Regulations. These changes may affect an Owner's right to use, exchange and rent the Owner's Ownership Interest and impose obligations upon the use and enjoyment of the Ownership Interest and the appurtenant Club membership. Such changes may be made by DVCMC without the consent of any Club Member and may adversely affect a Club Member's rights and benefits and increase or decrease the Club Member's costs of ownership. Further, although DVCMC generally is required to make such changes in a manner which, in its reasonable business judgment, improves upon the quality and operation of the Vacation Ownership Plan and furthers the collective enjoyment of its benefits by the Club Members taken as a whole, such changes under some circumstances may not be to the advantage of some Club Members and could adversely affect their ability to secure reservations when and where they want them. Notice of any amendment shall be: (i) either mailed, faxed, e-mailed or sent by other electronic or wireless means, as the case may be, by DVCMC to each Club Member or to the designated representative of each Multiple Club Member at the Club Member's or designated representative's last known mailing address prior to its effective date; or (ii) included as a part of a newsletter or other periodic report sent by the Association or DVCMC as the Management Company.

7.3 Governing Law; Waiver of Jury Trial; Venue. This Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of California. To the extent permitted by applicable law, each party hereby waives any right they may have under any applicable law to a trial by jury with respect to any suit or legal action which may be commenced by or against any other party concerning the interpretation, construction, validity, enforcement or performance of this Agreement or any other agreement or instrument executed in connection with this Agreement. In the event any such suit or legal action is commenced by any party, the other parties hereby agree, consent and submit to the personal jurisdiction of the Superior Courts

in and for Orange County, California, with respect to such suit or legal action, or if the Superior Courts do not have jurisdiction, then before any other court sitting in Orange County, California, having subject matter jurisdiction, and each party also hereby consents and submits to and agrees that venue in any such suit or legal action is proper in said court and county, and each party hereby waives any and all personal rights under applicable law or in equity to object to the jurisdiction and venue in said court and county. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue.

7.4 Notices. Except as may be otherwise provided herein, any notice, demand, request, consent, approval or communication under this Agreement shall be in writing and shall be deemed duly given or made: (i) when deposited, postage prepaid, in the United States mail, addressed to the party at the address shown above (or, in the case of a Club Member or designated representative of a Multiple Club Member, at the address shown on the books and records of DVCMC); (ii) when delivered personally to the party at the address specified above; or (iii) when deposited with a reliable overnight courier service, fee prepaid, with receipt of confirmation requested, addressed to the party as specified above. A party may designate a different address for receiving notices hereunder by notice to the other parties.

7.5 Termination. This Agreement shall automatically expire on January 31, 2060, or upon the earlier expiration of the Vacation Ownership Plan for the Condominium as set forth in the Declaration. In the event the Vacation Ownership Plan for Condominium is extended beyond January 31, 2060, pursuant to the terms of the Declaration and at the election of the parties, the term of this Agreement shall automatically be extended for the additional term unless sooner terminated as provided in this Agreement.

In the event that the Property Management Agreement is terminated or it expires in accordance with its own terms, this Agreement will terminate, and DVCMC will no longer provide for the operation of the Vacation Ownership Plan. DVCMC also reserves the right to terminate this Agreement in the event that the DVC Resort Agreement for the Condominium is terminated.

In the event that this Agreement terminates, the Association shall have the authority to establish reservation procedures, which may or may not be identical to the reservation procedures set forth in this Agreement, by which use of the Units and Vacation Homes among all of the Club Members at the Condominium shall be determined. In addition, the parties expressly agree that in the event that this Agreement terminates, irrespective of whether the termination is voluntary or involuntary and irrespective of the cause of such termination, the Association and all Club Members shall cease using and thereafter abstain from using any and all personal property belonging to DVCMC, including any and all personal property relating to the operation of the Home Resort Reservation Component, and shall return same to DVCMC within fifteen (15) days from the date of termination.

7.6 Suspension. Notwithstanding any provisions contained in this Agreement to the contrary, DVCMC reserves the right to elect to suspend the operation of the Home Resort Reservation Component at the Condominium rather than electing to terminate this Agreement. The terms and conditions governing such suspension shall be determined by DVCMC in its sole, absolute and unfettered discretion. Upon the termination of such suspension period, the Condominium shall be entitled to resume participation as contemplated under this Agreement subject to any terms and conditions established by DVCMC in its sole, absolute and unfettered discretion.

7.7 Recitals. The recitals set forth at the beginning of this Agreement are true and correct and are incorporated herein by this reference.

7.8 Assignment. DVCMC may assign this Agreement to a wholly owned subsidiary of DVCMC, the parent corporation of DVCMC, or a corporation under common ownership and control with BVTC without the consent of the Association. Upon such assignment and assumption DVCMC shall be released from any and all obligations hereunder. Thirty (30) days advance notice of the assignment shall be delivered to the Association.

7.9 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto, and none of the parties have been induced by any other party by representations, promises or understandings not expressed herein, and there are no collateral agreements, stipulations, promises or understandings whatsoever, in any way touching the subject matter of this instrument, or the instruments referred to herein that are not expressly contained herein or in the Condominium Documents.

7.10 Partial Invalidation. The invalidity in whole or in part of any covenant, promise or undertaking, or any paragraph, subparagraph, sentence, clause, phrase or words, or of any provision of this Agreement shall not affect the validity of the remaining portions hereof.

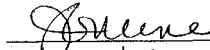

7.11 Excusable Delays. In the event that DVCMC shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power,

restrictive governmental laws or regulations, riots, insurrection, war, act of God, or any other reason beyond DVCMC's control, then performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

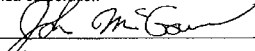
7.12 Remedies, Costs and Fees. DVCMC shall be entitled to pursue any and all legal and equitable remedies for the enforcement of the terms and conditions of this Agreement, including an action for damages, an action for injunctive relief, and an action for declaratory judgment. In any proceeding arising because of an alleged failure to comply with the terms of this Agreement, the prevailing party shall be entitled to recover the costs of the proceeding, and recover such reasonable attorneys', legal assistant or other professionals' fees as may be awarded by the court, including all appeals and all proceedings in bankruptcy.

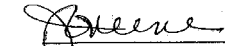

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

WITNESSES:

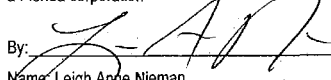

Print Name: Julie Greene

Print Name: Karen Grip

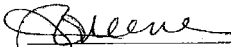
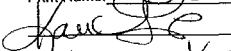
DISNEY VACATION DEVELOPMENT, INC.,
a Florida corporation

By: 
Name: John McGowan
As its: Secretary

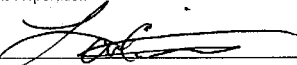

Print Name: Julie Greene

Print Name: Karen Grip

DISNEY VACATION CLUB MANAGEMENT CORP.,
a Florida corporation

By: 
Name: Leigh Anne Nieman
As its: Assistant Secretary


Print Name: Julie Greene

Print Name: Karen Grip

THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL
CONDOMINIUM ASSOCIATION, INC., a California non-profit mutual
benefit corporation

By: 
Name: Lawrence Smith
As its: Treasurer

Recorded at the request of, and
When Recorded Return To:

John M. McGowan, Esquire
c/o Compliance Department
Disney Vacation Development, Inc.
200 Celebration Place
Celebration, Florida 34747
(407) 566-3000

(The area above is reserved for Recorder's use)

FICTITIOUS DEED OF TRUST
THE VILLAS AT DISNEY'S GRAND CALIFORNIAN HOTEL, A LEASEHOLD CONDOMINIUM
MASTER DECLARATION OF FICTITIOUS DEED OF TRUST COVENANTS WITH ASSIGNMENT OF RENTS

THIS MASTER DECLARATION OF UNIFORM DEED OF TRUST COVENANTS WITH ASSIGNMENT OF RENTS ("Uniform Declaration") is made on December 16, 2008. DISNEY VACATION DEVELOPMENT, INC., a Florida corporation ("Lender"), is the developer of certain property in the county of Orange, California, known as The Villas at Disney's Grand Californian Hotel, a leasehold condominium ("Condominium"), according to the Declaration of Covenants, Conditions and Restrictions and Condominium and Vacation Ownership Plan of The Villas at Disney's Grand Californian Hotel, a leasehold condominium recorded December 26, 2008 as Instrument No. 2008000590570, in the Official Records of Orange County, California, and all amendments thereto ("Declaration"), such property being more specifically described on Exhibit "A" to the Declaration. Lender intends from time to time to provide purchase money financing to purchasers ("Trustors") in connection with its sale of timeshare interests in the Condominium and the Trustors will grant a short form deed of trust ("Short Form Deed of Trust") to a trustee, First American Title Insurance Company ("Trustee") securing to Lender: (a) the repayment of the debt evidenced by Trustor's Promissory Note ("Note") executed on the same day as the Short Form Deed of Trust, with interest, and all renewals, extensions and modifications; (b) the payment of all other sums, with interest, advanced by Lender to protect the security of the Short Form Deed of Trust; and (c) the performance of Trustor's covenants and agreements under this Uniform Declaration, the Short Form Deed of Trust, the Note and Trustor's purchase agreement with Lender. Lender, or its assigns, will be the beneficiary. Lender desires that Lender, its successors in interest, subsequent transferors and transferees, assigns and each Trustor to be bound by the terms and conditions stated herein.

The terms used in this Uniform Declaration shall have the same meaning as the identical terms utilized in the Declaration unless the context requires otherwise. The Uniform Declaration and the Short Form Deed of Trust executed by Trustor shall be collectively referred to as the "Deed of Trust."

Any Short Form Deed of Trust which specifically incorporates by reference the terms of this Uniform Declaration will be subject to the following covenants, unless otherwise modified or amended in writing signed by a Trustor with respect to such Trustor and Lender, or otherwise recorded in the public records of Orange County, California:

1. **Payment of Principal and Interest: Late Charges.** Trustor shall promptly pay when due the principal and interest on the indebtedness evidenced by the Note and late charges as provided in the Note. Unless applicable law provides otherwise, all payments received by Lender shall be applied by Lender first, at the option of Lender, in payment of any late charges, costs, expenses and attorneys' fees due under the Note, then in payment of interest payable on the Note, then to the principal of the Note, and then to any other amounts due and payable under the Note or this Deed of Trust. In the event Trustor shall execute and deliver any further note(s) or deed(s) of trust in favor of Lender in connection with the acquisition of an additional ownership interest from Lender, any payments received by Lender from Trustor in respect of the indebtedness owed by Trustor to Lender shall, at Lender's sole option and discretion, be applied first to the indebtedness evidenced by the Note first executed and delivered by Trustor in favor of Lender, and thereafter in the successive chronological order of execution and delivery of each of said further note(s), all in accordance with the payment terms of this paragraph.

2. **Charges; Liens.** Trustor shall promptly pay, when due, all condominium assessments imposed by the governing body of the Condominium. Trustor shall pay all taxes, assessments and other charges, fines and impositions attributable to the property subject to the Deed of Trust ("Property"). Trustor shall promptly discharge any lien which has priority over the Deed of Trust; provided, however, that Trustor shall not be required to discharge any such lien so long as Trustor shall agree in writing to the payment of the obligation required by such lien in a manner acceptable to Lender and, if requested by Lender, immediately post with Lender an amount necessary to satisfy said obligation, or shall in good faith

contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof and, if requested by Lender, immediately post with Lender an amount necessary to satisfy said obligation.

3. Hazard Insurance. Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term 'extended coverage' and such other hazards as Lender may require and in such amounts and for such periods as Lender may require; provided, however, that Lender shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Deed of Trust. This obligation shall be deemed satisfied so long as the Condominium Association as defined in the Declaration (hereinafter 'Association') maintains a 'master' or 'blanket' policy which otherwise satisfies the terms hereof and of the Declaration. In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property or Condominium, whether to a unit or to the common areas, any such proceeds payable to Trustor are hereby assigned to Lender and shall be paid to Lender for application to the sums secured by this Deed of Trust, with the excess, if any, thereafter paid to Trustor.

4. Preservation and Maintenance of Property. Trustor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property. Trustor shall perform all of Trustor's obligations under the Declaration, the by-laws and regulations of the Association and all constituent documents. Trustor shall take such actions as may be reasonable to insure that the Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

5. Protection of Lender's Rights In the Property. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Trustor may make such appearances, disburse such sums and take such actions as are necessary to protect Lender's interest, including, but not limited to, disbursement of funds to pay reasonable attorneys' fees and to make repairs and entry upon the Property to make such repairs. If Lender required mortgage insurance as a condition of making the loan secured by this Deed of Trust, Trustor shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Trustor's and Lender's written agreement or applicable law. Trustor shall pay the amount of all mortgage insurance premiums, if any. Any amounts disbursed by Lender pursuant to this paragraph, with interest thereon, shall become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Trustor requesting payment hereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph shall require Lender to incur any expense or take any action hereunder.

6. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Trustor notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

7. Condemnation. Subject to the provisions of the Declaration, the proceeds of any award or claim for damages, direct or consequential, payable to Trustor in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, with any excess proceeds paid to Trustor. Unless Lender and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraph 7 for change the amount of such payments.

8. Trustor Not Released; Forbearance by Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor or Trustor's successors in interest. Any forbearance by Lender in exercising any right or remedy hereunder shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust.

9. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.

10. Successors and Assigns Bound; Joint and Several Liability. Subject to the terms and provisions of paragraph 14 below, the covenants and agreements herein contained shall bind, and the rights hereunder shall inure to the respective successors and assigns of, Lender and Trustor. All covenants, agreements and undertakings of Trustor shall be joint and several.

11. Loan Charges. Trustor agrees and acknowledges that the loan secured by this Deed of Trust is intended to be valid, binding, enforceable and in compliance with all applicable laws. If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then Trustor agrees that the excess interest or other loan charges were collected or provided to be collected by mistake, and that: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from

Trustor which exceeded permitted limits will either be refunded directly to Trustor or credited to principal or interest which is then unpaid, due and owing under the Note, at the option of Lender.

12. Notices. Except for any notice required under applicable law to be given in another manner, (a) any notice to Trustor provided for in this Deed of Trust shall be given by mailing such notice by U.S. Mail, postage prepaid; addressed to Trustor at Trustor's address as set forth in the Note or this Deed of Trust, or at such other address as Trustor may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice to Trustor as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Lender when given in the manner designated herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Lender when given as provided in this paragraph.

13. Severability. The provisions of this Deed of Trust are severable. If any provision of this Deed of Trust shall be held to be invalid or unenforceable in any respect, such provision shall be carried out and enforced only to the extent to which it shall be valid and enforceable, and any such invalidity or unenforceability shall not affect any other provisions of this Deed of Trust, all of which shall be fully carried out and enforced as if such invalid or unenforceable provision had not been set forth herein.

14. Transfer of the Property or a Beneficial Interest In Trustor. If all or any part of the Property or any interest therein is sold or transferred (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person) or if any mortgage, lien or other encumbrance shall, during the term of this Deed of Trust, be recorded against or otherwise attach upon the Property without Lender's prior written consent (which consent may be withheld or granted at Lender's sole discretion), excluding (a) a transfer by devise, descent or operation of law upon the death of a joint tenant or tenant by the entirety, or (b) the lien of real property ad valorem taxes not yet due and payable, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. However, this option shall not be exercised by Lender if exercise is prohibited by any applicable law as of the date of this Deed of Trust. Lender may condition its consent to a transfer upon payment of a fee not to exceed the greater of \$125.00 or 2% of the remaining principal balance plus recording costs. Lender may also condition its consent to a transfer upon its determination that the proposed transferee is creditworthy and financially capable of meeting the obligations under this Deed of Trust. Lender shall have waived such option to accelerate related to sale or transfer if, and only if, prior to the sale or transfer, Lender shall have waived in writing or failed to timely exercise its right of first refusal granted under the Declaration and pursuant to the purchase agreement executed by Trustor and Lender for the sale of the Property from Lender to Trustor, and Lender and the person to whom the Property is to be sold or transferred reach agreement in writing that the credit of such person is satisfactory to Lender and that the interest payable on sums secured by this Deed of Trust shall be at such rate as Lender shall request. If Lender has waived the option to accelerate provided in this paragraph and if Trustor's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Trustor from all obligations under this Deed of Trust and the Note. If Lender exercises such option to accelerate, Lender shall mail Trustor notice of acceleration in accordance with paragraph 12 hereof. Such notice shall provide a period of not less than ten (10) days from the date the notice is mailed within which Trustor shall pay the sums declared due. If Trustor fails to pay such sums prior to the expiration of such period, Lender may, without further notice or demand on Trustor, invoke any remedies permitted hereunder, at law or in equity.

15. Trustor's Right to Reinstatement. Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust; provided that Trustor: (a) pays Lender all sums which then would be due under this Deed of Trust and the Note had no acceleration occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraphs 14 or 16.

16. Acceleration; Remedies. Upon default Lender at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law including, without limitation, judicial or nonjudicial foreclosure of this Deed of Trust pursuant to the laws and procedures of the State of California governing mortgage foreclosures. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 16, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If the power of sale is invoked, Trustee shall execute a written notice of the occurrence of an event of default and of the election to cause the Property to be sold and shall record such notice in each county in which any part of the Property is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to the Trustor and to the other persons prescribed by applicable law. Trustee shall give public notice of the sale to the persons and in the manner prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may, in accordance with applicable law, postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser a trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it or to the county clerk of the county in which the sale took place.

17. Lender in Possession. Upon acceleration under paragraph 16 or abandonment of the Property, Lender (in person, by agent or by judicially appointed receiver) shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. Any rents collected by Lender or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust.

18. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing debt secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

19. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power to and duties conferred upon Trustee herein and by applicable law.

20. Declaration Provisions. The Property includes an undivided interest in the Condominium. If the Association performs certain functions for the benefit or use of its members or shareholders, the Property also includes Trustor's interest in the Association and the uses, proceeds and benefits of Trustor's interest. In addition, Trustor and Lender further covenant and agree as follows:

A. Declaration Obligations. Trustor shall perform all of Trustor's obligations under the Condominium Documents. Trustor shall promptly pay, when due, all dues and assessments imposed pursuant to the Condominium Documents.

B. Hazard Insurance. So long as the Association shall maintain, with a generally accepted insurance carrier, a "master" or "blanket" policy on the Condominium which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then Trustor's obligation under paragraph 3 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Association policy. Trustor shall give Lender prompt notice of any lapse in required hazard insurance coverage. In the event of a distribution of hazard insurance proceeds pursuant to the Declaration in lieu of restoration or repair following a loss to the Property, any proceeds payable to Trustor are hereby assigned and shall be paid to Lender for application to the sums secured by the Deed of Trust, with any excess paid to Trustor.

C. Public Liability Insurance. Trustor shall take such actions as may be reasonable to insure that the Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Lender's Prior Consent. Trustor shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to:

- (1) the abandonment or termination of the Condominium, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation;
- (2) termination of professional management and assumption of self-management of the Association or of the Property; or
- (3) any action which would have the effect of rendering the public liability insurance coverage maintained by the Association unacceptable to Lender.

E. Remedies. If Trustor does not pay dues and assessments of the Association when due, then Lender may pay them but is not required to pay them. Any amounts disbursed by Lender under this paragraph G shall become additional debt of Trustor secured by the Deed of Trust. Unless Trustor and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law, and shall be payable, with interest, upon notice from Lender to Trustor requesting payment.

21. Use of Property; Compliance With Law. Trustor shall not seek, agree to or make a change in the use of the Property or its zoning classification, unless Lender has agreed in writing to the change. Trustor shall comply with all laws, ordinances, regulations and requirements of any governmental body applicable to the Property.

22. Subordinate Liens. Except as permitted by federal law, Trustor shall not allow any lien inferior to this Deed of Trust to be perfected against the Property without Lender's prior written permission.

23. Assignment of Rents.

A. Assignment. Trustor unconditionally assigns and transfers to Lender all rents and revenues of the Property. Trustor authorizes Lender or Lender's agents to collect said rents and revenues and hereby directs each tenant of the Property to pay said rents and revenues to Lender or Lender's agents. However, prior to Lender's notice to Trustor of Trustor's breach of any covenant or agreement in this Deed of Trust, Trustor shall collect and receive all said rents and revenues of the Property. This assignment of rents constitutes an absolute assignment and not an assignment for additional security only.

B. Rents Upon Breach. If Lender gives notice of breach to Trustor: (i) all rents received by Trustor shall be held by Trustor as trustee for the benefit of Lender only, to be applied to the sums secured by the Deed of Trust; (ii) Lender shall be entitled to collect and receive all of the rents of the Property; and (iii) each tenant of the Property shall pay all rents due and unpaid to Lender or Lender's agent on Lender's written demand to the tenant.

C. No Prior Assignment. Trustor has not executed any prior assignment of the rents and has not and will not perform any act that would prevent Lender from exercising its rights under this paragraph 23.

D. Control of Property. Lender shall not be required to enter upon, take control of or maintain the Property before or after giving notice of breach to Trustor. However, Lender or a judicially appointed receiver may do so at any time there is a breach.

Any application of rents shall not cure or waive any default or invalidate any other right or remedy of Lender. This assignment of rents of the Property shall terminate when the debt secured by this Deed of Trust is paid in full.

24. Security Agreement.

A. Security Interest. Trustor, as debtor, also grants to Lender, as secured party, pursuant to the California Commercial Code, in order to further secure the indebtedness secured by this Deed of Trust, a purchase money security interest in all proceeds of any fire and/or builders risk insurance policy, or of any policy insuring the Property against any other perils; all awards made in eminent domain proceedings, or purchase in lieu thereof, made with respect to the Property; and all rents, issues and profits derived from the Property. The articles of property described above are hereinafter collectively referred to as the "Collateral." This paragraph 24 is sometimes referred to herein as the "security agreement."

B. Title to Collateral. Trustor warrants and represents that Trustor has title to all of the Collateral, and no other person entity or government has or purports to have any right, title, encumbrance or adverse claim in or to any of the Collateral.

C. Trustor's Covenants, Trustor agrees that:

(1) Trustor will repay immediately on demand all expenses (including reasonable attorneys' fees, legal expenses and costs and the costs of filing financing statements and any renewals or extensions thereof) incurred by Lender under this security agreement or under any other instrument securing payment of the Note, with interest from the date of such expenditure at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law.

(2) Trustor will not commence or permit to continue any proceedings in bankruptcy, insolvency, receivership or similar proceedings, or commit any act of bankruptcy or make any assignment for benefit of creditors or become insolvent.

(3) Trustor will not sell, contract to sell, lease, assign, encumber or dispose of the Collateral or any part thereof without the prior written consent of Lender.

(4) Trustor will insure or cause the Collateral to be insured, with Lender as loss payee, against such hazards and in such form and in such amounts and with such companies as Lender may require, and will deliver the policies or appropriate certificates to Lender.

(5) Trustor agrees to pay when due and discharge all taxes, assessments, charges, liens or encumbrances now or hereafter affecting the Collateral.

(6) Trustor, at its own expense, will appear in and defend any action or proceeding which may affect Lender's security interest in or Trustor's title to the Collateral.

(7) Should Trustor fail to make any payment or perform any act herein agreed to be made or performed, Lender may pay or perform the same, and in that event Trustor agrees to reimburse Lender in full for all payments, expenses and costs thereby incurred, with interest thereon at a rate equal to the rate of interest then applicable under the Note. Lender shall be the sole judge of the validity of any adverse claims, taxes, assessments, charges or encumbrances, and the amount to be paid in satisfaction thereof, and of the necessity for, and of time and manner of doing everything herein authorized to be done, provided Lender shall be under no obligation to do any such acts or to make any of such payments.

(8) Trustor hereby assigns to Lender all rents and income from the Collateral subject to the right of Trustor to collect and retain the same prior to any default hereunder.

D. Additional Remedies. Trustor agrees that in the event that (a) any warranty or representation of Trustor in this security agreement is false; or (b) any covenant herein is violated; or (c) the priority of the security interest granted herein is impaired; or (d) there is any default in the payment when due of interest or principal of the indebtedness secured hereby, in addition to any other remedies contained in this Deed of Trust or provided by law, and to the extent permitted by law, Lender may:

(1) Incur expenses, including reasonable attorneys' fees, legal expenses and costs appropriate to the exercise of any right or power hereunder.

(2) By itself or through an agent or receiver, take possession of the Collateral, without, however, any obligation to do so, and enter upon the Property for that purpose; control, manage, rent and lease the Collateral, either separately or in conjunction with the Property; collect all rents and income from the Collateral and apply the same to reimburse Lender for any costs or expenses incurred hereunder and to the payment or performance of Trustor's obligations secured by the Deed of Trust, and the balance first to interest and then to principal of the indebtedness secured hereby, and/or secure the appointment of a receiver of the Collateral.

(3) Sue Trustor or any other person or entity liable for the indebtedness to retain the Collateral in satisfaction of the indebtedness; dispose of the Collateral in a commercially reasonable manner, as provided by the California Commercial Code (it being agreed that then (10) days written notice prior to sale of the Collateral shall be deemed reasonable) and apply the proceeds to reimburse Lender for any costs or expenses incurred hereunder, to the payment or performance of Trustor's obligations under this Deed of Trust, and to interest and principal of the indebtedness secured hereby. The Collateral may also be sold together with the Property at any sale of the Property held pursuant to California law governing foreclosure sales under deed of trust or mortgages.

E. Public Filing. This Deed of Trust, or a copy thereof, may be filed as a financing statement in appropriate state, county or municipal offices and/or in the real estate records of the Orange County Recorder in order to perfect and protect the security interest granted herein. Lender's address, from which information concerning the security interest granted herein can be obtained is 200 Celebration Place, Celebration, Florida 34747. .

25. Authority. If Trustor is a corporation, trust, a limited liability company, a limited liability partnership, a general or limited partnership, each person signing this Deed of Trust or any riders hereto on behalf of the Trustor represents and warrants that he or she is duly authorized to execute and deliver this Deed of Trust for and on behalf of the Trustor. If the Trustor is a general or limited partnership, the persons signing below certify that they are all of the general partners of Trustor.

26. Antideficiency Provision. In the event Lender forecloses on the Collateral by power of sale in accordance with this Deed of Trust, Lender shall have no right to proceed with any action against Trustor to recover any amounts by which the proceeds from sale of the Collateral are insufficient to pay the entire debt then due.

27. Add-on Contracts. In the event Trustor (or any party comprising Trustor or of which Trustor is comprised) executes and delivers any further note(s) or deed(s) of trust in favor of Lender in connection with the acquisition of an additional ownership interest from Lender, or for some other purpose, then, to the extent permitted by applicable law, Trustor agrees that: (i) any default or event of default under any such further note(s) or deed(s) of trust shall automatically and without further notice constitute a default under this Deed of Trust as fully as if such default or event of default arose directly under this Deed of Trust; (ii) any default or event of default under this Deed of Trust shall automatically and without further notice constitute a default under any such further note(s) and deed(s) of trust as fully as if such default or event of default arose directly under such further note(s) and deed(s) of trust; and (iii) the lien of this Deed of Trust shall automatically and without further action spread over and encumber any such additional ownership interest as fully as if such additional ownership interest comprised the Property initially encumbered by this Deed of Trust, and Trustor irrevocably grants, bargains, sells and conveys any such additional ownership interest to Trustee in trust, with power of sale, for the benefit of Lender.

28. Headings and Capitalized Terms. The paragraph headings contained herein are included solely for the convenience of the parties, and shall not be used in construction or interpretation of this Deed of Trust. Capitalized terms not defined herein or in the Declaration shall contain the meaning associated to them in Trustor's Short Form Deed of Trust.

29. Entire Agreement. This Deed of Trust and the Note constitute the entire understanding and agreement of Trustor and Lender with regard to the subject matter hereof, and supersede all oral agreements, understandings or representations of the parties. This Deed of Trust shall not be modified or amended unless such amendment is in writing signed by Trustor and Lender.

30. Time. Time is of the essence in the performance by Trustor of each and every obligation of Trustor represented by this Deed of Trust.

31. Further Assurances. Trustor shall, from time to time, execute such additional documents which may reasonably be requested by Lender, to carry out and fulfill the intents and purposes of this Deed of Trust and the Note.

32. **Gender and Number.** Whenever used in this Deed of Trust, the singular number shall include the plural, and the use of any gender shall be applicable to all genders. All covenants, agreements and undertakings of Trustor shall be joint and several.

33. **Attorneys' Fees.** As used in this Deed of trust and in the Note, the term attorneys' fees shall also include attorneys' fees, if any, which may be awarded by an appellate court.

34. **Governing Law and Waiver of Trial by Jury.** THIS DEED OF TRUST IS MADE AND SHALL IN ALL RESPECTS BE GOVERNED BY, CONSTRUED UNDER AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA (PROVIDED, HOWEVER, THAT SHOULD ANY PROVISIONS OF THE FEDERAL LAW OF THE UNITED STATES SPECIFICALLY PREEMPT PROVISIONS OF CALIFORNIA LAW WHICH WOULD OTHERWISE APPLY TO THIS DEED OF TRUST, THEN THE PREEMPTED CALIFORNIA LAW SHALL NOT APPLY AND FEDERAL LAW SHALL APPLY TO THE EXTENT REQUIRED BY SUCH PREEMPTION ONLY). THE COURTS IN THE STATE OF CALIFORNIA, COUNTY OF ORANGE SHALL BE THE EXCLUSIVE COURTS OF JURISDICTION AND VENUE FOR ANY LITIGATION OR OTHER PROCEEDING THAT MAY BE BASED ON, ARISE OUT OF, UNDER OR IN CONJUNCTION WITH THIS DEED OF TRUST. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONJUNCTION WITH THIS DEED OF TRUST, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER EXTENDING THE LOAN REPRESENTED BY THE NOTE TO TRUSTOR.

IN WITNESS WHEREOF, Lender has executed this Uniform Declaration this 16th day of December, 2008.

DISNEY VACATION DEVELOPMENT, INC., a Florida corporation

By: [Signature]
Name: Leigh Anne Nieman
As its: Assistant Secretary

State of Florida }
County of Osceola }

On Dec 16, 2008 before me, Jeannette Greene, personally appeared Leigh Anne Nieman, Assistant Secretary of Disney Vacation Development, Inc., who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State in which this acknowledgment is taken that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature] (Seal)

