

**DISNEY VACATION CLUB
AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME**

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 applicable law 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:

Act means the provisions of the Horizontal Property Act as currently set forth in Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976, as amended, as the same is constituted on the date of the Master Deed.

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 Elements by Beaufort County, South Carolina. 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 as provided in Section 27-32-240 of Chapter 32.

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 DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a mutual benefit, not-for-profit South Carolina corporation, and its successors, which is responsible for the operation of the Hilton Head Island Resort. In the event that the Property Management Agreement is ever terminated without the consent of DVCMC, the name of the Association shall, without any action to be taken by the Board of Directors, simultaneously and automatically be changed to HILTON HEAD ISLAND CLUB OWNERS ASSOCIATION, INC. In the event that the name "HILTON HEAD ISLAND CLUB OWNERS 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 in no event shall the Board of Directors select an alternative name that uses or makes reference to the name "Disney," "WALT DISNEY WORLD Resort" or any other trademark registered by any of The TWDC Companies or that connotes any association with the "Disney" name.

Association Property means all real and personal property owned by the Association, including, without limitation, all furnishings and other personal property contained within each Unit that are not the property of an individual Owner. All personal property related to the Home Resort Reservation Component and the DVC Reservation Component made available to the Hilton Head Island 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 Chapter 721.

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.

Chapter 32 means the provisions of Chapter 32 of Title 27 of the Code of Laws of South Carolina, 1976, as amended, as the same is constituted on the date of the Master Deed.

Chapter 721 means the provisions of Chapter 721, Florida Statutes, as the same is constituted on the date of the recording of the Master Deed.

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.

Commercial Unit means a Unit reserved for commercial use pursuant to the Condominium Documents.

Common Elements shall include all of those items defined in Section 27-31-20(f) of the Act as General Common Elements and those items hereinafter declared to be included within the Common Elements.

Common Expenses shall include expenses declared Common Expenses by the provisions of the Master Deed, the Condominium Documents, Chapter 32 or the Act.

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

Condominium Documents means the Master Deed 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 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 the Hilton Head Island 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.

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

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.

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

Deeds shall mean:

- a) that certain deed between Greenwood Development Corporation, a South Carolina corporation, DVD, and WORLDCO, dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 345; and
- b) that certain deed between the same parties, dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 682 at page 349; and
- c) that certain deed between the same parties dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at Page 374; and
- d) that certain deed between the same parties dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at Page 342.

Estimated Budgets shall mean the operating and capital reserve budgets that establish the estimated annual Common Expenses and capital reserves of the Hilton Head Island 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 and/or individual Club Members and/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 DVC Resorts.

Hilton Head Island Resort shall mean the Disney Vacation Club at Hilton Head Island Horizontal Property Regime (sometimes alternatively referred to as "Disney's Hilton Head Island Resort" in certain materials, including, but not limited to, promotional and informational materials), located in Beaufort County, South Carolina.

Hilton Head Island Resort Agreement means the DVC Resort Agreement for Disney Vacation Club at Hilton Head Island, pursuant to which the Hilton Head Island Resort becomes and remains a DVC Resort in accordance with the terms and conditions of the agreement.

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 the Hilton Head Island Resort which DVCMC in its sole discretion determines are necessary or desirable from time to time in order to enforce the provisions of the Membership Agreement in accordance with applicable 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.

Management Company means DVCMC or any entity engaged to manage the Hilton Head Island Resort.

Master Declaration shall mean the Master Declaration of Covenants, Conditions and Restrictions as recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 803 at page 2028.

Master Deed shall mean the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime, as it may be amended from time to time pursuant to the provisions thereof. The Master Deed is recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 804 at page 1432.

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

Owner means the owner of a 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 the Hilton Head Island Resort.

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

Property Management Agreement means the agreement between the Association and any Management Company, as amended from time to time, pursuant to which the Association assigns its responsibilities and duties relating to the management and operation of the Hilton Head Island Resort to the Management Company.

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

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

Unit shall mean an "Apartment" as used in the Act and as more particularly defined in Article V of the Master Deed 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 Commercial 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 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 Unit and in each deed conveying an Ownership Interest to an Owner in that Unit. All Ownership Interests in a given 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 Unit designed and intended for separate use and occupancy.

Vacation Ownership Plan means the arrangement pursuant to applicable law, the Master Deed and the Membership Agreement whereby a Cotenant receives an Ownership Interest in a Unit under which the exclusive right of

use, possession or occupancy of all Units circulates among the various Cotenants on a recurring basis during the term of the plan.

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.

WORLDCO shall mean Walt Disney Parks and Resorts U.S., Inc., a Florida corporation (formerly known as Walt Disney World Co., a Florida corporation), its successors and assigns, as successor by merger to Walt Disney World Hospitality & Recreation Corporation ("WDWHR"), formerly known as and sometimes identified herein and in DVC Resort Documents as Lake Buena Vista Communities, Inc. or LBVC.

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. [Page 1 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. [Paragraphs 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 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. [Page 1 of this Public Offering Statement]

The Developer has the right to retain control of the Association after a majority of the 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 Units in the condominium.
[Article 12.12(a) of the Master Deed]

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, 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]

Property tax disclosure summary: Purchaser should not rely on DVD's current property taxes as the amount of property taxes that purchaser may be obligated to pay in the year subsequent to purchase. A change of ownership or property improvements triggers reassessments of the property that could result in higher property taxes. If you have any questions concerning valuation, contact the county property appraiser's office for information. [Purchase Agreement]

You may cancel the purchase contract without any penalty or obligation within 10 days after the date you sign this 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 this 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 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.

IIA. DVD DISCLOSURES

Except for those warranties required by applicable law, 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 Elements 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 South Carolina 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. [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]

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. Generally, there is no established market for resale or rental of Ownership Interests, and 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 the Hilton Head Island 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 the Hilton Head Island 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]

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 10-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 10-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.

III. PUBLIC OFFERING STATEMENT TEXT

1. The Vacation Ownership Plan.

a. The Plan. The legal name of the condominium is Disney Vacation Club at Hilton Head Island Horizontal Property Regime. The Hilton Head Island Resort is located at 22 Harbourside Lane, Hilton Head Island, South Carolina 29928.

(1) Term for Years Deeds. DVD has created the Hilton Head Island Resort on a term for years interest by submitting, in phases, its interest in the property to the horizontal property regime form of ownership.

(2) Ownership Interests. Ownership Interests are fee interests in real property under South Carolina law. Purchasers of an Ownership Interest receive an undivided percentage real property interest in a Unit as a tenant-in-common with other purchasers of undivided percentage interests in that Unit in accordance with the Master Deed. Fee title to an Ownership Interest will be conveyed to the Purchaser until January 31, 2042, unless otherwise extended in accordance with the Condominium Documents, at which time the term for years will expire, the horizontal property regime will terminate and title to the property will vest in WORLDCO (as successor by merger to WDWHR) as the holder of the remainder interest. Ownership Interests in the Hilton Head Island Resort are conveyed by virtue of the delivery of a special warranty 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 Master Deed and the Membership Agreement. Notwithstanding the specific Unit in which a Purchaser acquires an Ownership Interest, the Vacation Ownership Plan requires that all Vacation Homes at the Hilton Head Island Resort be available for use by all Purchasers of Ownership Interests at the Hilton Head Island 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 Hilton Head Island 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 member of the Club, 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 business 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 Elements. Each residential Unit and each Ownership Interest has appurtenant to it a share of the Common Expenses and Common Surplus and an undivided interest in the Common Elements of the Hilton Head Island Resort on a fractional basis as set forth in the Percentage Interest in the Common Elements. Commercial Units shall also have a share of the Common Elements and Common Expenses as set forth in the Percentage Interest in the Common Elements exhibit.

The number of Home Resort Vacation Points that will be 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 the Hilton Head Island Resort is 1,368,971. 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. below or decrease if accommodations are removed from the Hilton Head Island 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 the Hilton Head Island 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.

The recreational and other commonly used facilities of the Hilton Head Island Resort will be used by Club Members, their guests, exchangers and renters; by renters of Vacation Homes not yet declared as part of the Hilton Head Island Resort; and potentially by owners of interests in property common to the Hilton Head Island Resort under the Master Declaration. 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 will continue through January 31, 2042, the expiration date of the term for years interest and the horizontal property regime, unless sooner terminated in accordance with the Condominium Documents or unless otherwise extended in accordance with the Condominium Documents.

4. Hilton Head Island Resort Operations; Judgments and Pending Lawsuits.

a. Hilton Head Island Resort Operations.

(1) DVD. The developer of the Hilton Head Island 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, beginning 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 Disney Vacation Club at Hilton Head Island Owners Association, Inc., a South Carolina mutual benefit, not-for-profit corporation, is charged with the responsibility for the maintenance and operation of the Hilton Head Island Resort. Pursuant to the Property Management Agreement, the Association has delegated its management, maintenance and operation duties for the Hilton Head Island 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 the Hilton Head Island 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, beginning 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 three (3) years, 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.h. 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 equal to a percentage of the Dues Assessment Revenue plus the total Capital Reserves Budget contained in the total Estimated Budgets exclusive of the management fee itself and transportation fees (if applicable). It is anticipated that, for the current year of operation at the Hilton Head Island Resort, DVCMC will receive an annual management fee equal to twelve percent (12%) of the Estimated Budget for the Hilton Head Island Resort, which is equal to the sum of \$73,386 per month or \$880,636 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 Hilton Head Island 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 the Hilton Head Island Resort.

5. Description of the Hilton Head Island Resort.

a. Resort Accommodations and Facilities. DVD has currently declared to the horizontal property regime form of ownership Ownership Interests in the Hilton Head Island Resort as follows:

Number of Residential Buildings:	13
Number of Vacation Homes in Each Building:	4-16
Number of Seven (7) Use Day Availability Periods in Each Vacation Home:	51
Total Number of Vacation Homes:	102
Total Number of Each Type of Vacation Home:	
Grand Villa Vacation Home (3 Bedroom/4 Bath)	5
Two-Bedroom Vacation Home (2 Bedroom/2 Bath)	76
Two-Bedroom Vacation Home - locked-off One-Bedroom and Studio Vacation Home possible but not dedicated (2 Bedroom/2 Bath)	21
Total Number of Seven (7) Use Day Availability Periods:	5,202

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 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 Units and Vacation Homes.

(a) Hilton Head Island Resort Restrictions. Purchase of an Ownership Interest or use of the Vacation Homes and facilities of the Hilton Head Island 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 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 the Hilton Head Island 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 the Hilton Head Island Resort.

(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 the Hilton Head Island Resort and the DVC Reservation Component. Owners' rights to reserve Vacation Homes at the Hilton Head Island Resort through the Home Resort Reservation Component are set forth in the Membership Agreement and the Home Resort Rules and Regulations for the Hilton Head Island Resort. See the Multi-site Public Offering Statement for a detailed explanation of Owners' rights to reserve Vacation Homes at the Hilton Head Island 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.

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.

(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 deny to the Owner and/or the authorized user, the use and enjoyment of the Vacation Homes and facilities of the Vacation Ownership Plan in accordance with the provisions of Chapter 721 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 Section 721.13(6)(f), Florida Statutes, 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.

b. Phasing and Completion of Construction.

(1) Phasing Plan. The Hilton Head Island Resort has been developed as a phase condominium, and additional land or Units may be added to the Hilton Head Island Resort from time to time. The overall boundary of the property which DVD contemplates adding to the Hilton Head Island Resort is described in the Survey, Floor and Plot Plan; however, DVD reserves the right to add additional property which may not be included within the overall boundary. DVD further reserves the right not to add any additional property or all of the property included within the overall boundary. DVD contemplates that each phase will consist of at least one (1) residential or Commercial Unit;

however, DVD specifically reserves the right to declare one or more phases as common element phases only and which will not contain any Units. The Condominium Documents for a particular phase will be recorded prior to the closing of the purchase of any Ownership Interest in that phase. The Common Expense, Common Surplus and Common Element ownership reallocation caused by the addition of any proposed phase is set forth in the Percentage Interest in the Common Elements.

DVD is under no obligation to submit phases to the Hilton Head Island Resort in any sequence or to construct, develop or add any phase other than those phases that DVD has already declared as part of the Hilton Head Island Resort. DVD may, from time to time, file phases for sale under Florida law without selling Ownership Interests in those phases or ultimately adding such phases to the Hilton Head Island Resort. Pursuant to the Act, Chapter 32 and Chapter 721 and where permitted, DVD specifically reserves the right to vary DVD's phasing plans as to phase boundaries, plot plans and floor plans, Unit types, Unit sizes and Unit type mixes, numbers of Units, and recreational areas and facilities with respect to each subsequent phase. DVD also specifically reserves the right to amend the Condominium Documents, without the approval of the Owners or Purchasers, as may be necessary in DVD's sole discretion to conform to applicable government requirements, to expedite the sale of Ownership Interests, or as are permitted under applicable law and which DVD determines in its sole discretion would be beneficial to the use of the declared property to its fullest and best use and which would not prejudice or impair to any material extent the rights of the Owners or any mortgagee of record.

Except for those warranties required by applicable law, 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 Elements 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 constructing, equipping and finishing of all phases of the Hilton Head Island Resort that are currently being offered for sale has been completed.

c. Recreational Facilities.

(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 the Hilton Head Island 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 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 that will be Used Only by Owners. There are no recreational or other commonly used facilities that will be used only by Owners.

(3) Description of Recreational and Other Commonly Used Facilities that will not be Used Only by Owners. The recreational and other commonly used facilities of the Hilton Head Island Resort will be used by Owners, Club Members, their guests, exchangers and renters; by renters of Vacation Homes not yet declared as part of

the Hilton Head Island Resort pursuant to reciprocal use agreements; and potentially by owners of interests in property common to the Hilton Head Island Resort under the Master Declaration or in adjoining resort properties. The recreational and other commonly used facilities that have been declared as part of the Hilton Head Island Resort, or that will be declared as part of the Hilton Head Island Resort and have been filed for sale under Florida law, are described as follows:

(a) Feature Swimming Pool and Sun/Bathing Deck. One (1) feature swimming pool and one (1) sun/bathing deck, each located near the pool building, are built and available for use by Owners. The pool building overlooks Broad Creek and is located west of the center of the Condominium Property. The sun/bathing deck is approximately 5,700 square feet in size and the feature swimming pool is approximately 2,491 square feet in size and ranges in depth from three (3) to five (5) feet. The feature swimming pool is heated and has a capacity of ninety-nine (99) persons. The sun/bathing deck has a capacity of one hundred and seventy (170) persons.

(b) Hot Tub at Feature Swimming Pool. One (1) hot tub, located near the feature swimming pool, is built and available for use by Owners. The hot tub is approximately 201 square feet in size and ranges in depth from nine (9) inches to three (3) feet, ten (10) inches. The hot tub is heated and has a capacity of twenty (20) persons.

(c) Children's Pool at Feature Swimming Pool. One (1) children's pool, located near the feature swimming pool, is built and available for use by Owners. The children's pool is approximately 201 square feet in size and ranges in depth from ten (10) inches to one (1) foot. The children's pool is not heated.

(d) Beach House Swimming Pool and Sun/Bathing Deck. One (1) swimming pool and one sun/bathing deck, each located at Disney's Beach House are built and available for use by Owners. The Beach House pool is approximately 1,681 square feet in size and ranges in depth from three (3) feet to four (4) feet, six (6) inches. The Beach House pool is heated and has a capacity of 125.

(e) Shuffleboard Court. One (1) shuffleboard court, located near the pool building, is built and available for use by Owners. The shuffleboard court is approximately 300 square feet in size. The shuffleboard court has a capacity of four (4) persons.

(f) Multi-Use Area. One (1) multi-use recreational area, located near the pool building, is available for use by Owners.

(g) Pool Slide. One (1) pool slide, located at the feature swimming pool, is built and available for use by Owners. The pool slide is approximately 131 square feet in size and has a capacity of nine (9) persons.

(h) Fitness Room. One (1) fitness room, located in the pool building, is built and available for use by Owners.

(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 the Hilton Head Island Resort any recreational or other commonly used facilities other than those facilities contained in the phases of the Hilton Head Island Resort that have been declared to the horizontal property regime form of ownership. However, DVD has reserved the right to add recreational facilities to the Hilton Head Island 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 the Hilton Head Island Resort, those facilities will be included as part of the Common Elements of the Hilton Head Island 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 applicable 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 fifteen percent (115%) of the previous year's Estimated Budgets, excluding capital reserves, except as permitted under applicable law.

d. Financial Arrangements for Promised Improvements. DVD has sufficient cash reserves and/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, Units, Vacation Homes, facilities and furnishings located upon the Condominium Property in an amount as required by South Carolina 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; Description of Land that will be Available for Use by Owners, but not Owned or Leased by the Owners or the Association. The Hilton Head Island Resort has been developed on term for years interest and 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 yet declared as part of the Hilton Head Island Resort. Portions of the Hilton Head Island Resort are located within Palmetto Dunes Resort and Shelter Cove, planned developments consisting of residential and commercial areas. As a part of these planned developments, the Hilton Head Island Resort is subject to the covenants, restrictions, obligations and easements contained within the planned development documents. The Association shall be the Owners' representative in all matters relating to the planned developments and the master owners' associations for the planned developments.

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 or 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.

As set forth in the Master Deed, DVD will control the Association through the appointment of a majority of the Board of Directors until such time as transfer of control of the Association occurs pursuant to the Condominium Documents or is required under applicable law. Unless DVD ceases to continue an on-going sales operation, the earliest that Owners would be entitled to elect a majority of the Board of Directors is three (3) years after fifty percent (50%) of the

Units that will ultimately be operated by the Association have been sold; three (3) months after ninety percent (90%) have been sold; or seven (7) years after the Master Deed has been recorded, whichever occurs first.

Pursuant to paragraph 4 of the Master Cotenancy Agreement, DVD is the authorized voting representative of the Owners who own Ownership Interests in each Unit at meetings of the Association and will cast all votes for such Owners at such meetings. Pursuant to paragraph 5 of the Master Cotenancy Agreement, DVD will notify the Owners in each Unit in advance of those Association meetings at which the Owners are entitled to elect directors. DVD will be authorized to cast the vote of a given 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 Unit. In this regard, DVD has agreed in the Master Cotenancy Agreement that it will not cast the 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 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 fifteen percent (115%) 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 Elements appurtenant to each Unit other than the reallocation that results from the addition of phases to the Hilton Head Island Resort;
- (6) amendment of the Master Deed, 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 the Hilton Head Island 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 Unit, the Owners who own sixty percent (60%) of the Ownership Interests in that Unit, other than those Ownership Interests owned by DVD, may instruct DVD as to the manner in which the Unit's vote will be cast.

6. Estimated Budgets and Schedule of Purchasers' Expenses; Basis for Assessments.

a. Estimated Budgets and Schedule of Purchasers' Expenses. The Estimated Budgets are comprised of the Common Expenses and reserve requirements of the Hilton Head Island Resort, as set forth in the Condominium Documents, and the Ad Valorem Real Estate Taxes assessed against Ownership Interests. DVCMC will assess the Estimated Budgets 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 the Hilton Head Island Resort at that time.

As set forth in paragraph 4 of the Master Cotenancy Agreement, DVD as the voting representative of a Unit may not cast the Unit's vote at a meeting of the Association to increase the Estimated Budgets in excess of one

hundred fifteen percent (115%) of the previous year's Estimated Budgets, excluding capital reserves, without the prior concurrence in writing of the Owners who own sixty percent (60%) of the Ownership Interests in that Unit. In the event that the requisite approval to increase the budgets beyond the fifteen percent (15%) 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 the Hilton Head Island Resort, and Owners are not liable for the cost of maintenance or repair of DVC Resorts other than the Hilton Head Island Resort. Pursuant to the Hilton Head Island Resort Agreement and the Master Deed, all Owners are required to pay Annual Dues which include their share of the cost and expenses of the Club attributed to the Hilton Head Island Resort.

As set forth in the Master Deed, 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, without limitation, 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.

Under South Carolina law, Ad Valorem Real Estate Taxes are assessed against a given Unit, and if the Ad Valorem Real Estate Taxes for that Unit are not timely paid to the appropriate county tax collector, a tax lien will attach to the entire Unit, which lien can be sold at public auction. Consequently, a tax lien can be placed on the entire Unit for failure of any cotenant to pay his or her portion of the Unit's Ad Valorem Real Estate Taxes.

b. Basis for Assessments. DVD has agreed that each Purchaser and Owner will only be required to pay an assessment for operating and reserves expenses of \$6,0039 per Vacation Point through December 31, 2014, exclusive of ad valorem taxes which are billed separately. The actual amount of the developer contributed subsidy to be paid by DVD will be equal to the amount necessary to pay the difference between the actual expenses less the sum of the amount of operating assessments collected from all Owners and income from other sources. Amounts expended for any insurance coverage required by law or the Condominium Documents to be maintained by the Association shall also be excluded from the calculation of DVD's obligation. However, any expenses incurred during the guarantee period resulting from a natural disaster or an act of God, 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, their successors or assigns, including DVD, provided that during any period of time DVD controls the Association, the Association maintains all insurance coverage required by the Resort Documents and applicable law. 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 obligation of DVD to provide this subsidy is a matter of private contract among DVD, current Purchasers and the Association (as to existing Owners). DVD reserves the right to discontinue offering this subsidized operating assessment in the future.

As a consequence of this subsidized assessment, existing Owners and current Purchasers will not be specially assessed with regard to expenses during the subsidy period if the expenses exceed the subsidized per Vacation Point amount, except in the event of a natural disaster or an act of God as outlined above. DVD shall pay any amount of expenses incurred during the subsidy period in excess of the total revenue of the vacation ownership plan, including subsidized assessments collected from Owners and current Purchasers and Association income from other sources, except in the event of a natural disaster or an act of God as outlined above. Therefore, the 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 \$6.0039 per Vacation Point.

The obligation of DVD to provide this subsidy and the guarantee at the Hilton Head Island Resort is a matter of private contract between DVD, current Purchasers and the Association. Purchasers should refer to the Estimated Budgets for details.

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 other 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, Chapter 721 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. 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 115% of such budget for the previous year; changes to update component site or Club disclosure information as required by Florida 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. Purchaser shall pay the cost of recording the deed, the documentary stamp to be affixed to the deed and Town of Hilton Head Island Transfer fee. If any portion of the purchase price is financed through DVD, Purchaser shall pay the cost of recording the mortgage. DVD shall pay the cost for an owner's policy of title insurance and 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, county and special district 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 South Carolina, 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, the master association for any planned developments containing the Hilton Head Island Resort, any External Exchange Company, DVCMC, and BVTC. The owners of the Commercial Units may also increase or decrease the user fees for the use of any service or enterprise conducted on such Commercial Units.

c. Status of Title to Property Underlying the Hilton Head Island 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 Master Deed, the Membership Agreement and the Hilton Head Island 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 at the Hilton Head Island Resort shall be subject to the term for years interest set forth in the Term for Years Deeds conveying the term for years interest to DVD.

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. Generally, there is no established market for resale or rental of Ownership Interests, and 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 the Hilton Head Island 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 the Hilton Head Island 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 the Hilton Head Island 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 Master Deed and in the 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 HILTON HEAD ISLAND RESORT 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 Disney Vacation Club at Hilton Head Island Horizontal Property Regime (the "Hilton Head Island 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 Hilton Head Island Resort. Copies of the following documents are available upon request at no cost to Purchasers:

1. Term for Years Deeds. The Term for Years Deeds are the documents by which DVD acquired a term for years interest in the real property underlying the Hilton Head Island Resort. The Term for Years Deeds provide that DVD's term for years interest will expire on January 31, 2042. The Hilton Head Island Resort will automatically terminate upon the expiration of DVD's term for years, and Walt Disney World Hospitality & Recreation Corporation, a Florida corporation (formerly known as Lake Buena Vista Communities, Inc., a Delaware corporation), shall automatically take possession of the property as the owner of the remainder interest.
2. Property Management Agreement. The Property Management Agreement is a three (3) year automatically renewable agreement between the Association and DVCMC pursuant to which the Association delegates its management, maintenance and operational duties (which may properly be delegated under South Carolina law) to DVCMC in consideration for the payment of a management fee. The services to be provided by DVCMC include: hiring, paying and supervising maintenance personnel; arranging for the maintenance and repair of the Hilton Head Island Resort property; enforcing compliance by the Association and all of its members and guests with all laws, rules and regulations, and the Hilton Head Island Resort documents; purchasing equipment and supplies necessary to properly maintain and operate the Hilton Head Island Resort; ensuring that all insurance required by the Hilton Head Island 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 South Carolina law; collecting all maintenance assessments; providing all required annual financial reports to Owners; and arranging for an annual independent audit.
3. Survey, Floor and Plot Plans. The survey, floor and plot plans for the Hilton Head Island Resort are graphic descriptions of the property and improvements in which Units are located which, together with the Master Deed, are in sufficient detail to identify Common Elements and each Unit and their relative locations and approximate dimensions.
4. Purchaser Deposit Escrow Agreement. There are two (2) Purchaser Deposit Escrow Agreements for the Hilton Head Island Resort, one for sales in South Carolina and one for sales in Florida sales (the "Purchaser Deposit Escrow Agreements"). The Purchaser Deposit Escrow Agreements are agreements pursuant to which DVD has agreed to deposit all funds collected from Florida and South Carolina purchasers into separate escrow accounts, maintained by independent escrow agents. The funds contained in the escrow accounts cannot be released to DVD 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 applicable law. The independent escrow agent pursuant to the Purchaser Deposit Escrow Agreement for sales in Florida is Baker & Hostetler Counsellors at Law, with offices located in Orlando, Florida. The independent escrow agent pursuant to the Purchaser Deposit Escrow Agreement for sales in South Carolina is NationsBank of South Carolina, N.A. with offices located at 59 Pope Avenue, Hilton Head Island, South Carolina 29928.
5. Home Resort Rules and Regulations. See the Multisite Public Offering Statement for a copy of this document.
6. Form Architect's Certificate. This document is a form of a certificate to be executed by a South Carolina architect. Under the certificate the architect will be certifying that Phases I and II of the Hilton Head Island Resort have been built substantially in accordance with the Floor Plans.
7. Walk Through Description of Units. This document describes in detail the five (5) different proposed unit types that may be built at the Hilton Head Island Resort.
8. Percentage Interest in the Common Elements. The Percentage Interest in the Common Elements exhibit to the Declaration describes the share of Common Expenses and Common Surplus, and the undivided interest in the Common Elements that is appurtenant to each Unit and Ownership Interest in the Hilton Head Island Resort.

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This instrument prepared by
and return to:

Kenneth M. Borick, Esquire
Disney Vacation Development, Inc.
200 Celebration Place
Celebration, Florida 34747
(407) 939-3000

MASTER DEED
ESTABLISHING
DISNEY VACATION CLUB AT HILTON HEAD ISLAND
HORIZONTAL PROPERTY REGIME

**NOTICE: THIS MASTER DEED CONTAINS A PROVISION SUBJECTING CERTAIN DISPUTES CONCERNING
THE SUPPORT FACILITIES TO MANDATORY ARBITRATION.**

PREAMBLE

The undersigned, DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, whose address is 200 Celebration Place, Celebration, Florida 34747 ("DVD"), being the owner of the term for years in those certain lands located and situated in Beaufort County, South Carolina, and more particularly described hereinafter, does hereby submit its interest described in Section 2.2 below together with the improvements thereon to the provisions of the Horizontal Property Act of South Carolina, and does hereby state that it proposes to create and does hereby create a horizontal property regime that shall be known as the Disney Vacation Club at Hilton Head Island Horizontal Property Regime to be governed by and subject to the provisions of the Horizontal Property Act as set forth in Code of Laws of South Carolina, Section 27-31-10, et seq. as the same is constituted on the date hereof, and the following provisions:

ARTICLE I

DEFINITIONS

The terms used in this Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime, and in its exhibits shall be defined in accordance with the provisions of the Act (as defined below), Chapter 32 (as defined below) and as follows unless the context otherwise requires:

1.1 Act means the provisions of the Horizontal Property Act as currently set forth in Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976, as amended, as the same is constituted on the date of this Master Deed.

BEAUFORT COUNTY TAX MAP REFERENCE

Dist.	Map	Submap	Parcel	Block
520	12	B	32	
			33	

BEAUFORT COUNTY TAX MAP REFERENCE

DIST	MAP	SUBMAP	PARCEL	BLOCK
520	12	B	28	
520	16		353	

1.2 Articles of Incorporation shall mean the Articles of Incorporation of the Association, as they may be amended from time to time. A copy of the initial Articles of Incorporation are attached hereto as Exhibit "B" and incorporated herein by reference.

1.3 Association means DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a mutual benefit, not-for-profit South Carolina corporation, and its successors, which is responsible for the operation of the Condominium. In the event that the Property Management Agreement is ever terminated without the consent of DVCMC, the name of the Association shall, without any action to be taken by the board of directors, simultaneously and automatically be changed to HILTON HEAD ISLAND CLUB CONDOMINIUM ASSOCIATION, INC. In the event that the name "HILTON HEAD ISLAND CLUB 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 in no event shall the board of directors select an alternative name that uses or makes reference to the name "Disney" or any other trademark registered by any of The TWDC Companies or that connotes any association with the "Disney" name.

1.4 Association Property shall mean all real and personal property owned by the Association, including all furnishings and other personal property contained within each Unit that are not the property of an individual Owner. All personal property related to the Home Resort Reservation Component and the DVC Reservation Component made available to the Condominium, including any and 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.

1.5 BVTC shall mean Buena Vista Trading Company, a Florida corporation, its successors and assigns. BVTC is an exchange company registered under the laws of the State of Florida.

1.6 Bylaws shall mean the Bylaws of the Association, as they may be amended from time to time. A copy of the initial Bylaws are attached hereto as Exhibit "C" and are incorporated herein by this reference.

1.7 Chapter 32 means the provisions of Chapter 32 of Title 27 of the Code of Laws of South Carolina, 1976, as amended, as the same is constituted on the date of this Master Deed.

1.8 Club or Disney Vacation 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 Home Resort Reservation Component and the DVC Reservation Component.

1.9 Commercial Unit shall mean a Unit together with an undivided share in the Common Elements, as set forth in Exhibit "D" attached hereto, intended and designed for the conduct of a business enterprise to serve its owner, the owner's lessees, guests, invitees and such other persons who may lawfully be entitled to come upon the Condominium Property and shall refer to all of the Commercial Units set forth in Exhibit "A." Unless the context requires otherwise and except with respect to the Vacation Ownership Plan and the Club, all references to "Unit" shall include the Commercial Units.

1.10 Common Elements shall include:

(a) All of those items defined in Section 27-31-20(f) of the Act as General Common Elements and those items hereinafter declared to be included within the Common Elements.

(b) All Association Property.

(c) All canals, lakes and waterways located within the Condominium Property.

(d) DVD's interest in the term for years for that portion of the property described in the Deeds that is declared to this Condominium. The Association shall assume the obligations of DVD as the holder of the term for years under the Deeds to the extent of that portion of the property described in the Deeds and declared to this Condominium.

1.11 Common Expenses shall include:

(a) Expenses of administration and management of the Condominium Property, and of the Association, including compensation paid by the Association to a manager, accountant, attorney, or other employee or Independent contractor.

(b) Expenses of maintenance, operation, repair and replacement of the Common Elements, Limited Common Elements, and Association Property.

(c) Expenses declared Common Expenses by the provisions of this Master Deed, the Condominium Documents, Chapter 32 or the Act.

(d) Any valid assessment or charge against the Condominium Property as a whole, including any assessments or charges imposed against the Condominium Property by any restrictions or covenants of record in accordance with applicable law.

(e) All costs and expenses incurred by the Association arising under the Master Declaration.

(f) All costs and expenses incurred by the Association in connection with regulatory compliance.

(g) All reserves for replacement and maintenance of the Condominium Property as required by the Act.

(h) Casualty, flood and/or liability insurance on the Association Property, Common Elements and Limited Common Elements.

(i) Any other expenses incurred in the normal operation and maintenance of the Units, Common Elements and Limited Common Elements which are not attributable to a particular Owner.

(j) For Units committed to the Vacation Ownership Plan, those items more specifically set forth in Section 8.1 below.

1.12 Common Surplus shall mean any excess of all receipts of the Association over the amount of Common Expenses.

1.13 Condominium shall mean and refer to Disney Vacation Club at Hilton Head Island Horizontal Property Regime.

1.14 Condominium Documents shall include this Master Deed together with all exhibits attached hereto and all other documents expressly incorporated herein by reference, as the same may be amended from time to time.

1.15 Condominium Parcel is a Unit together with the undivided share in the Common Elements and Common Surplus which are appurtenant to the Unit, and together with all other appurtenances to the Unit including membership in the Disney Vacation Club, which is an appurtenance to each Ownership Interest in a Unit in accordance with the terms of this Master Deed, the Membership Agreement and the DVC Resort Agreement.

1.16 Condominium Property means and includes the lands, term for years interests, 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 this Condominium.

1.17 Condominium Rules and Regulations shall mean and refer to the rules and regulations concerning the use of Condominium Property as may be promulgated and amended from time to time by the Association in the manner provided by its Articles of Incorporation and Bylaws. A copy of the initial Condominium Rules and Regulations are attached hereto as Exhibit "F" and incorporated herein by reference.

1.18 Cotenant shall mean 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.

1.19 Deeds shall mean:

a) that certain deed between Greenwood Development Corporation, a South Carolina corporation, DVD, and LBVC, dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 345; and

b) that certain deed between the same parties, dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 682 at page 349; and

c) that certain deed between the same parties dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at Page 374; and

d) that certain deed between the same parties dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at Page 342.

1.20 DVCMC shall mean Disney Vacation Club Management Corp., a Florida corporation, its successors and assigns.

1.21 DVC Reservation Component shall mean 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.

1.22 DVC Resort shall mean each resort, including the Condominium, 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.

1.23 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. A copy of the Condominium's initial DVC Resort Agreement is attached hereto as Exhibit "I" and Incorporated herein by reference.

1.24 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.

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

1.26 Home Resort shall mean any DVC Resort in which an owner owns an Ownership Interest which is symbolized by Home Resort Vacation Points.

1.27 Home Resort Priority Period shall mean 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 Component.

1.28 Home Resort Reservation Component shall mean 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 Master Deed and the Membership Agreement.

1.29 Home Resort Vacation Points shall mean 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.

1.30 LBVC shall mean Lake Buena Vista Communities, Inc., a Delaware corporation, its successors or assigns, and the owner of the remainder interest in the property described in the Deeds.

- 1.31 Limited Common Elements means and includes those Common Elements which are reserved for the use of a certain Unit or Units to the exclusion of other Units.
- 1.32 Management Company shall mean DVCMC or any entity engaged to manage the Condominium.
- 1.33 Master Declaration shall mean and refer to the Master Declaration of Covenants, Conditions and Restrictions as recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 803 at page 2028
- 1.34 Master Deed shall mean this Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime as it may lawfully be amended from time to time pursuant to the provisions hereof.
- 1.35 Membership Agreement shall mean the Disney Vacation Club Membership Agreement for Disney Vacation Club at Hilton Head Island, 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 hereto as Exhibit "H" and incorporated herein by reference.
- 1.36 Mortgage shall mean DVD (and any successor in interest to DVD as to a purchase-money mortgage), 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 commercial loan company licensed to do business in the State of South Carolina, to the extent that any of the same hold a first mortgage encumbering any Unit or any Ownership Interest in a Unit.
- 1.37 One-to-One Cotenant to Vacation Home Ratio shall mean the ratio of the number of Cotenants eligible to use the Vacation Homes of the Vacation Ownership Plan on a given day to the number of Vacation Homes available for use within the Vacation Ownership Plan on that day, such that the total number of eligible Cotenants to use the Vacation Homes of the Vacation Ownership Plan during a given calendar year never exceeds the total number of accommodations available for use in the Vacation Ownership Plan during that year. For purposes of calculation under this definition, each Cotenant must be counted at least once, and no individual Vacation Home subject to the Vacation Ownership Plan may be counted more than 365 times per calendar year (or more than 366 times per leap year). A Cotenant who is delinquent in the payment of assessments shall continue to be considered eligible to use the accommodations of the Vacation Ownership Plan for purposes of this definition only notwithstanding any rights of the Association to deny use to delinquent Cotenants.
- 1.38 Owner shall mean co-owner as defined in the Act and the owner of a 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 the Condominium.
- 1.39 Ownership Interest shall mean 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 Elements and Common Surplus.

1.40 Property Management Agreement shall mean 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.

1.41 Real Estate Taxes shall mean those real property taxes assessed against the Units and their respective undivided interests in the Common Elements by Beaufort County, South Carolina. The Association shall serve as the agent of the Owners of Units committed to the Vacation Ownership Plan for the purpose of collection of Real Estate Taxes as provided in Section 27-32-240 of Chapter 32.

1.42 The TWDC Companies shall mean TWDC and all subsidiaries of TWDC, including DVD, DVCMC and BVTC.

1.43 TWDC shall mean The Walt Disney Company, a Delaware corporation, its successors and assigns.

1.44 Unit shall mean an "Apartment" as used in the Act and as more particularly defined in Article V of this Master Deed 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 Commercial Units.

1.45 Utility Services shall include electric power, water, garbage and sewage disposal, telephone service, and cable television or other cable provided services, and all other public service and convenience facilities.

1.46 Vacation Home shall mean and refer to those portions of a Unit designed and intended for separate use and occupancy.

1.47 Vacation Ownership Plan shall mean a "vacation time sharing ownership plan" as that term is defined in Section 27-32-10(8) of Chapter 32 and is the arrangement pursuant to South Carolina law, this Master Deed and the Membership Agreement whereby an Owner receives an Ownership Interest in a Unit in the Condominium under which the exclusive right of use, possession or occupancy of all Units in the Condominium circulates among the various Owners of Ownership Interests on a recurring basis during the term of the plan.

1.48 Vacation Point shall mean the symbolic unit of measuring the respective rights of an owner of an Ownership Interest to enjoy the benefits of the Ownership Interest within the Club.

1.49 Voting Certificate means a document which 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.

1.50 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.

ARTICLE II

NAME AND LEGAL DESCRIPTION

2.1 Name. The name by which this Condominium is to be identified is DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME. In the event that the Property Management Agreement is ever terminated without the consent of DVCMC, the name by which this Condominium is to be identified shall, without requiring any action to be taken by the board of directors or the Association, simultaneously and automatically be changed to HILTON HEAD ISLAND CLUB HORIZONTAL PROPERTY REGIME. In the event that the name "HILTON HEAD ISLAND CLUB HORIZONTAL PROPERTY REGIME" is unavailable for use by the Condominium, the board of directors shall be empowered to select an alternative name for the Condominium; provided however that, in no event shall the board of directors select an alternative name that uses or makes reference to the name "Disney" or any other trademark registered by any of The TWDC Companies or that connotes any association with the "Disney" name. In the event that 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 of directors and any and all Owners shall be prohibited from using the name "Disney" (or any other form thereof) in any manner whatsoever and shall immediately be required to:

- (a) Remove all signs containing the name "Disney" from the Condominium Property and from any offsite location to the extent the sign refers to the Condominium; and
- (b) Destroy all stationery, descriptive literature or printed or written matter bearing the name "Disney" other than books and records of the Association; and
- (c) 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; and
- (d) Take immediate action to effect changes to the names of the Association and the documents of the Condominium reflecting the name "Disney" to eliminate the use of such names in any manner whatsoever; and
- (e) 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. In this regard, the Association shall be 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 may be enforced by any remedy at law or equity, including mandatory and/or prohibitory injunctions, and by accepting a deed in which this Master Deed is deemed incorporated, each Owner acknowledges that in the event of non-performance of any of the above-described restrictions, remedies at law for The TWDC Companies, shall be deemed inadequate to enforce the terms of this Section.

2.2 Term for Years Interest and Legal Description. DVD is the owner of a term for years interest in that certain real property situated in Beaufort County, South Carolina, more particularly described in the Deeds. DVD's term for years will expire on January 31, 2042. This Condominium shall automatically terminate upon the expiration of DVD's term for years, and LBVC shall automatically take possession of the property as the owner of the remainder interest. This Master Deed shall be subject to the terms and conditions of the Deeds, and the provisions of the Deeds shall control and supersede any inconsistent provisions contained in this Master Deed. This Master Deed is also subject to the terms, conditions and restrictions contained in the Master Declaration, which Master Declaration places additional restrictions upon the Condominium Property. The provisions of the Master Declaration shall control and supersede any inconsistent provisions contained in this Master Deed.

The property that is hereby submitted to the horizontal property regime under this Master Deed consists of that portion of the land conveyed to DVD and described in the Deeds that is more particularly described as Phases I and II in Exhibit "A" attached hereto and by this reference incorporated herein, together with those easements more specifically described in Article IV herein and described on attached Exhibit "A." No other phases are being submitted to the horizontal property regime at this time.

2.3 Submerged Lands. Portions of the property hereby submitted to the horizontal property regime under this Master Deed involve submerged land or other critical areas. All activities on or over and all uses of the submerged land or other critical areas are subject to the jurisdiction of the South Carolina Department of Health and Environmental Control, including the requirement that any activity or use must be authorized by the South Carolina Department of Health and Environmental Control. Any Owner is liable to the extent of his or her Ownership Interest for any damages to, or inappropriate or unpermitted uses of, and any duties or responsibilities concerning any submerged land, coastal waters, or any other critical area.

2.4 Vacation Ownership Plan. A Vacation Ownership Plan will be created with respect to Units in the Condominium. The degree, quantity, nature and extent of the Vacation Ownership Plan that will be created are hereinafter defined and described in detail. This Condominium is also a DVC Resort as hereinafter described in detail.

ARTICLE III

EXHIBITS

The Exhibits referred to in this Master Deed shall include the following:

3.1 Exhibit "A." A legal description of Phases I and II of the Condominium, a general graphic delineation of each proposed phase that may be declared to the Condominium, and a survey of the land and improvements comprising Phases I and II of the Condominium, together with a graphic description of the Units, the Vacation Homes, easements, and recreational areas and facilities located therein in a plot plan which, together with this Master Deed, are of sufficient detail to identify the Common Elements and each Unit and their relative locations and approximate dimensions located in Phases I and II. 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. All Commercial Units located in Phases I and II are so designated on the attached Exhibit "A."

- 3.2 Exhibit "B." The Articles of Incorporation of the Association.
- 3.3 Exhibit "C." The Bylaws of the Association.
- 3.4 Exhibit "D." Percentage Interest in the Common Elements.
- 3.5 Exhibit "E." Proposed Phasing Plan.
- 3.6 Exhibit "F." Condominium Rules and Regulations.
- 3.7 Exhibit "G." The Property Management Agreement.
- 3.8 Exhibit "H." The Disney Vacation Club Membership Agreement for Disney Vacation Club at Hilton Head Island.
- 3.9 Exhibit "I." DVC Resort Agreement for Disney Vacation Club at Hilton Head Island.
- 3.10 Exhibit "J." Architect's Certificate.
- 3.11 Exhibit "K." Description of Units (Walk Through).
- 3.12 Exhibit "L." Sample Form of Master Deed Amendment.

ARTICLE IV

EASEMENTS

The following easements are hereby expressly reserved or acknowledged:

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

(a) Utilities. Easements are reserved over, across and under the Condominium Property as may be required for the construction or maintenance of Utility Services in order to serve the Condominium adequately; including easements for the purpose of allowing such access rights as are necessary to utilize and service any lift station or utility transformer boxes located within the Condominium Property. Specific utility easements that exist on the Condominium Property are set forth in Exhibit "A" attached hereto. All cable and telephone lines servicing the property, including all trunk lines but excluding the portions of any lines that are contained within a Unit, shall be owned by DVD.

(b) Encroachments. In the event that any Unit shall encroach upon any of the Common Elements or upon any other Unit, or in the event any Common Element shall encroach upon any Unit, then an easement shall exist to permit such encroachment so long as the same shall exist.

(c) Traffic. An easement shall exist for pedestrian traffic over, through and across sidewalks, paths, walks, halls, lobbies, and other portions of the Common Elements 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 Common Elements as may from time to time be paved and intended for such purposes, and such easements shall be for the use and benefit of the Owners within this Condominium and those claiming by, through or under the aforesaid; provided, however, nothing herein shall be construed to give or create in any person the right to park any vehicle upon any portion of the Condominium Property except to the extent that space may be specifically designated and assigned for parking purposes. Easements shall also exist for ingress and egress over such streets, walks and other rights of way serving the Units as shall be necessary to provide for reasonable access to the public ways. In addition, an easement shall exist for ingress and egress over such streets, walks and other rights of way serving the Condominium as shall be necessary to provide for delivery and pickup services, fire protection and emergency services, police and other authorities of the law and United States mail carriers.

4.2 Association Easements. The Association may grant easements from time to time over the Common Elements as it deems necessary.

4.3 DVD's Easements. DVD hereby reserves the following exclusive easements and rights to grant easements:

(a) Marketing, Sales and Rental. DVD reserves exclusive easement rights over and across the Condominium Property, including any Unit or Vacation Home, for the purpose of marketing and sales of Units and Ownership Interests in the Vacation Ownership Plan for this Condominium and for other DVC Resorts described in Article XII of this Master Deed and for the purpose of leasing Vacation Homes in Units that have not yet been declared as part of this Condominium.

(b) Governmental Requirements. DVD, for so long as DVD holds an Ownership Interest in any Unit subject to this Master Deed, hereby 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 shall specifically include any environmental easements or agreements required by state or federal environmental agencies, and such easements or agreements shall be binding upon the Association and all Owners.

(c) Non-Owner Easements and Use. DVD hereby reserves the right to grant such easements and rights to use, from time to time, to non-Owners, including lessees of DVD-owned Vacation Homes in non-declared Units and owners of units in condominiums that are constructed by DVD adjacent or appurtenant to this Condominium, for the purpose of providing such non-Owners the same easement rights over and across the Condominium Property and the same rights to use recreational areas and facilities as those reserved for Owners in this Condominium.

(d) Developer Easements. DVD hereby reserves unto itself and grants to The TWDC Companies specific easement rights over and across the Condominium Property as it may deem necessary for their use from time to time.

(e) Construction Easements. DVD hereby reserves easement rights over, under and across the Condominium Property as is necessary, from time to time, for the purpose of constructing the improvements contained in the portions of the property defined in the Deeds, but that have not yet been declared to the Condominium.

(f) Beach Access. DVD hereby reserves easement rights and the right to grant easement rights, from time to time, for vehicular and pedestrian traffic over, through and across streets, walks and other rights of way serving the Condominium Property and accessing the beach portions of the property subject to the Master Declaration, and such easements shall be for the use and benefit of non-Owners as determined by DVD from time to time, including the owners within the portion of the Master Declaration that has not been declared to the Condominium, and those claiming by, through or under the aforesaid; provided, however, that nothing herein shall be construed to give or create in any person the right to park any vehicle upon any portion of the Condominium Property except to the extent that space may be specifically designated and assigned for such parking purposes.

4.4 Palmetto Dunes and Shelter Cove Easements. All or a portion of the Condominium Property may be subject, from time to time, to easements described in that certain Grant of Easements and Agreement a copy of which is recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682, at Page 388; that certain Declaration of Covenants and Restrictions Running with Certain Land of Greenwood Development Corporation Located on Hilton Head Island, South Carolina, a copy of which is recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 682, at Page 353; and that certain Reserved Easement Agreement (Parcel 20) a copy of which is recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 682, at Page 377 (collectively the "Greenwood Easements"). At such time as DVD declares all or any portion of property subject to the Greenwood Easements to the Condominium, the Association shall assume the obligations of DVD under the Greenwood Easements thereafter to the extent of that portion of the property so submitted.

4.5 Temporary Access Easement. DVD hereby grants a temporary access easement over and across the paved portions of proposed phases of the Condominium, as described in Article XVIII, in order to provide all Owners and their lessees, guests, exchangers and invitees with ingress and egress over said property and for parking, as is necessary to access Condominium Property, until such time, if ever, that said property is declared as a part of the Condominium. If said property is never declared for condominium use, the temporary easement described herein shall continue until such time as the Condominium is terminated. The size of all easement areas contemplated under this Section shall be limited to the minimum width and length required by applicable government regulations for ingress and egress. DVD shall have the right to determine the boundaries of such easements from time to time, in DVD's sole discretion, provided, such determination meets all applicable governmental regulations relating to such ingress and egress.

ARTICLE V

UNITS

5.1 Description of Units, Vacation Homes and Commercial Units. Each Unit declared to the Condominium will consist of all or a portion of a building that lies within the boundaries of the Unit and as shown on the attached Exhibit "A." 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. For administrative convenience, each Vacation Home within each Unit is also identified by a number. All Commercial Units are so designated on the attached Exhibit "A."

5.2 Limited Common Elements. Those Common Elements reserved for the use of a certain Unit or Units, to the exclusion of other Units, are designated as Limited Common Elements. Those physical areas designated as Limited Common Elements are shown and located on the attached Exhibit "A." The tangible personal property including all built-in appliances, wall coverings and floor coverings and all furniture and fixtures contained within each Unit which is committed to the Vacation Ownership Plan shall be Association Property but shall be used exclusively by Owners or authorized users of such Unit during their authorized use period as Limited Common Elements. Any expense for the maintenance, repair or replacement relating to Limited Common Elements shall be treated as and paid for as part of the Common Elements, unless otherwise specifically provided in this Master Deed.

5.3 Warranty Limitation. Neither DVD nor any of the other TWDC companies makes any warranty of any kind, express or implied, and DVD and all of the TWDC companies each hereby disclaims any such warranties, including Implied warranties of merchantability and fitness for a particular purpose, with respect to the construction of the Units and the Common Elements and with respect to the personal property located within the Units or on the Condominium Property, and the Owners and the Association assume all risk and liability resulting from the use of this property.

ARTICLE VI

APPURTENANCES

6.1 Appurtenant Interests. Each Unit and each Commercial Unit shall have as an appurtenance thereto that undivided share of the Common Elements and Common Surplus as more specifically described on Exhibit "D" attached hereto and by this reference incorporated herein. The Owner of each Unit shall be liable for that share of the Common Expenses which equals the percentage interest in the Common Elements and Common Surplus appurtenant to the Owner's Unit. Each Unit shall also have those further appurtenances more specifically described in the Act and in Section 1.15 above.

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

6.3 Partition of Units or Vacation Homes. No action for partition of any Unit, any appurtenance to a Unit, or any Vacation Home shall lie.

6.4 Disney Vacation Club. Membership in the Disney Vacation Club is an appurtenance to each Ownership Interest, which is conveyed by virtue of the execution and delivery of a deed, in accordance with and subject to the terms of this Master Deed, 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 compromised from time to time, may not be partitioned, hypothecated, bought, sold, exchanged, rented or otherwise transferred separately from each Ownership Interest.

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 in respect of The TWDC Companies.

The terms and conditions governing the use of the Home Resort Reservation Component, including rights to terminate the Membership Agreement and Owner 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, an initial copy of which is attached as Exhibit "H" hereto and incorporated herein by this reference. The terms and conditions governing the use of the DVC Resort Component, including rights to terminate the DVC Resort Agreement and Owner 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, an initial copy of which is attached as Exhibit "I" hereto and incorporated herein by this reference.

Provided that an Owner complies with all restrictions on the transfer of an Ownership Interest, if any, the transferee of such Ownership Interest shall automatically become a member of the Club. Membership in the Club automatically terminates for a given Owner in the event: (i) the Owner voluntarily or involuntarily transfers his or her Ownership Interest and owns no other Ownership Interest; (ii) the Owner no longer owns an Ownership Interest as a result of assessment lien or mortgage foreclosure proceedings; (iii) this Master Deed terminates or the Unit in which the Owner owns his or her 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.

ARTICLE VII

MAINTENANCE, ALTERATION AND IMPROVEMENT

Responsibility for the maintenance of the Condominium Property, and restrictions upon its alteration and improvement, shall be as follows:

7.1 Units.

(a) By the Association. Unless caused by the specific abuse of an Owner or any lessee, guest, exchanger or invitee of an Owner, the Association shall maintain, repair and replace at the Association's expense:

(1) The interior of each Unit and of each Vacation Home and all Common Elements and Limited Common Elements except as otherwise provided in the Condominium Documents.

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

(3) All incidental damage caused to a Unit or a Vacation Home in a Unit by reason of maintenance, repair and replacement accomplished pursuant to the provisions of Section 7.1(a)(1) and (2) above.

(b) By the Owner. The responsibility of the Owner for maintenance, repair and replacement shall be as follows:

(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.

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

(3) To bear in their entirety any expenses of repairs or replacements to a Unit or a Vacation Home in a Unit or its components, furnishings, carpeting, appliances, or other property, real, personal or mixed, occasioned by the specific abuse by any Owner or any lessee, guest, exchanger or invitee of said Owner.

7.2 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 part of the maintenance duties and obligations of the Association in accordance with this Master Deed, 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 Act and Chapter 32 and as set forth in the Property Management Agreement, an initial copy of which is attached as Exhibit "G" to this Master Deed. In the event that the Property Management Agreement is terminated, the maintenance duties and other obligations of the Condominium, as set forth in the Property Management Agreement, will once again 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, an initial copy of which is attached as Exhibit "H" to this Master Deed. In the event that the Membership Agreement is terminated, the operation of the Vacation Ownership Plan for the Condominium will once again be the responsibility of the Association.

7.3 Association's Access to Units and Vacation Homes. The Association has the irrevocable right to have access to each Unit and each Vacation Home from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Elements or to another Unit or Units.

7.4 Maintenance Period. Pursuant to the requirements of the Property Management Agreement, DVCMC, as the initial Management Company, shall have the obligation as the agent of the Association to maintain and repair each Vacation Home in each 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. In the event the Property Management Agreement is terminated for any reason, the Association will have the obligation to schedule all required maintenance within each Unit and Vacation Home as a priority over the use of such Units and Vacation Homes by the Owner(s) thereof.

7.5 Common Elements and Limited Common Elements. The Association shall maintain, repair and replace all Common Elements and Limited Common Elements.

ARTICLE VIII

ASSESSMENTS AND COMMON EXPENSES

8.1 Common Expenses. Owners of Units shall be responsible for their share of the Common Expenses as defined in Section 1.11 above. In addition to those items defined as Common Expenses in Section 1.11 above, Common Expenses for Units committed to the Vacation Ownership Plan shall include the following:

- (a) Repair and maintenance of the interior of a Unit for normal wear and tear;
- (b) Repair and replacement of furniture, fixtures, appliances, carpeting and deferred maintenance and replacement reserves for the same;
- (c) Insurance coverage relating to the interior of a Unit and any other insurance relating to the operation of the Vacation Ownership Plan, including business interruption or loss of use insurance if obtained by the board of directors;
- (d) Utility Services for the Units;
- (e) All costs relating to the operation of the Club that are allocated to the Condominium;
- (f) Any other expenses incurred in the normal operation and maintenance of the Units which cannot be attributed to a particular Owner;

(g) Expenses declared Common Expenses of the Vacation Ownership Plan by applicable law.

(h) Uncollected Real Estate Taxes assessed against each Unit committed to the Vacation Ownership Plan so long as Section 27-32-240 of Chapter 32 prohibits the county tax collector from collecting from the Association less than the entire amount of Real Estate Taxes assessed against the Unit.

8.2 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, shall be pursuant to the Bylaws of the Association, subject to the following provisions:

(a) Interest; Late Charges; Application of Payments. 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 charge on delinquent accounts in an amount equal to the highest amount permitted under South Carolina law. The Association is further authorized to utilize the services of a collection agency for collection of delinquent accounts and to charge and impose a lien against the delinquent Owner for such costs in accordance with the Act and Chapter 32. All payments on accounts shall be first applied to interest that has accrued, then to any late charges, then to any costs and reasonable attorneys' fees incurred in collection, and then to the assessment payment first due. The board of directors shall have the discretion to increase or decrease the amount of the administrative late fee and/or interest rate within the limits imposed by law; provided, however, that such increase or decrease shall be made effective by amending the Condominium Rules and Regulations and notifying the Owners. Notwithstanding any provision of this Section to the contrary, the Association shall have the right to waive any interest or late fees that accrue as a result of delinquent payment.

(b) Lien for Assessments. The Association shall have a lien against each Unit or Ownership Interest in a Unit as applicable for any unpaid assessments and for interest and late charges accruing thereon, which lien shall also secure reasonable attorneys' fees and costs incurred by the Association incident to the collection of such assessment or enforcement of such lien, whether or not legal proceedings are initiated. The lien is effective from and after recording a claim of lien in the Public Records of Beaufort County, South Carolina stating the legal description of the Unit or Ownership Interest in a Unit, as applicable, the name of the record Owner, the amount claimed to be due and the due dates. The lien shall continue in effect until all sums secured by the lien shall have been fully paid or until such time as is otherwise permitted by law. Such claims of lien shall 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 shall be entitled to a recordable satisfaction of lien, to be prepared by and recorded at such party's expense. All such liens shall be subordinate to any tax lien or mortgage 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 on real property. The Association may also sue to recover a money judgment for unpaid assessments without thereby waiving any claim of lien.

In the event a Mortgagee shall obtain title to a Unit or an Ownership Interest in a Unit as a result of the foreclosure of such mortgage, or in the event such Mortgagee shall obtain title to a Unit or an Ownership Interest in a Unit as the result of a conveyance in lieu of foreclosure of such first mortgage, such

Mortgagee shall not be liable, except to the extent required under the Act, for that share of the Common Expenses or assessments chargeable to the Unit or Ownership Interest in the Unit, or the Owner thereof, which became due prior to the acquisition of title by such Mortgagee, and any such unpaid share of Common Expenses, or assessments, chargeable against any such foreclosed Unit or Ownership Interest in a Unit or against any Unit or Ownership Interest in a Unit transferred in lieu of foreclosure, shall be deemed a Common Expense to be paid in the same manner as other Common Expenses of the Condominium by all of the Owners.

Nothing contained herein shall be construed as a modification of any rights or remedies of the Association related to assessments pursuant to the Act or Chapter 32, except to the extent that the Condominium Documents allow additional remedies to those expressly set forth in said statutes and to the extent that such additional remedies are permitted by said statutes.

(c) Personal Liability for Unpaid Assessments. Each Owner of a Unit is personally liable for all assessments made against the Unit pursuant to this Master Deed and the Act, and the Association may bring an action for a money judgment against a delinquent Owner to collect all sums due the Association, including interest, late charges, costs and reasonable attorneys' fees. In the event a Unit is owned by more than one person or entity such owners shall be jointly and severally liable for all assessments made against the Unit. Purchasers of a Unit shall be jointly and severally liable with the seller for the amounts owing by the latter as provided for in the Act.

(d) Payments of Assessments. No Owner may withhold payment of any monthly assessment or special assessment or any portion thereof because of any dispute which may exist between that Owner and another Owner, the Association, the directors of the Association, 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.

(e) Partial Redemption. In the event that 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 discretion, accept a partial payment from a Cotenant in that Unit, which partial payment shall be deemed to remove the lien as to that Cotenant's Ownership Interest in that Unit. Notwithstanding anything herein to the contrary, the Association's acceptance of a partial payment shall not preclude the Association from enforcing the remaining portion of the lien against the Unit nor shall it preclude the Association from making a special assessment to cover all other unpaid assessments for the Unit.

8.3 Common Surplus. Each Owner shall own a share of the Common Surplus attributable to each Unit owned in accordance with Exhibit "D" attached hereto.

8.4 Refunds of Common Surplus. If the Association shall refund all or a portion of any Common Surplus to the Owners for any fiscal year in which DVD paid any assessment, such refund shall be prorated as of the date of closing of any sale of a Unit or Ownership Interest in a Unit 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 shall be refunded directly to DVD by the Association.

8.5 Certificate. Any Owner and any purchaser of an Owner's interest shall have the right to require from the Association a certificate showing the amount of unpaid assessments against the Owner or the

Owner's interest. The holder of a mortgage or other lien shall have the same right as to any interest upon which it has a lien. Any person who relies upon such certificate shall be protected thereby.

ARTICLE IX

THE ASSOCIATION

The operation of the Condominium shall be by the Association, which shall fulfill its functions pursuant to the following provisions:

9.1 Membership in Association. Each Owner shall become a member of the Association pursuant to the provisions of the Articles of Incorporation and Bylaws of the Association. Each Unit shall have a vote in the Association equal to that Unit's percentage interest in the Common Elements as set forth in Exhibit "D" attached hereto. The vote of the Owner of a Unit shall be cast by its Voting Representative. Where a Unit is owned by more than one Owner, the Cotenants of the Unit shall file a Voting Certificate with the Association, in accordance with the Articles of Incorporation and Bylaws of the Association, setting forth which Cotenant is designated as the Voting Representative for that Unit.

9.2 Articles of Incorporation. A copy of the initial Articles of Incorporation of the Association, which set forth its powers and duties, are attached hereto as Exhibit "B" and are incorporated herein by reference.

9.3 Bylaws. A copy of the initial Bylaws of the Association are attached hereto as Exhibit "C" and are incorporated herein by reference.

9.4 Limitation Upon Liability of Association. Notwithstanding the duty of the Association to maintain and repair portions of the Condominium Property, the Association shall not be liable to Owners for injury or damage, other than for the cost of maintenance and repair, caused by any latent condition of the Condominium Property to be maintained and repaired by the Association, or caused by the elements or other Owners or persons.

9.5 Association Powers Upon Merger; Operation of Other Condominiums. In the event this Condominium is merged, pursuant to Article XX of this Master Deed with another independent and separate condominium to form a single condominium, the Association is expressly empowered to manage and operate the resulting single condominium as provided for in this Master Deed. The Association is also specifically empowered to manage, operate and maintain any other separate and independent condominiums that the Board of Directors shall elect to manage, operate and maintain from time to time in accordance with this Master Deed and the declaration or master deed of condominium of such other separate and Independent condominium.

9.6 Restraint upon Assignment of Shares and Assets. Each Owner's share in the funds and assets of the Association cannot and shall not be assigned, hypothecated or transferred in any manner except as an appurtenance to the Owner's Unit.

9.7 Transfer of Control of Association. Owners other than DVD shall be entitled to elect members of the board of directors of the Association at such times as are prescribed in the Bylaws.

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 South Carolina law or the Condominium Documents to have approval of the board of directors or members of the Association. A copy of the initial agreement for the management of the Association with the Management Company is attached hereto as Exhibit "G." Notwithstanding any provisions contained in this Master Deed to the contrary, it is the intent of this Master Deed that the board of directors of the Association 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 South Carolina law as it is constituted on the date hereof.

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. A copy of the initial agreement for the operation of the Vacation Ownership Plan with DVCMC is attached hereto as Exhibit "H." Notwithstanding any provisions contained in this Master Deed to the contrary, it is the intent of this Master Deed that the board of directors of the Association shall 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, an initial copy of which is attached hereto as Exhibit "I." Notwithstanding any provisions contained in this Master Deed to the contrary, it is the intent of this Master Deed that the board of directors of the Association shall 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 Planned Developments and Other Restrictions. Portions of the Condominium are located within Palmetto Dunes Resort and Shelter Cove, planned developments consisting of residential and commercial areas (the "Planned Developments"). As a part of these Planned Developments, the Hilton Head Island Resort is subject to the covenants, restrictions, conditions and easements contained within the documents for the Planned Developments as well as other covenants, restrictions, conditions and easements of record in accordance with applicable law (the "Other Restrictions"). The Association shall be the Owners' representative in all matters relating to the Planned Developments, the master owners' associations for the Planned Developments and the Other Restrictions. Any assessments assessed by a master owners' association under the Planned Developments' documents and/or any costs incurred under the Other Restrictions shall be deemed a common expense of the Condominium.

9.12 Board of Directors' Authority Respecting DVD Easements and Rights. The board of directors shall not have the authority to grant, modify, terminate or move any easement or right granted to or reserved by DVD, with respect to this Master Deed or the Condominium Property, without the prior approval of DVD.

ARTICLE X

INSURANCE

The insurance other than title insurance, if any, that shall be carried upon the Condominium Property shall be governed by the following provisions:

10.1 Authority to Purchase; Named Insured. All insurance policies upon the Condominium Property shall be purchased by the Association from a fiscally responsible company authorized to do business in the State of South Carolina and shall have a minimum term of one year. The named insured shall be the Association individually and as agent for the Owners, without naming them, and as agent for their Mortgagees. Provisions shall be made for the issuance of Mortgagee endorsements and memoranda of insurance to the Mortgagees of Owners upon request. Such policies shall provide that payments by the Insurer for losses shall be made to the Association or the Insurance Trustee designated below, and all policies and their endorsements shall be deposited with the Association or the Insurance Trustee.

10.2 Personal Property of Owners. If desired, each Owner may obtain insurance coverage upon his or her personal property at the Owner's own expense, and such insurance shall not be the responsibility of the Association.

10.3 Coverage.

(a) Casualty. All buildings and improvements upon the Condominium Property shall be insured in an amount equal to one hundred percent (100%) of the current replacement cost, exclusive of land, foundation and excavation costs, and all other items normally excluded from coverage, and all personal property owned by the Association shall be insured for its current replacement cost, all as shall be determined from time to time by the board of directors of the Association. All such coverage, including the amount thereof and the insurance company issuing same, shall be subject to the approval of the Mortgagee holding the greatest dollar amount of first mortgages against Units and Ownership Interests in the Condominium. Such approval shall be 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. Coverage shall afford protection against:

(1) Loss or damage by fire and other hazards normally covered by a standard extended coverage endorsement;

(2) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the Condominium Property, including all perils normally covered by the standard "all risk" endorsement where such is available, including vandalism and malicious mischief.

(b) Public Liability. Public liability insurance shall be carried in such amounts and with such coverage as shall be required by the board of directors of the Association from time to time; provided, however, that such coverage shall in no event be in an amount less than Three Million Dollars (\$3,000,000.00) per occurrence. Wherever and whenever it is possible and economically feasible to do so, the board of directors shall attempt to obtain adequate insurance protection in reasonably prudent coverages. Except as required herein, nothing in this Master Deed shall be construed to require the board of directors to obtain such coverage as a condition precedent to the Association conducting business.

(c) Worker's Compensation. Worker's compensation insurance shall be carried to the extent necessary to meet the requirements of law.

(d) Fidelity Bond. At a minimum, fidelity insurance coverage shall be carried in the name of the Association for all persons who control or disburse funds of the Association. As used in this Section, the term "all persons who control or disburse funds of the Association" shall mean those persons authorized to sign Association checks, and the president, secretary and treasurer of the Association.

(e) Flood Insurance. If and in the event 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"), the Association shall obtain and pay, as a Common Expense, the premiums upon a "master" or "blanket" policy of flood insurance on the buildings and any other Condominium Property covered by the required form of policy (herein "insurable property"), in an amount deemed appropriate, but not less than the lesser of:

- (1) 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
- (2) One hundred percent (100%) of current "replacement cost" of all such buildings and other insurable property.

Such policy shall be in a form which meets the criteria set forth in the most current Guidelines on the subject issued by the Federal Insurance Administration.

(f) Business Interruption. If obtainable and economically feasible, the board of directors of the Association may obtain business interruption or loss of use insurance, on all Vacation Homes located within each Unit. The named insured shall be the Association individually and as agent for the Owners, without naming them, and as agent for the Mortgagees as their interests may appear.

(g) Other. Such other insurance may be carried as the board of directors of the Association shall determine from time to time to be desirable.

10.4 Premiums. Premiums upon 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 shall be for the benefit of the Association, the Owners, and any Mortgagees as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to the Association or to a named

Insurance Trustee (hereinafter referred to as the "Insurance Trustee") if the board of directors shall so elect. All references to an Insurance Trustee herein shall apply to the Association if the board of directors elects not to appoint an Insurance Trustee. Any Insurance Trustee shall be a commercial bank with trust powers authorized to do business in South Carolina or another entity acceptable to the board of directors of the Association. The Insurance Trustee (other than the Association) shall not be liable for payment of premiums or for the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes stated herein 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:

(a) Proceeds on Account of Damage to Common Elements and Limited Common Elements and Units. Proceeds on account of damage to Common Elements and Limited Common Elements, when such Common Elements and/or Limited Common Elements are not to be restored, shall be held in undivided shares for each Owner, such share being the same as the undivided share in the Common Elements and Limited Common Elements appurtenant to each Unit.

(b) Units. Proceeds on account of damage to Units when the Unit is not to be restored, shall be held in undivided shares for each Owner of those Units or Unit, such share being the same as the undivided share in the Common Elements appurtenant to each Owner's interest.

(c) Mortgagees. In the event a Mortgagee endorsement has been issued, any share for the Owner shall be held in trust for the Mortgagee and the Owner as their interests may appear; provided, however, that no Mortgagee shall have the right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any Insurance proceeds except distributions of such proceeds made to the Owner and Mortgagee pursuant to the provisions of this Master Deed. Notwithstanding the foregoing, the Mortgagee shall have 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 in the event the damaged property is not reconstructed or repaired as permitted under this Master Deed.

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

(a) All expenses of the Insurance Trustee shall be paid first or provisions made for such payment.

(b) If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as provided herein. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners, remittances to Owners and any Mortgagees being payable jointly to them. This is a covenant for the benefit of, and may be enforced by, any Mortgagee.

(c) If it is determined in the manner provided herein that the damage for which proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial owners, remittances to Owners and any 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) shall be disbursed to affected Owners for their share of the non-reconstructed or replaced Unit resulting in their withdrawal from participation in 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 Cotenant to Vacation Home Ratio.

(d) In making distribution to Owners and any Mortgagees, the Insurance Trustee may rely upon 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 hereby irrevocably appointed agent and attorney-in-fact for each Owner, to adjust all claims arising under the insurance policies purchased by the Association and to execute and deliver releases upon the payment of a claim.

ARTICLE XI

RECONSTRUCTION OR REPAIR AFTER CASUALTY OR EMINENT DOMAIN

11.1 Obligation to Reconstruct or Repair. If any part of the Condominium Property shall be damaged or destroyed by casualty, whether it be Unit, Vacation Home, Common Element, Limited Common Element or Association Property, the Association shall have 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 and, in the event such proceeds are insufficient, to impose a special assessment as provided for in Section 11.4 below. Notwithstanding the forgoing, the damaged Condominium Property will not be reconstructed, replaced or repaired in the event of one of the following:

(a) It is determined that the Condominium shall be terminated in accordance with Article XVII below; and/or

(b) Such reconstruction, replacement or repair is prohibited under applicable law.

The Insurance Trustee may rely upon 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 substantially in accordance with the plans and specifications for the damaged property as originally constituted, or in lieu thereof, according to the plans and specifications approved by the board of directors of the Association, DVD and in accordance with the provisions of 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 shall obtain reliable and detailed estimates of the cost to rebuild, replace or repair.

11.4 Assessments. 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 upon 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 shall be made against all Owners in sufficient amounts to provide funds for the payment of such costs. Such special assessments shall 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 shall consist of proceeds of insurance held by the Association or the Insurance Trustee and funds collected by the Association through assessments against Owners, shall be disbursed in payment of such costs in the following manner:

(a) 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 Fifty Thousand Dollars (\$50,000.00), then the sums paid upon such assessments shall be deposited by the Association with the Insurance Trustee (if other than the Association). In all other cases the Association shall hold the sums paid upon such assessments and disburse them in payment of the costs of reconstruction, replacement or repair.

(b) 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, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction, replacement or repair in the following manner and order:

(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 Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be disbursed in payment of such costs upon the order of the board of directors of the Association; provided however, that upon request by a Mortgagee that is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided for the reconstruction, replacement or repair of major damage.

(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 Fifty Thousand Dollars (\$50,000.00), then the construction fund shall be applied by the Insurance Trustee to the payment of such costs, and shall be 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 shall make payments upon 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 shall 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, materialmen's or similar lien

upon such work against the Common Elements 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 hands of the Insurance Trustee after the payment of the sum so requested.

(3) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction, replacement or repair shall 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 shall be distributed to the beneficial owners of the fund; except, however, that only those portions of distribution to the beneficial owners in excess of assessments paid by an Owner to the construction fund shall be made payable to any Mortgagee.

(4) Certificate. Notwithstanding the provisions of this Master Deed, the Insurance Trustee shall not be required to determine whether sums paid by the Owners upon assessments shall be deposited by the Association with the Insurance Trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the Association or approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund nor to determine the payee nor the amount to be paid. Instead, the Insurance Trustee may rely upon 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 shall 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 shall 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 hereby empowered to defend and/or settle any action or threatened action with respect to the taking in condemnation of any portion of the Common Elements or any Unit or portion of any Unit. Upon obtaining knowledge of such action or threatened action, the Association shall notify all affected Mortgagees of record of same.

(a) Common Elements and Limited Common Elements. Any award or settlement made as a result of such a taking of all or a portion of the Common Elements or Limited Common Elements shall be made payable to the Association. The board of directors shall be responsible for arranging for the reconstruction, replacement or repair of the Common Elements or Limited Common Elements and shall disburse such of the proceeds of such award or settlement as shall reasonably be necessary to effect such reconstruction, replacement or repair to the contractors engaged for such purpose in appropriate progress payments. The balance of such proceeds, or all of such proceeds, shall be disbursed by the Association in the same manner as insurance proceeds under Section 10.6 above.

(b) 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 shall be deemed a taking of the entire Unit, and any award or settlement shall be made on the basis of the taking in condemnation of the entire Unit. Under such circumstances, all interests in any such Unit shall be deemed conveyed to the governmental or other entity responsible for the taking and the Unit shall cease to be part of the Condominium

Property. Any award or settlement for the taking in condemnation of a Unit shall be made payable to the Association for the benefit of the Owners thereof 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, shall 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 Cotenant to Vacation Home Ratio. In no event shall the interruption of use be deemed to relieve affected Owners from any obligation to pay assessments due under this Master Deed 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(f) above, such insurance proceeds shall be used to secure replacement accommodations and/or related facilities for Owner use during any reconstruction, replacement or acquisition period. In the event that the Association has not acquired business interruption insurance, the board of directors, in its sole discretion, shall have the right to secure, at the Association's expense, alternate accommodations and/or related facilities for Owner use during any reconstruction, replacement or acquisition period. Should the board of directors determine to use Association funds to acquire alternate accommodations and/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 shall be in proportion to the Owners' respective obligations for Common Expenses.

ARTICLE XII

USE RESTRICTIONS

The use of the Condominium Property shall be in accordance with the following provisions as long as the Condominium exists:

12.1 Personal Use. Except for Units owned by the DVD, which may be utilized as provided in this Master Deed, each of the Vacation Homes shall be occupied only as vacation accommodations. Use of the accommodations and recreational facilities of the Condominium is limited solely to the personal use of Owners or Cotenants, their lessees, guests, exchangers and invitees and for recreational uses by corporations and other entities owning Ownership Interests in a Unit. Use of Vacation Homes and recreational facilities 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 or other occupancy by a Cotenant that the Association, in its reasonable discretion, could conclude constitutes a commercial enterprise or practice. No Vacation Home in any Unit may be divided or subdivided into a smaller Vacation Home. The provisions of this Section 12.1 shall not apply to Commercial Units.

12.2 Common Elements and Limited Common Elements. The Common Elements and Limited Common Elements shall be used only for the purposes for which they are intended as contemplated under this Master Deed, including use in the furnishing of services and facilities for the enjoyment of the personal use of the Owners.

12.3 Nuisances. No nuisance shall be allowed upon the Condominium Property or 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 nor any fire hazard allowed to exist. No Owner shall permit any use of a Vacation Home or make or permit any use of the Common Elements that will increase the cost of insurance upon the Condominium Property.

12.4 Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or 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 or a Unit or a Vacation Home shall be the same as the responsibility for the maintenance and repair of the property concerned.

12.5 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 to DVD to place and maintain "For Sale" or "For Rent" signs on the Condominium Property for as long as it may have Units or Ownership Interests in the Condominium or any other DVC Resort to sell, and except as permitted by the board of directors from time to time.

12.6 Bicycles and Motorcycles. Bicycles and motorcycles shall not be stored on the Condominium Property except in such areas 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 of directors of the Association in the manner provided by its Articles of Incorporation and Bylaws. A copy of the Initial Condominium Rules and Regulations is attached hereto as Exhibit "F."

12.8 DVD's Use. DVD may make such use of the Common Elements, the Units and the Vacation Homes as it determines and as may facilitate the sale of Units or Ownership Interests in the Units in the Condominium or other DVC Resorts by DVD, including showing of the property and the display of signs and other promotional devices.

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

12.10 Antennas. No antennas 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. No electrical or other equipment may be operated on the Condominium Property which interferes with television signal reception.

12.11 Decoration of Units or Vacation Homes. No Owner shall alter the furnishings, appliances, personal property or decor of any Unit or any Vacation Home in a Unit without the prior written consent of the board of directors of the Association. The Association shall determine the interior color scheme, decor and furnishings of each Unit and each Vacation Home as well as the proper time for redecorating and renovating the Unit and its contents.

12.12 Description of the Disney Vacation Club and the Vacation Ownership Plan.

Membership in the Disney Vacation Club is an appurtenance to each Ownership Interest 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.

(a) The Vacation Ownership Plan and the Home Resort Reservation Component. A Vacation Ownership Plan will be created with respect to Units in the Condominium. Notwithstanding the specific Unit in which an Owner has an Ownership Interest, it is the express intent of this Master Deed, which intent is consented to by each Owner through acceptance of a conveyance hereunder, that all Units committed to the Vacation Ownership Plan shall be available for use by all Owners of Ownership Interests in 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 Master Deed and the Membership Agreement, an initial copy of which is attached as Exhibit "H."

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 shall have the right to amend the terms and conditions of the Membership Agreement from time to time as set forth therein.

In the event that 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 shall have 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 Units and Vacation Homes among all of the Cotenants shall be determined. In addition, in the event that 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 shall cease using and thereafter abstain from using any and all personal property belonging to or utilized by 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.

The term of the Vacation Ownership Plan shall be the term of this Condominium, and the Vacation Ownership Plan shall automatically terminate upon the termination of the Condominium. In the event that the term of the Condominium is extended in accordance with Section 17.2 below, the term of the Vacation Ownership Plan shall also be extended for the additional term, unless the Condominium is sooner terminated in accordance with this Master Deed. DVD reserves the right to declare Units to the horizontal property regime without committing such Units to the Vacation Ownership Plan.

(b) DVC Reservation Component. This Condominium is a DVC Resort entitling Owners of Ownership Interests in 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, an initial copy of which is attached as Exhibit "I." Under the terms of the DVC Resort Agreement, owners at any DVC Resort will be

able to access the DVC Reservation Component and utilize 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 at the Condominium shall have 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. 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 at the Condominium 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.

The term of this Condominium's participation in the DVC Reservation Component will continue until January 31, 2042, unless sooner terminated in accordance with the terms and conditions of the DVC Resort Agreement. In the event that the term of this Condominium is extended pursuant to Section 17.2 below, the Condominium's participation in the DVC Reservation Component shall automatically be extended for the additional term, unless sooner terminated in accordance with the terms and conditions of the DVC Resort Agreement.

12.13 Right of Occupancy - Holdover Owners. In the event any Owner, his or her lessees, guests, exchangers and invitees fails to vacate a Vacation Home at the expiration of any reserved use period each year, as may be required by the rules and regulations governing occupancy of the Vacation Home, such person shall be deemed a "holdover owner." 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 reserved use period who may be affected by the holdover owner's failure to vacate, in finding alternate accommodations during such holdover period.

(a) In addition to such other remedies as may be advisable to it, the Association shall have 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 the failure to vacate of any holdover owner. Such accommodations shall be as near in value as possible to the Vacation Home reserved. 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 Fifty Dollars (\$50.00) per day 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 Fifty Dollars (\$50.00) 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 Section. 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 if required under applicable law.

(c) The foregoing provisions shall 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 shall not limit the Association's right to take any action permitted by South Carolina law against trespassers who are not Owners.

12.14 No Domiciliary Intent. No person or party may enter, stay or dwell upon or about the Condominium Property with the intent or desire to be or become legally domiciled in the State of South Carolina or any political subdivision thereof merely as a result of such entrance onto or occupation of the Condominium Property, and all such persons or parties shall and do hereby waive, release and remise any such intent or desire. No person or party may enter, stay or dwell upon 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 shall maintain a principal dwelling at all times at a location other than within the confines of the Condominium Property.

12.15 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 of directors of the Association from time to time.

ARTICLE XIII

ALIENABILITY OF UNITS OR OWNERSHIP INTERESTS

13.1 Alienability Restrictions: DVD's Right of First Refusal to Purchase. The right of an Owner or Cotenant to sell, transfer, assign or hypothecate his or her Unit or Ownership Interest in a Unit shall not be subject to the approval of the Association. Accordingly, a proper transfer or conveyance of such Unit or Ownership Interest shall not require the written approval of the Association. However, in the event an Owner or Cotenant desires to sell, transfer, assign or hypothecate his or her Unit or Ownership Interest in a Unit, DVD shall have 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, each Owner or Cotenant desiring to sell his or her Unit or Ownership Interest in a Unit must notify DVD in writing no less than thirty (30) days in advance of the proposed closing date of his or her intent to sell and must include a copy of the proposed transaction reduced to writing in all respects. Upon receipt of such written notice, DVD shall determine prior to the proposed closing date whether DVD decides to exercise its right of first refusal set forth herein. If DVD elects to exercise its right of first refusal, DVD shall notify the Owner or Cotenant in writing of such election, and the purchase by DVD shall be closed on or before the proposed closing date. If DVD fails to notify the Owner or Cotenant of its election to exercise such right of first refusal prior to the proposed closing date the Owner or Cotenant may proceed to close on his or her transaction with such bona fide third party. In any and all events, membership in the Disney Vacation Club, in accordance with this Master Deed, and DVD's right of first refusal as set forth above shall always be a requirement of any successor in title to an Owner or Cotenant, the same being covenants running with the land and the membership being an appurtenance to each Condominium Parcel. **In addition, pursuant to Section 27-31-200 of the Act, any permitted sale between an Owner or cotenant and a bona fide third party shall be deemed to contain a provision requiring that any sums due to the Association as assessments as well as liens and charges for unpaid past due taxes and payments due under mortgage instruments or encumbrances duly recorded must be paid in full as a condition of closing of the sale.**

13.2 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 Master Deed, as well as the Articles of Incorporation, Bylaws, the Condominium Rules and Regulations and the rules and regulations of the Disney Vacation Club. In the event an Owner or Cotenant fails to secure a written leasing rental agreement, the Association shall have the right to request the lessee-sublessee-tenant 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 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.**

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

ARTICLE XIV

RIGHTS OF DVD

Notwithstanding anything in this Master Deed to the contrary, and in addition to any other rights which may be reserved to DVD herein, DVD shall have 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 in a Unit so long as DVD owns the entire Unit so changed and altered, and provided such change shall be reflected by an amendment to this Master Deed. Such an amendment for such purpose shall be signed and acknowledged 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 shall be made by DVD which would conflict with the provisions of the Act and Section 16.3 below.

14.2 Sharing of Recreational Facilities and Other Common Areas. The Developer also reserves the right to unilaterally amend this Master Deed to provide for the sharing of the recreational facilities and other common areas of this Condominium with the owners of units in other resorts or condominiums located adjacent to or in near proximity to this Condominium, including the granting of any ingress and egress easements necessary to effectuate same; provided, however, that in event that this Master Deed is so amended, such other resort or condominium owners shall be required to share with the Owners of this Condominium any recreational facilities and common areas existing as a part of their resort or condominium; and provided further, however, that the owners at each resort or condominium shall bear their pro rata share of the costs of maintaining all such shared facilities and common areas.

ARTICLE XV

COMPLIANCE AND DEFAULT

15.1 Compliance and Default. Each Owner shall be governed by and shall comply with the terms of the Condominium Documents, as they may be amended from time to time. Pursuant to Section 27-31-170 of the Act, failure of an Owner to comply with the provisions of the Condominium Documents shall be grounds for a civil action by the Association or other Owners to recover sums due for damages or any and all legal and equitable remedies for the enforcement of such provisions, including 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 Master Deed, the Membership Agreement and the DVC Resort Agreement. All provisions of the Condominium Documents shall be enforceable equitable servitudes and shall run with the land and shall be effective until the Condominium is terminated.

15.2 Costs and Attorneys' 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 shall be entitled to recover the costs of the proceeding, and recover such reasonable attorneys' fees as may be awarded by the Court, including all appeals and all proceedings in bankruptcy.

15.3 No Waiver of Rights. The failure of the Association or any Owner to enforce any covenant, restriction or other provision of the Act, Chapter 32 or the Condominium Documents shall not constitute a waiver of the right to do so thereafter.

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 Master Deed, shall be governed by, and shall be construed in accordance with, the laws of the State of South Carolina. 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 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 others concerning the interpretation, construction, validity, enforcement or performance of the Condominium Documents or any other agreement or instrument executed in connection with this Master Deed. 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 Court of Common Pleas of the Fourteenth Judicial Circuit of South Carolina, 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 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.

ARTICLE XVI

AMENDMENTS

16.1 By Owners. This Master Deed 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. Each such amendment of this Master Deed shall be evidenced by an instrument in writing, signed and acknowledged by any two (2) officers of the Association, setting forth in full the text of such amendment, the appropriate recording data of this Master Deed and certifying that such amendment has been approved by the affirmative vote of a majority of the total votes eligible to be voted. Said amendment shall become effective upon the recording of said instrument in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina. No amendment which materially affects the rights and privileges of DVD shall become effective unless and until approved, in writing, by DVD. Furthermore, the Owners shall have no power to enact any amendment to this Master Deed 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.

16.2 By DVD. DVD reserves the right, so long as it owns an Ownership Interest, to unilaterally amend this Master Deed as it may deem appropriate in its sole discretion or as may be required by any lending institution, title insurance company or public body or as may be necessary to conform the same to the requirements of law or to facilitate the operation and management of the Condominium or the Disney Vacation Club or the sale of Ownership Interests in the Condominium. Any amendments to this Master Deed which may be unilaterally made by DVD shall become effective upon the recording in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, of an instrument executed solely by DVD, setting forth the text of such amendment in full, together with the appropriate recording data of this Master Deed. No amendment of this Master Deed permitted to be unilaterally made by DVD shall be permitted if such amendment would prejudice or impair to any material extent the rights of any Owner or any Mortgagee of record.

ARTICLE XVII

TERMINATION

The Condominium may be terminated in the following manners, in addition to the manner provided by the Act:

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

17.2 Expiration of Term for Years. Upon the expiration of the term for years interest underlying this Condominium, title to the property declared to this Condominium shall automatically pass to LBVC, as the owner of the remainder interest in the property described in the Deeds, and this Condominium shall automatically terminate and all Owners' interests therein and all Mortgagee liens thereon shall terminate. Upon the expiration of the term

for years and in the event that DVD is conveyed a new term for years interest or otherwise leases the property underlying this Condominium, DVD may unilaterally elect to continue the Condominium for an additional term as evidenced by the recording of an amendment to the Master Deed. In the event that DVD elects to continue the Condominium for an additional term as contemplated in this Section and at the election of DVD, all rights and obligations of Owners as set forth in this Master Deed shall continue in full force and effect for the duration of the extended term.

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

17.4 Certificate. Termination of the Condominium in either any of the foregoing manners shall be 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 Office of the Register of Mesne Conveyances for Beaufort County, South Carolina.

ARTICLE XVIII

PHASE DEVELOPMENT

18.1 Description of Phasing. It is the intention of DVD to develop the Condominium in stages in accordance with the Act. The proposed phasing plan including the proposed phasing order is set forth in Exhibit "E" attached hereto and incorporated herein by this reference. The Common Expense, Common Surplus and Common Element ownership reallocation caused by the proposed phasing plan is set forth in Exhibit "D" attached hereto and by this reference incorporated herein. DVD reserves the right to submit phases to condominium use in any sequence.

18.2 Minimum and Maximum Numbers and General Size of Units; Reservation of Right to Change Unit Size. The minimum and maximum number of residential and Commercial Units in each phase is set forth in Exhibit "E" attached hereto.

18.3 Land. The land which may ultimately become part of the Condominium is described in Exhibit "A" and each phase that may be declared to the Condominium is generally delineated in Exhibit "A." Any phase legal description utilized by DVD is for convenience of identifying proposed phases only, and once a phase has been declared to the Condominium, the separate phase legal description shall be subsumed in the overall legal description of the Condominium Property as then constituted and shall not have separate identity.

DVD reserves the right to make changes in the legal description of any phase prior to the addition of that phase to the Condominium. Phase boundary lines may also be adjusted to reflect actual topography and actual completed structures. All such adjustments shall be reflected in "as built" surveys at such time as a proposed phase is declared to the Condominium and shall be deemed to be non-material changes.

18.4 Recreational Areas and Facilities.

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF THE PURCHASERS OR THE ASSOCIATION(S).

DVD does not intend to declare any recreational areas and/or facilities to the Condominium other than those areas and/or facilities contained in Phases I, V and XIX and described in the attached Exhibit "A." DVD expressly reserves the right to add additional recreational areas and/or facilities, including such recreational areas and/or facilities described in the attached Exhibit "E," in any phase without the consent of Owners. Any additional recreational areas and/or facilities shall be constructed at DVD's sole expense and shall be comparable in size, quality, type and location relative to Units and other recreational areas and/or facilities as those constructed on the Condominium Property. Upon declaration of the phase containing the additional recreational area and/or facility as part of the Condominium, the same shall become Common Elements of the Condominium.

18.5 Impact of Phasing; Change in Ownership of Common Elements and Common Surplus and Share of Common Expenses. The impact, if any, which the completion of subsequent phases would have on the Condominium would be to increase the number of Units and the number of Owners in the general area. The change in ownership of Common Elements and Common Surplus and the change in the share of Common Expenses attributable to each Unit by the addition of subsequent phases shall be determined in accordance with the formula set forth in Exhibit "D" attached hereto.

In the event that DVD declares Phase V or Phase XIX to the Condominium, such Phases shall contain additional Common Elements available for recreational use by the Owners, which Common Elements may include a swimming pool, pool deck, paved parking spaces, tot lot, community-use rooms, restrooms, changing rooms, pool baths and boat slips. If DVD declares either of these phases to the Condominium, the addition of the Common Elements might substantially increase the proportionate amount of the Common Expenses payable by existing Owners. If DVD declares Phase XIX to the Condominium, the Association shall be responsible for any maintenance costs or other expense associated with the boat slips. DVD specifically reserves the right not to submit Phase V or Phase XIX to the Condominium.

18.6 Completion of Phases. DVD will submit each successive phase, if at all, to condominium ownership in its sole discretion. The estimated dates of completion of all phases are set forth on Exhibit "E" attached to this Master Deed, although DVD reserves the right not to submit any or all of the subsequent phases to condominium ownership. DVD also specifically reserves the right to amend this Master Deed, without the approval of the Owners, for the purpose of changing the estimated completion dates of any phase.

18.7 Association Membership and Voting. Each Unit in each phase shall be entitled to vote in the Association equal to that Unit's percentage interest in the Common Elements as set forth in attached Exhibit "D." The vote of the Owner of a Unit shall be cast by its Voting Representative. Where a Unit is owned by more than one owner, the Cotenants of the Unit shall file a Voting Certificate with the Association, in accordance with the Bylaws of the Association, setting forth which Cotenant is designated as the Voting Representative for that Unit.

18.8 Disney Vacation Club and Vacation Ownership Plan. It is DVD's intent to create the Vacation Ownership Plan with respect to Units in every phase. The degree, quantity, nature and extent of the Vacation

Ownership Plan is described above. Phases declared to this Condominium shall also be subject to the terms and conditions of the DVC Resort Agreement as described above.

18.9 Amendment. Phases may be added to this Condominium by the execution of an amendment to this Master Deed executed by DVD, its successors or assigns only, and such amendment shall not require the execution or consent of any Owners other than DVD.

ARTICLE XIX

CONDOMINIUM AND NON-CONDOMINIUM SHARED USE

19.1 Condominium Property and Non-Condominium Property. Units, Common Elements and/or Limited Common Elements comprising all or a portion of the Condominium, may, from time to time, be located in buildings or on property that has not been declared to the Condominium ("Non-Condominium Property") requiring shared use of utilities and support structures serving both the Non-Condominium Property and the Condominium Property, including interior hallways, entrance-ways, elevators, stairs, fire escapes, load-bearing walls, party walls, roofs, pipes, wiring, conduits, plumbing, support beams, and other integral structural facilities (the "Support Facilities"). Neither the Association nor any Owner shall have ownership rights or other use rights in Non-Condominium Property by virtue of their ownership or use rights in any Support Facility or the Condominium Property in general, except as set forth in this Master Deed or the Master Declaration. The owner of the Non-Condominium Property shall have the right to restrict the use of Non-Condominium Property from time to time in its sole discretion, and all income of every kind or nature derived by such owner through the use, rental, sale or services rendered by, through or from Non-Condominium Property shall be the property of that owner. Neither the Association nor any Owner shall have any right to participate in such income generation, nor shall the owner of the Non-Condominium Property be required to contribute toward the maintenance assessment or Real Estate Taxes assessed against the Association or any Owner.

19.2 Easements. Easements are reserved to DVD and granted to the owners of the Non-Condominium Property, the Association and the Owners, their respective successors, assigns, agents, licensees, guests and invitees across, under and through the applicable portions of the Condominium Property and Non-Condominium Property as are necessary and reasonable for support, ingress and egress and for the installation, maintenance, repair, replacement and/or operation of all Support Facilities. An easement of use and occupancy is reserved to DVD and granted to the owners of the Non-Condominium Property, the Association and the Owners, their respective successors, assigns, agents, licensees, guests and invitees as to any encroachment of adjoining Condominium Property or Non-Condominium Property across Condominium Property and Non-Condominium Property lines caused by the settlement or movement of a building or structure or caused by inaccuracies in the survey and plot plan attached as Exhibit "A" hereto or to any amendment to this Master Deed, and such easement shall continue until such encroachment no longer exists without regard to whether such encroachments occur in that portion designated as Condominium Property or that portion designated as Non-Condominium Property.

19.3 Maintenance, Repair and Replacement. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding the sharing of common areas (e.g., party walls) and liability for property damage due to negligence or willful acts or omissions shall apply thereto:

(a) The cost of reasonable repair and maintenance of the Support Facilities shall be shared by the owner of the Non-Condominium Property and the Association, in the form of a Common Expense, in proportion to the square footage area owned each of the parties and affected by this Section, or in such other manner as may be agreed to by the parties from time to time.

(b) Any Support Facility that is partially or totally destroyed or damaged must be repaired or reconstructed. The owner of the Support Facility shall have the responsibility to make such necessary repairs or to complete reconstruction, and the other party shall contribute to the cost of repair or restoration thereof in proportion to the square footage area owned by each of the parties and affected by this Section, or in such other manner as may be agreed to by the parties from time to time, without prejudice, however, to the right of a party to call for a larger contribution under any rule of law regarding liability for negligent or willful acts or omissions.

(c) The Support Facilities shall not be permitted to become in such a state of disrepair that the structural integrity of a common building or structure is jeopardized or that the appearance of the Support Facilities or common building or structure becomes inconsistent with the surrounding area. Notwithstanding any other provisions of this Article, any party who by its negligent or willful act causes the Support Facilities to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(d) The right of any party to contribution from any other party under this Article shall be appurtenant to the land and shall pass to such party's successors in title.

(e) No structural improvements or alterations to Support Facilities may be made by the owner of the Non-Condominium Property, the Association or any Owner which will jeopardize the structural integrity of a common building or structure.

(f) If it is necessary to obtain a blanket insurance policy as to any Support Facility or common building or structure, the owner of the Non-Condominium Property and the Association, as agent for the Owners and their respective Mortgagees, shall be named as loss payees as their respective interests may appear. Such insurance policy shall insure against loss or damage caused by fire and other hazards normally covered by a standard extended coverage endorsement and such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the Condominium Property, including all perils normally covered by the standard "all risk" endorsement where such is available, including vandalism and malicious mischief. Public liability insurance shall also be acquired in a minimum amount of Three Million Dollars (\$3,000,000.00) per occurrence.

19.4 Disputes. In the event of a dispute as to the cause of damage or as to the cost of replacement, repair or maintenance of any Support Facility, 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. In the event of any dispute arising concerning the Support Facilities or the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall collectively choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators which decisions shall be binding on the parties.

ARTICLE XX**MERGER**

This Master Deed, the Association and the Common Elements of this Condominium described herein may be merged with the master deed, master lease or declaration of condominium, condominium association and common elements of another independent and separate condominium to form a single condominium with the consent of majority of the total number of voting interests and with the approval of all of the record owners of liens on the Units. In the event such consent and approval is obtained, a new or amended master deed, master lease, 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 share the Common Expenses and own the Common Surplus and Common Elements in order to create a consolidated single condominium.

ARTICLE XXI**COMMERCIAL UNITS**

21.1 **Commercial Unit Rights and Ownership.** Commercial Unit owners shall be entitled to all of the rights and benefits otherwise provided to Owners under this Master Deed. Commercial Units shall share in the Common Expenses and the Common Surplus in accordance with Exhibit "D" attached hereto; furthermore, the owner of a Commercial Unit shall be solely responsible for all expenses of maintaining, repairing and operating the Commercial Unit. In addition to all appurtenances, easements and other benefits passing with Units as provided hereunder, the Commercial Units shall each have as an appurtenance thereto the following perpetual nonexclusive easements for the use and benefit of the Commercial Unit owners, their successors and assigns, social guests, lessees, licensees and invitees:

(a) an easement for ingress and egress over all Common Elements of the Condominium as the same may exist from time to time for such purposes as permitted by law, including such commercial activities that the Commercial Unit owner may engage in from time to time; and

(b) an easement for maintenance, repair, replacement, removal and relocation of any items necessary for use of the Commercial Units as permitted herein.

21.2 **Rights of Owners of Commercial Units.** A Commercial Unit owner may, in its sole discretion and without the consent of any Owner or the Association, subdivide its Commercial Unit, sell or lease all or a portion of the Commercial Unit, or use the Commercial Unit for any lawful use that is not prohibited by South Carolina law.

ARTICLE XXII

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 shall not affect the validity of the remaining portions.

IN WITNESS WHEREOF, DVD has executed this Master Deed this 15th day of September, 1995.

WITNESSES

"DVD"

DISNEY VACATION DEVELOPMENT, INC., a Florida corporation

Christie Sutherland

Print Name: Christie Sutherland

By: Kenneth N. May

Print Name: Kenneth N. May

Deborah Fox

Print Name: Deborah Fox

As its: Senior Vice-President



STATE OF Florida)

PROBATE

COUNTY OF Osceola)

PERSONALLY appeared before me Christie Sutherland, who, on oath, says that s/he saw the within named Disney Vacation Development, Inc., a Florida corporation, by its officers sign and seal the within Master Deed, and as its act and deed, deliver the same, and that she with Deborah Fox, witnessed the execution thereof.

SWORN before me this 15th day of Sept., 1995.

Leigh A Nieman (L.S.)
Notary Public for Florida

My Commission Expires: May 19, 1996



LEIGH A NIEMAN
My Commission CC343594
Expires May, 19, 1996

EXHIBIT A TO
 MASTER DEED ESTABLISHING
 DISNEY VACATION CLUB AT HILTON HEAD ISLAND
 HORIZONTAL PROPERTY REGIME

OVERALL LEGAL DESCRIPTION

All that certain piece, parcel or tract of land shown and described as 15.86 acres on a plat entitled, "PARCEL 20, PHASE I, SHELTER COVE BEING A PORTION OF PALMETTO DUNES RESORT, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA," dated April 9, 1986, last revised December 16, 1993, prepared by Hussey, Gay & Bell, Consulting Engineers, Savannah, Georgia, certified by James M. Sims, S.C.R.L.S. No. 13169, and recorded in the RMC Office for Beaufort County, South Carolina in Plat Book 48 at Page 110.

AND ALSO, all that certain piece, parcel or lot of land (together with the 15.86 acre parcel described above hereinafter referred to as "Parcel I") located between the mean high water line of the marsh and the northernmost property line of the aforementioned 15.86 acre parcel shown on the plat entitled, "PARCEL 20, PHASE I, SHELTER COVE BEING A PORTION OF PALMETTO DUNES RESORT, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA," dated April 9, 1986, last revised December 16, 1993, prepared by Hussey, Gay & Bell, Consulting Engineers, Savannah, Georgia, certified by James M. Sims, S.C.R.L.S. No. 13169, and recorded in the RMC Office for Beaufort County, South Carolina in Plat Book 48 at Page 110 (the "Parcel I Survey").

AND ALSO, all that certain piece, parcel or tract of land containing 3.41 acres and shown and described as "Parcel A" on a plat entitled "PLAT OF A 3.79 ACRE PORTION OF PALMETTO DUNES RESORT, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA," dated December 15, 1993, prepared by Hussey, Gay & Bell, Consulting Engineers, Savannah, Georgia, certified by James M. Sims, S.C.R.L.S. #13169, and recorded in the RMC Office of Beaufort County, South Carolina, in Plat Book 48 at Page 111 (the "Parcel II Survey").

AND ALSO, all that certain piece, parcel or lot of land (together with the 3.41 acre parcel described above hereinafter referred to as "Parcel II") located between the mean high water line of the Atlantic Ocean and the southeasternmost property line of Parcel "A" as shown on that certain plat entitled "PLAT OF A 3.79 ACRE PORTION OF PALMETTO DUNES RESORT, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA," dated December 15, 1993, prepared by Hussey, Gay & Bell, Consulting Engineers, Savannah, Georgia, certified by James M. Sims, S.C.R.L.S. #13169, and recorded in the RMC Office of Beaufort County, South Carolina, in Plat Book 48 at Page 111.

AND ALSO, those certain boat slips described as follows: boat slips located at Dock "L" in the Marina at Shelter Cove, Hilton Head Island, South Carolina and generally identified as follows: boat slip number 1 containing thirty-six (36') linear feet, boat slip numbers 3, 5, 7, and 9 each containing forty (40') linear feet, and boat slip number 11 containing forty-eight (48') linear feet.

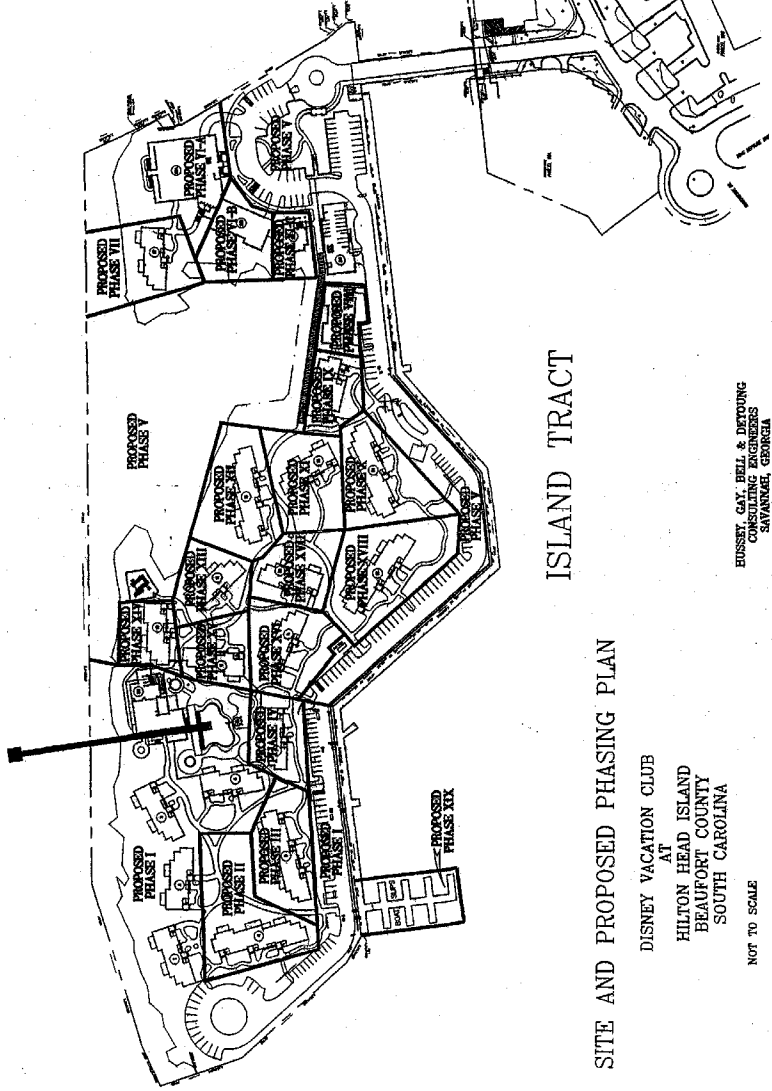
AND ALSO, a non-exclusive easement for ingress and egress across all those certain pieces parcels or tracts of land situate, lying and being in Hilton Head Island, Beaufort County, South Carolina as described in that certain Grant of Easements and Agreement recorded in the RMC Office for Beaufort County, South Carolina in ORB 682 at Page 388 subject to the conditions and limitations of said Agreement and any requirements of this Master Deed.

Parcel I being the same property conveyed to Disney Vacation Development, Inc., and Lake Buena Vista Communities, Inc., by deeds of Greenwood Development Corporation dated January 31,

1994 and recorded in Deed Book 682 at Page 345 and Page 374 in the RMC Office of Beaufort County, South Carolina.

Parcel II being the same property conveyed to Disney Vacation Development, Inc., and Lake Buena Vista Communities, Inc., by deeds of Greenwood Development Corporation dated January 31, 1994 and recorded in Deed Book 682 at Page 349 and Page 342 in said RMC Office.

THIS OVERALL LEGAL DESCRIPTION IS A PORTION OF EXHIBIT "A" TO THE MASTER DEED ESTABLISHING DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME. THE PURPOSE OF THIS DESCRIPTION IS TO DESCRIBE THE LAND WHICH ULTIMATELY MAY BECOME PART OF THE HORIZONTAL PROPERTY REGIME. IT IS THE INTENT OF DISNEY VACATION DEVELOPMENT, INC., TO DEVELOP THE HORIZONTAL PROPERTY REGIME IN STAGES. DISNEY VACATION DEVELOPMENT, INC. IS UNDER NO OBLIGATION TO SUBMIT ANY PHASES TO THE HORIZONTAL PROPERTY REGIME OTHER THAN SUCH PHASES SPECIFICALLY DECLARED TO THE HORIZONTAL PROPERTY REGIME.



ISLAND TRACT

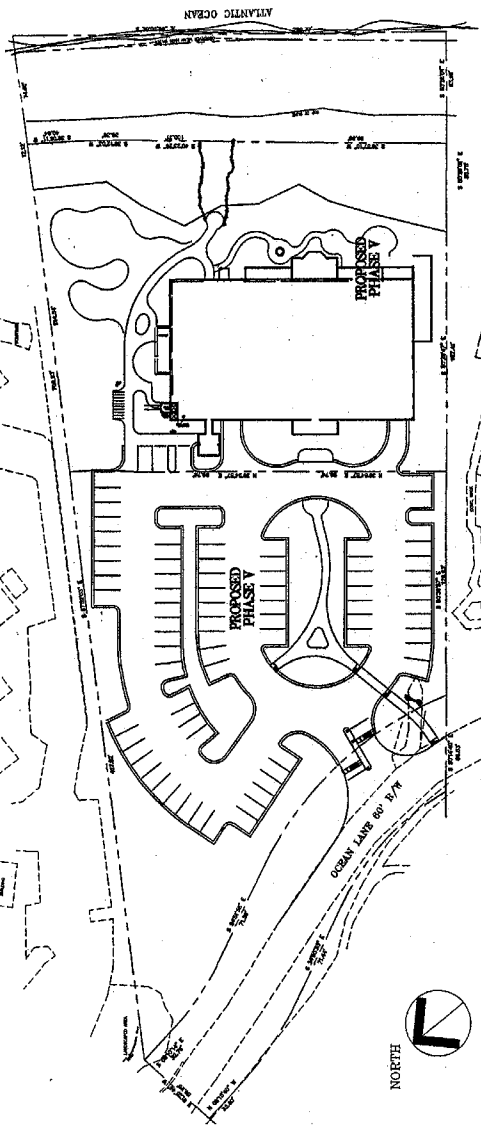
SITE AND PROPOSED PHASING PLAN

DISNEY VACATION CLUB
 AT
 HILTON HEAD ISLAND
 BEAUFORT COUNTY
 SOUTH CAROLINA

BUSSEY, GAY, BELL & DETOUING
 CONSULTING ENGINEERS
 SAVANNAH, GEORGIA

NOT TO SCALE

VILLAMARE



ATLANTIC OCEAN



NORTH

SITE AND PROPOSED PHASING PLAN

DISNEY VACATION CLUB
 AT
 HILTON HEAD ISLAND
 BEAUFORT COUNTY
 SOUTH CAROLINA

NOT TO SCALE

BEACH TRACT

HUSSEY, GAY, BELL & DEYOUNG
 CONSULTING ENGINEERS
 SAVANNAH, GEORGIA

This is the proposed site plan for the Beach House which is a portion of proposed Phase V of the Disney Vacation Club which includes within the Beach House, the Beach House will be a Common Element of the Horizontal Property Regime and, therefore, will increase the proportionate amount of the common equipment proposed for the Beach House. The proposed site plan shows the location of the proposed Beach House, which is approximately 1,500 sq. ft. in area, and is located on the east side of the Beach House. The proposed site plan shows the location of the Beach House, which is approximately 1,500 sq. ft. in area, and is located on the east side of the Beach House. The proposed site plan shows the location of the Beach House, which is approximately 1,500 sq. ft. in area, and is located on the east side of the Beach House.

(Exhibit "D" to the Master Deed)

PERCENTAGE INTEREST IN COMMON ELEMENTS

Pursuant to Section 27-31-60, Code of Laws of South Carolina, each residential Unit within the Condominium shall have an undivided percentage interest in the Common Elements and Common Surplus and a share of the Common Expenses of the Condominium on an equal fractional basis. This fractional interest is based on the total number of Units and Commercial Units declared as part of the Condominium at any given time. The percentage interest in the Common Elements and Common Surplus and share of the Common Expenses of a given residential Unit declared into the Condominium from time to time shall always equal the total square footage of that residential Unit divided by the total square footage of all Units declared into the Condominium; however, each Commercial Unit declared into the Condominium from time to time will have a percentage interest of .00000001% in the Common Elements and Common Surplus and share of the Common Expenses. As additional phases are added to the Condominium, the respective percentage interests in the Common Elements and Common Surplus and share of the Common Expenses of the Units already declared into the Condominium will be decreased accordingly.

To determine the exact percentage interest of a given Unit declared into the Condominium at any given time, the following mathematical formula applies: $I=(B/T)*[1.0-(C*.00000001)]$.

1. "I" represents the interest to be determined of a particular Unit.
2. "B" represents the square footage of the particular Unit.
3. "T" represents the total square footage of all of the Units declared as part of the Condominium.
4. "C" represents the number of Commercial Units declared as part of the Condominium.

See next page for illustrative chart.

**UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS
PHASES I AND II¹**

Unit Type/ Unit Number(s)	Unit sq. ft.	Value (\$1.00/sq. ft. ²)	Number of Units	Total Approximate sq. ft.	Per Unit	Undivided Percentage Interest ³ Total
Unit Type A - Unit Nos.: 1A, 1B, 1C, 1D, 2A, 2B, 2C, 2D, 3A, 3B, 3C, 3D	1,245	\$1,245	12	14,940	.043572602	52.2871226
Unit Type B - Unit Nos.: 6A, 6B	2,490	\$2,490	2	4,980	.087145204	17.4304090
Unit Type C - Unit Nos.: 4A	3,801	\$3,801	1	3,801	.13027679	13.2027673
Unit Type D - Unit Nos.: 4B	4,852	\$4,852	1	4,852	.16910665	16.910665
Unit Type E - Unit Nos.: None	2,622	\$2,622	0	0	0	0
Commercial	N/A	\$1.00	3	N/A	.000000010	.000000030
Total			16 Residential 3 Commercial	26,973 N/A		1.00

**UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS
IF ALL PROPOSED PHASES ARE ADDED TO THE HORIZONTAL PROPERTY REGIME 1,4**

Unit Type/ Unit Number(s)	Unit sq. ft.	Value (\$1.00/sq. ft. ²)	Number of Units	Total Approximate sq. ft.	Per Unit	Undivided Percentage Interest ³ Total
Unit Type A - Unit Nos.: 1A, 1B, 1C, 1D, 2A, 2B, 2C, 2D, 3A, 3B, 3C, 3D, 8A, 8B, 8C, 8D, 9A, 9B, 9C, 9D	1,245	\$1,245	20	24,900	.092923749	.185874992
Unit Type B - Unit Nos.: 6A, 6B, 7A, 7B, 10A, 10B, 11A, 11B, 12A, 12B, 15A, 15B, 17A, 17B, 18A, 18B, 19A, 19B	2,490	\$2,490	18	44,820	.0168374982	.334574968
Unit Type D - Unit Nos.: 4B, 5B, 13B, 14B, 16B	3,801	\$3,801	5	19,005	.098373982	.141869540
Unit Type E - Unit Nos.: 21A, 21B, 21C, 21D, 21E, 21F, 21G, 21H	4,852	\$4,852	5	24,260	.096219495	.181097473
Commercial	N/A	\$2,622	6	20,976	.019572890	.166582877
Total			56 Residential 6 Commercial	133,961 N/A		1.00

Notes

- This chart is solely for the purpose of satisfying Section 27-31-60 and 27-31-100(g)(4) of the Code of Laws of South Carolina, 1976, and shows the medium and minimum percentage interest for each type of unit. In the event phasing is not in the same order as shown on Exhibit "E" to this Master Deed or in the event the mix of units is changed, the formula set forth in Exhibit D to this Master Deed may be used to determine the percentage interest based upon actual construction and phasing. Payment of Common Expense is governed by Article VIII of this Master Deed. Should there be a discrepancy between the chart and the above-referenced formula, H(B)(7)(1.0 - (C * .00000001)), the calculations resulting from the formula shall prevail.
- The valuation is solely for purposes of the South Carolina Horizontal Property Act. The value is purely arbitrary, any relationship to actual fair market value is purely coincidental, and is used to merely reflect relative property rights of Owners as required under Section 27-31-60 of the South Carolina Horizontal Property Act.
- Numbers have been rounded to the ninth decimal places.
- To determine the undivided percentage interest in the Common Elements for a particular Unit at any stage of development subsequent to the declaration of Phases I and II but prior to declaration of all proposed phases of the Condominium, utilize the mathematical formula expressed as part of this Exhibit "D" to this Master Deed.

Exhibit "D"/Page 2 of 2

10/15
8114

First Amendment to Master Deed

DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)
)
DISNEY VACATION DEVELOPMENT, INC.,)
a Florida corporation)
)
TO)
)
DISNEY VACATION CLUB AT HILTON HEAD)
ISLAND HORIZONTAL PROPERTY REGIME)

This First AMENDMENT TO THE MASTER DEED ESTABLISHING DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME is made this 27th day of February, 1996, by DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, whose address is 200 Celebration Place, Celebration, Florida, 34747 ("DVD").

WHEREAS, DVD is the owner of the term for years of those certain lands located and situated in Beaufort County, South Carolina, which lands ("Demised Premises") are described in that certain deed between Greenwood Development Corporation, a South Carolina corporation, DVD, and Lake Buena Vista Communities, Inc., a Delaware corporation ("LBVC"), dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 345; and that certain deed between the same parties, dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 682 at page 349; and that certain deed between the same parties dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at Page 372; and that certain deed between the same parties dated January 31, 1994 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at Page 342; and,

WHEREAS, On the 22nd day of September, 1995, DVD, recorded the MASTER DEED ESTABLISHING DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME in Deed Book 804 at Page 1432 in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina (together with all amendments thereto, hereinafter referred to as the "Master Deed"), pursuant to which DVD submitted a portion of the Demised Premises and the improvements thereon to the Disney Vacation Club at Hilton Head Island Horizontal Property Regime (the "Regime") which property and improvements are more fully described and identified in Exhibit "A" of the Master Deed as PHASE I and PHASE II. Among other things, DVD reserved the right in Article XVIII of the Master Deed to develop the project in phases and to amend the estimated dates by which DVD make additional portions of the Demised Premises subject to the horizontal property regime created by the Master Deed.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that DVD does hereby declare:

As provided in Article XVIII, Section 18.6, the Master Deed had attached an Exhibit "E" which sets forth the estimated date of completion for each phase which chart was to comply with § 27-31-100(g)(2) of the Code of Laws of South Carolina, 1976, as amended, which requires the Master Deed to set the dates by which the owners submitting such property to condominium ownership will elect whether or not he will proceed with each stage of development. DVD further reserved in Section 18.6 to amend these dates and hereby amends the estimated date of completion for Phase III and Phase IV from February 28, 1996, to January 1, 1999, which shall also be the date by which DVD will elect whether or not it will proceed with those two phases of development, unless such date is further amended.

IN WITNESS WHEREOF, DVD has executed this First Amendment to the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime on the date recited above.

WITNESSES:

DISNEY VACATION DEVELOPMENT, INC.

K Borick
Print Name: KENNETH BORICK

By: *[Signature]*
Its: Senior Vice President

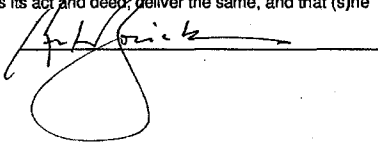
Josh Neuman
Print Name: Josh Neuman

(Corporate Seal)



STATE OF Florida)
) SS.
COUNTY OF Osceola)

Personally appeared before me Kenneth Beck who, on oath, says that (s)he saw the within named Disney Vacation Development, Inc., a Florida corporation, by Ernest N. May, its Sr. Vice President sign the within First Amendment to the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime, and as its act and deed, deliver the same, and that (s)he with Leigh Nieman witnessed the execution thereof.



Sworn to me this 27th
day of February 1996
Leigh A Nieman (L.S.)
Notary Public for Florida
My Commission Expires: May 19, 2000



LEIGH A NIEMAN
My Commission CC831589
Expires May, 19, 2000

Disney
FILED 624
JOHN A. SULLIVAN, JR.
P.M.C.
DEAUFORT COUNTY, S.C. /MLL
96 FEB 28 AM 11:45
BK 839 PG 1784
FOLDER #

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38561

801

Third Amendment to Master Deed

DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME

STATE OF SOUTH CAROLINA)
)
 COUNTY OF BEAUFORT)
)
 DISNEY VACATION DEVELOPMENT, INC.,)
 a Florida corporation)
)
 TO)
)
 DISNEY VACATION CLUB AT HILTON HEAD)
 ISLAND HORIZONTAL PROPERTY REGIME)

This THIRD AMENDMENT TO THE MASTER DEED ESTABLISHING DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME is made this 27th day of September, 1996, by DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, whose address is 200 Celebration Place, Celebration, Florida, 34747 ("DVD").

WHEREAS, DVD is the owner of the term for years of those certain lands located and situated in Beaufort County, South Carolina, which lands ("Demised Premises") are described in that certain deed between Greenwood Development Corporation, a South Carolina corporation, DVD, and Lake Buena Vista Communities, Inc., a Delaware corporation ("LBVC"), dated January 31, 1994, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 page 345; and that certain deed between the same parties, dated January 31, 1994, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 349; and that certain deed between the same parties, dated January 31, 1994, and recorded in the Office Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 682 at page 374; and that certain deed between the same parties dated January 31, 1994, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 342; and,

WHEREAS, On the 22nd day of September, 1995, DVD, recorded the MASTER DEED ESTABLISHING DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME in Deed Book 804 at page 1432 in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina (together with all amendments thereto, hereinafter referred to as the "Master Deed"), pursuant to which DVD submitted a portion of the Demised Premises and the improvements thereon to the Disney Vacation Club at Hilton Head Island Horizontal Property Regime (the "Regime") which property and improvements and more fully described and identified in Exhibit "A" of the Master Deed as PHASE I and PHASE II. Among other things, DVD reserved the right in Article XVIII of the Master Deed to develop the project in phases and to amend the estimated dates by which DVD makes additional portions of the Demised Premises subject to the horizontal property regime created by the Master Deed.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that DVD does hereby declare:

1. As provided in Article XVIII, Section 18.6, the Master Deed had attached an Exhibit "E" which sets forth the estimated date of completion for each phase which chart was to comply with §27-31-100(g)(2) of the Code of Laws of South Carolina, 1976, as amended, which requires the Master Deed to set the dates by which the owner submitting such property to condominium ownership will elect whether or not it will proceed with each stage of development. DVD further reserved in Section 18.6 to amend these dates and hereby amends the estimated date of completion for Phases VIA, VIB,

BEAUFORT COUNTY TAX MAP FILE #

*

Dist.	Map	Submap	Parcel	Block
590	12	B	51	

VIC, from September 30, 1996, to January 1, 1999 and Phases VII, VIII, IX from January 1, 1997, to January 1, 1999, which shall also be the date by which DVD will elect whether or not it will proceed with those six phases of development, unless such date is further amended.

2. In accordance with Article XVIII of the Master Deed, DVD hereby submits its term for years interest in the land identified as Phase XIV in the plats attached hereto as a portion of Exhibit "A", said plats being incorporated herein by reference, together with the improvements thereon, to the Regime as PHASE XIV of Disney Vacation Club at Hilton Head Island Horizontal Property Regime. PHASE XIV will contain two (2) residential "Units" as defined in the Master Deed, together with Common Elements and Limited Common Elements as defined in the Master Deed. The Common Expense, Common Surplus and Common Element ownership reallocation resulting from the addition of PHASE XIV is set forth in Exhibit "D" to the Master Deed. Construction of PHASE XIV is substantially complete.

3. The improvements constructed on and forming a part of PHASE XIV are constructed in accordance with the site plan and floor plans attached hereto as Exhibit "A" and made a part of the Master Deed recorded in Deed Book 804 at Page 1432 in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, which plans are incorporated into and made a part of this Amendment. Said plans are certified by FWA, architects licensed to practice in the State of South Carolina under Registration Number B-93005. Attached to this Amendment as Exhibit "B" is a certificate by said architect that the building constructed on the property, and specifically the building added to the Regime by this Amendment was constructed in accordance with said plans.

4. The purpose of this part of the Amendment is to add the Phase XIV property to the Regime so as to make it an integral part of the Regime. All provisions of the Master Deed establishing the Regime as recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, which are not modified herein are expressly incorporated into and reaffirmed by this Amendment in the same manner as if they were expressly set forth herein. The provision hereof shall be deemed independent and severable and the invalidity in whole or in part of any section, subsection, sentence, clause, phrase or word, or other provision of this Amendment shall not affect the validity or enforceability of the remaining portions thereof and in such event all of the other provisions of this Amendment shall continue in full force and effect as if such invalid provision had never been included herein.

IN WITNESS WHEREOF, DVD has executed this Third Amendment to the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime on the date recited above.

WITNESSES:

DISNEY VACATION DEVELOPMENT, INC.

Leigh Newman
Print Name: Leigh Newman

By: *Ann Metzger*
Its: Assistant Secretary

J Greene
Print Name: J GREENE

(Corporate Seal)



STATE OF Florida

COUNTY OF Osceola

}
} SS.
}

803

Personally appeared before me J. Greene who, on oath, says that (s)he saw the within named Disney Vacation Development, Inc., a Florida corporation, by Ilse Meltzer its Assistant Secretary sign the within Third Amendment to the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime, and as its act and deed, deliver the same, and that (s)he with Leigh Anne Nieman witnessed the execution thereof.

J. Greene

Sworn to me this 27th
day of September, 1996

Leigh A Nieman
Notary Public for Florida
My Commission Expires 5/19/00



LEIGH A NIEMAN
My Commission CC531589
Expires May. 19, 2000

803-A

A PORTION OF
EXHIBIT "A"
TO THE THIRD AMENDMENT TO THE
MASTER DEED ESTABLISHING
DISNEY VACATION CLUB
AT HILTON HEAD ISLAND
HORIZONTAL PROPERTY REGIME

PLAT OF PROPERTY

Attached hereto is a plat entitled "Phase XIV As-Built, Disney Vacation Club at Hilton Head Island Horizontal Property Regime", said plat prepared by Hussey, Gay, Bell & DeYoung, Consulting Engineers, James M. Sims, South Carolina Registered Land Surveyor No. 13169, said plat being dated August 27, 1996, and recorded in the RMC Office for Beaufort County, South Carolina, in Plat Book 57 at Page 189.



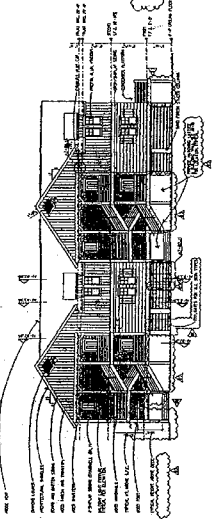
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Disney Vacation Club
 at Hilton Head Island
 Horizontal Property
 Regime
 Phase XIV
 Building 10
 Building Sections and
 Elevations

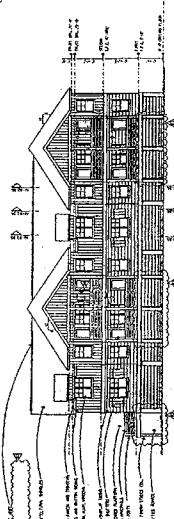
804

ELEVATION NOTES:

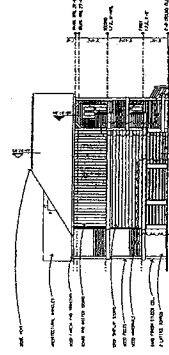
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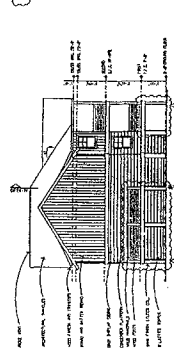
AL-02-02 LEFT ELEVATION
1/8" = 1'-0"



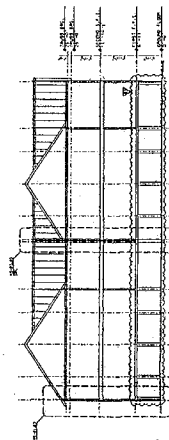
AL-02-03 REAR ELEVATION
1/8" = 1'-0"



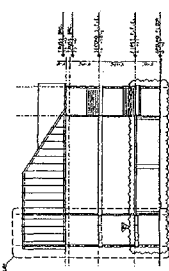
AL-02-04 RIGHT ELEVATION
1/8" = 1'-0"



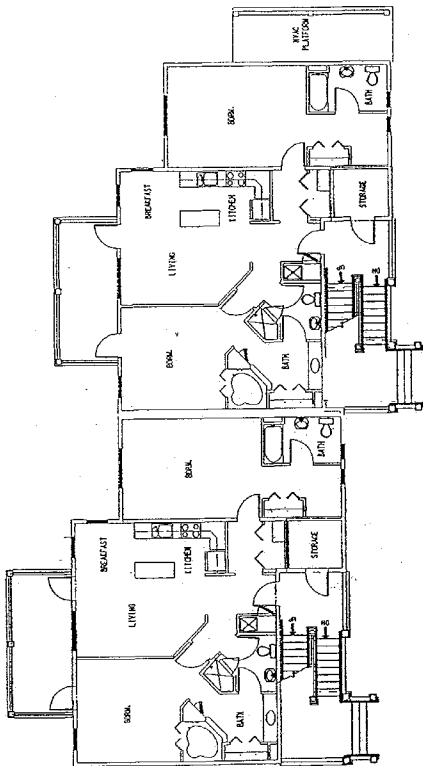
AL-02-05 SECTION
1/8" = 1'-0"



LONGITUDINAL SECTION
1/8" = 1'-0"



CROSS SECTION
1/8" = 1'-0"



PROPOSED UNIT TYPE 'B'



- Notes
1. Proposed Unit B contains approximately 2,490 enclosed sq. ft.
 2. See the As-Built Surveys attached to this Master Deed as a portion of Exhibit 'A' for locations(S) of Unit Type B.
 3. For dimensions, proposed Unit Type B see Exhibit 'C' to the Master Deed.
 4. Some Unit Type B's are built as mirror images of this floor plan.

Disney Vacation Club
 at
 Hilton Head Island
 Horizontal Property Regime

EXHIBIT "B"
TO THE THIRD AMENDMENT TO THE
MASTER DEED ESTABLISHING
DISNEY VACATION CLUB
AT HILTON HEAD ISLAND
HORIZONTAL PROPERTY REGIME

ARCHITECT'S CERTIFICATE

This is to certify that, to the best of my knowledge, Phase XIV of Disney Vacation Club at Hilton Head Island Horizontal Property Regime consisting of two (2) residential units numbered as follows: 10A and 10B, have been built substantially in accordance with the Floor Plans more particularly described in Exhibit "A" attached to this 3rd Amendment to the Master Deed, except for minor variations which are customary in projects of this nature.

THE FWA GROUP, P.A.

Thomas J. Hund
Name Thomas J. Hund, AIA, Principal

Address Post Office Box 5910

Hilton Head Island, SC 29938
City, State, and Zip Code

S.C. Registration Number 2578

SWORN to before me this 13th
day of September, 1996

Dorinda J. Cuthbertson
Notary Public for South Carolina
My Commission Expires: 2/23/97

EXHIBIT "C"
TO THE THIRD AMENDMENT TO THE
MASTER DEED ESTABLISHING
DISNEY VACATION CLUB
AT HILTON HEAD ISLAND
HORIZONTAL PROPERTY REGIME

Description of Units
(Walk Through)

Access

Access to the property is via Harbourside Lane, a dedicated private road on Hilton Head Island, South Carolina, and across a bridge. Access to the units is through the open space and common elements through steps which are a limited common elements of such units.

Residential Units

Phase XIV is a Unit Type B which contains two (2) Dedicated Two (2) Bedroom Vacation Homes. As you enter the Dedicated Two (2) Bedroom Vacation Home, there is a 44.1 sq. ft. foyer. To the right of the foyer is a 29.2 sq. ft. mud room which includes a coat rack, shelf and bench. On the right side of the mud room, two (2) bi-fold doors open up into the 15.3 sq. ft. laundry room which has shelving and a stackable washer and dryer. As you continue through the mud room, you enter a 230 sq. ft. guest bedroom that has a window on the left hand wall. Off to the right of the guest bedroom, there is a 52 sq. ft. coat/luggage room that has a 10.1 sq. ft. closet with two (2) bi-fold doors and a window. To the left of the closet is a 55.2 sq. ft. bathroom in which there is a pedestal sink, commode and 12.5 sq. ft. full size cast iron tub/shower combination. On the left hand side of the wall of the entry foyer, there is a 9.8 sq. ft. air conditioning closet with a dead bolt lock. Straight in from the foyer is a 294.9 sq. ft. living room/kitchen/dining room area. On the right hand side of the room is a kitchen which has a stove, refrigerator, oven, microwave, double sink and dishwasher. There is a 9.6 sq. ft. ceramic tile counter that is also used as a television cabinet underneath. As you pass the kitchen on the right hand side, there is the dining area surrounded by two (2) windows. On the left hand side of the dining area is a 24 sq. ft. door that accesses a 144 sq. ft. patio, a limited common element. To the left of the patio door are two (2) windows. Left of the foyer is a 20.6 sq. ft. hallway leading into a 194.2 sq. ft. master bedroom. On the far wall of the bedroom are a 40 sq. ft. glass patio door and a window. On the left hand side wall of the master bedroom are two (2) bi-fold doors measuring 12 sq. ft. which open up to the master bathroom. As you enter the master bathroom on the left hand side is a 88.2 sq. ft. area that includes a 10.8 sq. ft. closet with two (2) bi-fold doors. This area also includes a 25 sq. ft. whirlpool tub and a single vanity. To the left of the vanity is another entry into the 54.7 sq. ft. restroom which includes a pedestal sink, a commode and a 13.5 sq. ft. shower.

Commercial Units

There are no commercial units in Phase XIV.

EXHIBIT "D"
TO THE THIRD AMENDMENT TO THE
MASTER DEED ESTABLISHING
DISNEY VACATION CLUB
AT HILTON HEAD ISLAND
HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF PHASE XIV

All that certain lot, tract or parcel of land situate, lying and being in the State of South Carolina, the County of Beaufort, the Town of Hilton Head Island and known as Phase XIV, Carolina Low Country Resort and being more particularly described as follows:

Commencing at the point of intersection of the North right-of-way line of Shelter Cove Lane with the East right-of-way line of King Neptune Drive; extend thence North 54 Degrees 47 Minutes 35 Seconds West along the East right-of-way line of King Neptune Drive a distance of 23.50 feet to a point; extend thence North 16 Degrees 21 Minutes 25 Seconds West along said right-of-way line a distance of 32.24 feet to a point; extend thence along said right-of-way line on a curve to the left having a radius of 574.38 feet for an arc distance of 173.23 feet to a point at the intersection of said right-of-way line with the South right-of-way line of Harbourside Lane; extend thence North 08 Degrees 02 Minutes 35 Seconds East along the South right-of-way line of Harbourside Lane a distance of 22.14 feet to a point; extend thence North 50 Degrees 28 Minutes 05 Seconds East along said right-of-way line a distance of 79.08 feet to a point; extend thence along said right-of-way line on a curve to the left having a radius of 194.05 feet for an arc distance of 197.74 feet to a point; extend thence North 07 Degrees 01 Minutes 55 Seconds West along said right-of-way line a distance of 89.14 feet to a point; extend thence South 75 Degrees 29 Minutes 55 Seconds West across said right-of-way a distance of 60.51 feet to a point on the opposite side of said right-of-way; extend thence North 07 Degrees 01 Minutes 55 Seconds East along said right-of-way line a distance of 25.00 feet to a point; extend thence North 83 Degrees 05 Minutes 45 Seconds East a distance of 9.50 feet to a point; extend thence North 07 Degrees 01 Minutes 55 Seconds East a distance of 182.30 feet to a point; extend thence South 82 Degrees 54 Minutes 30 Seconds West a distance of 453.58 feet to a point; extend thence South 47 Degrees 47 Minutes 40 Seconds West a distance of 203.71 feet to a point; extend thence South 83 Degrees 14 Minutes 00 Seconds West a distance of 143.22 feet to a point; extend thence North 41 Degrees 56 Minutes 25 Seconds West a distance of 334.07 feet to a point; extend thence North 11 Degrees 14 Minutes 44 Seconds East a distance of 47.75 feet to a point; extend thence North 11 Degrees 14 Minutes 44 Seconds East a distance of 84.43 feet to a point; extend thence North 10 Degrees 24 Minutes 18 Seconds East a distance of 108.70 feet to the **Point of Beginning**; extend thence North 20 Degrees 31 Minutes 35 Seconds East a distance of 53.47 feet to a point; extend thence North 00 Degrees 35 Minutes 07 Seconds West a distance of 49.61 feet to a point; extend thence North 89 Degrees 54 Minutes 37 Seconds East a distance of 98.27 feet to a point; extend thence South 02 Degrees 17 Minutes 28 Seconds East a distance of 83.07 feet to a point; extend thence South 82 Degrees 00 Minutes 11 Seconds East a distance of 121.02 feet to the **Point of Beginning**. The above described property contains 9,420 square feet and is more clearly shown on a plat by James M. Sims, South Carolina Registered Surveyor No. 13169, dated August 27, 1996 and titled "Phase XIV As-Built, Disney Vacation Club at Hilton Head Island, Horizontal Property Regime".

BJK 919
FILED
JOHN A. SULLIVAN, JR.
R.M.C.
BEAUFORT COUNTY, S.C. / *MLL*
96 SEP 30 PM 2:54
BK *891* PG *801*
FOLDER # *(5)*

809

FILED THIS *15th* 19 *96*
OF *October* 19 *96*
IN BOOK *AC* PAGE *1202*
Mary B. Lewis *1999*

2/10/98

42544

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Fourth Amendment to Master Deed

DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME

STATE OF SOUTH CAROLINA)
)
 COUNTY OF BEAUFORT)
)
 DISNEY VACATION DEVELOPMENT, INC.,)
 a Florida corporation)
)
 TO)
)
 DISNEY VACATION CLUB AT HILTON HEAD)
 ISLAND HORIZONTAL PROPERTY REGIME)

This FOURTH AMENDMENT TO THE MASTER DEED ESTABLISHING DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME is made this 30th day of October, 1997, by DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, whose address is 200 Celebration Place, Celebration, Florida, 34747 ("DVD").

WHEREAS, DVD is the owner of the term for years of those certain lands located and situated in Beaufort County, South Carolina, which lands ("Demised Premises") are described in that certain deed between Greenwood Development Corporation, a South Carolina corporation, DVD, and Lake Buena Vista Communities, Inc., a Delaware corporation ("LBVC"), dated January 31, 1994, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 page 345; and that certain deed between the same parties, dated January 31, 1994, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 349; and that certain deed between the same parties, dated January 31, 1994, and recorded in the Office Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 682 at page 374; and that certain deed between the same parties dated January 31, 1994, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 342; and,

WHEREAS, On the 22nd day of September, 1995, DVD recorded the MASTER DEED ESTABLISHING DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME in Deed Book 804 at page 1432 in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina (together with all amendments thereto, hereinafter referred to as the "Master Deed"), pursuant to which DVD submitted a portion of the Demised Premises and the improvements thereon to the Disney Vacation Club at Hilton Head Island Horizontal Property Regime (the "Regime") which property and improvements are more fully described and identified in Exhibit "A" of the Master Deed as PHASE I and PHASE II. Among other things, DVD reserved the right in Article XVIII of the Master Deed to develop the project in phases and to amend the estimated dates by which DVD makes additional portions of the Demised Premises subject to the horizontal property regime created by the Master Deed.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that DVD does hereby declare:

1. As provided in Article XVIII, Section 18.6, the Master Deed had attached an Exhibit "E" which sets forth the estimated date of completion for each phase which chart was to comply with §27-31-100(g)(2) of the Code of Laws of South Carolina, 1976, as amended, which requires the Master Deed to set the dates by which the owner submitting such property to condominium ownership will elect whether or not it will proceed with each stage of development. DVD further reserved in Section 18.6 to amend these dates and hereby amends the estimated date of completion for Phases X, XI, XII

BEAUFORT COUNTY TAX MAP REFERENCE

Dist.	Map	Submap	Parcel	Block
520	12	B	32	
92			33	

BEAUFORT COUNTY TAX MAP REFERENCE

Dist.	Map	Submap	Parcel	Block
520	12	B	51	
			252	

and XIII, from January 1, 1998, to January 1, 1999, which shall also be the date by which DVD will elect whether or not it will proceed with those four phases of development, unless such date is further amended.

IN WITNESS WHEREOF, DVD has executed this Fourth Amendment to the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime on the date recited above.

WITNESSES:

DISNEY VACATION DEVELOPMENT, INC.

Leigh Anne Nieman
Print Name: Leigh Anne Nieman

By: Keneth M. Brick
Its: Assistant Secretary
Keneth M. Brick

J. Greene
Print Name: J. Greene

(Corporate Seal)



STATE OF Florida

COUNTY OF Osceola

)
) SS.

Personally appeared before me J. Greene who, on oath, says that (s)he saw the within named Disney Vacation Development, Inc., a Florida corporation, by its Assistant Secretary Keneth M. Brick sign the within Fourth Amendment to the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime, and as its act and deed, deliver the same, and that (s)he with Leigh Anne Nieman witnessed the execution thereof.

J. Greene

Sworn to me this 30th
day of October, 1997

Leigh A Nieman
Notary Public for
My Commission Expires _____



LEIGH A NIEMAN
My Commission C0881888
Expires May, 18, 2000

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Seventh Amendment to Master Deed

DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME

STATE OF SOUTH CAROLINA)
)
 COUNTY OF BEAUFORT)
)
 DISNEY VACATION DEVELOPMENT, INC.,)
 a Florida corporation)
)
 TO)
)
 DISNEY VACATION CLUB AT HILTON HEAD)
 ISLAND HORIZONTAL PROPERTY REGIME)

DISNEY *644*
 FILED
 JOHN A. SULLIVAN - RMC
 BEAUFORT COUNTY, S.C.
 98 DEC -8 PM 3:44
 BK PG
 FOLDER#

This SEVENTH AMENDMENT TO THE MASTER DEED ESTABLISHING DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME is made this 4th day of December, 1998, by DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, whose address is 200 Celebration Place, Celebration, Florida, 34747 ("DVD").

WHEREAS, DVD is the owner of the term for years of those certain lands located and situated in Beaufort County, South Carolina, which lands ("Demised Premises") are described in that certain deed between Greenwood Development Corporation, a South Carolina corporation, DVD, and Lake Buena Vista Communities, Inc., a Delaware corporation ("LBVC"), dated January 31, 1994, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 345; and that certain deed between the same parties, dated January 31, 1994, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 349; and that certain deed between the same parties, dated January 31, 1994, and recorded in the Office Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 682 at page 374; and that certain deed between the same parties dated January 31, 1994, and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Deed Book 682 at page 342; and,

WHEREAS, on the 22nd day of September, 1995, DVD recorded the MASTER DEED ESTABLISHING DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME in Deed Book 804 at page 1432 in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina (together with all amendments thereto, hereinafter referred to as the "Master Deed"), pursuant to which DVD submitted a portion of the Demised Premises and the improvements thereon to the Disney Vacation Club at Hilton Head Island Horizontal Property Regime (the "Regime") which property and improvements are more fully described and identified in Exhibit "A" of the Master Deed as PHASE I and PHASE II. Among other things, DVD reserved the right in Article XVIII of the Master Deed to develop the project in phases and to make additional portions of the Demised Premises subject to the Regime.

WHEREAS, DVD, in accordance with Article XVIII of the Master Deed, has recorded the following amendments to the Master Deed in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina:

Amendment	Recording Date	Phase added to the Regime	Recorded in:
First Amendment to Master Deed	2/28/96	None; amended dates of Phases III and IV to 1/1/99	Deed Book 839 Page 1784
Second Amendment to Master Deed	3/1/96	Phase V	Deed Book 840 Page 798
Third Amendment to Master Deed	9/30/96	Phase XIV; amended dates for Phases VIA, VIB, VIC, VII, VIII, and IX to 1/1/99	Deed Book 891 Page 901
Fourth Amendment to Master Deed	11/4/97	None; amended dates for Phases X, XI, XII, and XIII to 1/1/99	Deed Book 987 Page 1909
Fifth Amendment to Master Deed	7/17/98	Phase XVIII	Deed Book 1066 Page 2297
Sixth Amendment to the Master Deed	10/6/98	Phases XV and XVI	Deed Book 1092 Page 556

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that DVD does hereby declare:

1. As provided in Article XVIII, Section 18.6 of the Master Deed, Exhibit "E" to the Master Deed sets forth the estimated date of completion for each phase which exhibit was to comply with §27-31-100(g)(2) of the Code of Laws of South Carolina, 1976, as amended, which requires the Master Deed to set the dates by which the owner submitting such property to condominium ownership will elect whether or not it will proceed with each stage of development. DVD further reserved in Section 18.6 the right to amend these dates and hereby amends the estimated date of completion for Phases III, IV, VIA, VIB, VIC, VII, VIII, IX, X, XI, XII, XIII, XVII and XIX, from January 1, 1999, to January 1, 2004, which shall also be the date by which DVD will elect whether or not it will proceed with those fourteen phases of development, unless such date is further amended.

IN WITNESS WHEREOF, DVD has executed this Seventh Amendment to the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime on the date recited above.

WITNESSES:

DISNEY VACATION DEVELOPMENT, INC.

L. Nieman
Print Name: L. Nieman

By: [Signature]
Its: Assistant Secretary

J. Greene
Print Name: J. Greene



STATE OF Florida
COUNTY OF Osceola

} SS.

Personally appeared before me J. Greene who, on oath, says that (s)he saw the within named Disney Vacation Development, Inc., a Florida corporation, by Kenneth M. Borick, its Assistant Secretary sign the within Seventh Amendment to the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime, and as its act and deed, deliver the same, and that (s)he with Jeannette Greene witnessed the execution thereof.

[Signature]

Sworn to me this 7th
day of December, 1998

Leigh A. Nieman
Notary Public for
My Commission Expires _____



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

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Master Declaration") is made as of the 15th day of September, 1995, by DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, whose address is 200 Celebration Place, Celebration, Florida 34747, hereinafter referred to as "DVD."

WITNESSETH:

WHEREAS, DVD is the owner of that certain real property located in Beaufort County, State of South Carolina, which real property is more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein (hereinafter referred to in this Master Declaration as the "Master Property");

WHEREAS, DVD, or its successors or assigns, may develop all or a portion of the Master Property to include: (i) a horizontal property regime or horizontal property regimes developed in accordance with the Horizontal Property Act of South Carolina as set forth in Section 27-31-10, et seq., Code of Laws of South Carolina, as the same is constituted as of the date hereof (the "Act"); (ii) a hotel or hotels; (iii) commercial areas; (iv) residential housing; (v) recreational areas; and/or (vi) such other uses as DVD, or its successors or assigns, may determine from time to time;

WHEREAS, DVD, or its successors or assigns, may subject all or a portion of the Master Property to a vacation club or vacation time sharing ownership plan pursuant to Chapter 32 of Title 27, Code of Laws of South Carolina, as the same is constituted as of the date hereof ("Chapter 32");

WHEREAS, DVD desires to provide for the preservation and enhancement of the desirability and attractiveness of the Master Property and to ensure that any improvements that may be developed thereon will be designed, constructed, and at all times used, operated, managed and maintained in compliance with all Applicable Laws (as defined below) and this Master Declaration;

NOW, THEREFORE, DVD hereby declares that all of the Master Property, and any portion thereof, shall hereafter be held, transferred, sold, conveyed, leased, mortgaged, occupied and otherwise dealt with subject to the covenants, conditions, restrictions, reservations, easements, charges and liens, as hereinafter set forth, all of which are in furtherance of the foregoing purposes. Said covenants, conditions, restrictions, reservations, easements, charges and liens shall run with the Master Property, and any portion thereof, shall be binding upon all parties having and/or acquiring any right, title or interest in the Master Property, or any portion thereof, 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 the Master Property, or any portion thereof.

ARTICLE I

DEFINITIONS

SECTION 1. In addition to the terms defined in the foregoing recitals or elsewhere in this Master Declaration, the following words when used in this Master Declaration shall have the following meanings:

(a) Applicable Law(s) shall mean and refer to 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 or any part thereof, as such statutes, common laws, judicial determinations, ordinances, requirements, orders, directions, rules and regulations may exist now or in the future or may be amended from time to time.

(b) Condominium Property shall mean any portion of the Master Property which is made subject to a recorded master deed in accordance with the Act. In the event any horizontal property regime so created is a phased regime, all portions of the Master Property made subject to the horizontal property regime by amendments or supplements to the master deed shall be deemed included within and a part of the Condominium Property.

(c) DVD shall mean and refer to Disney Vacation Development, Inc., a Florida corporation.

(d) Improvements shall mean and refer to all structures, improvements, buildings and all appurtenant and related facilities, offices, shops, restaurants, and other similar facilities constructed and located from time to time on the Master Property, together with any and all additions thereto and replacements thereof and all other improvements now or hereafter located on the Master Property except Infrastructure.

(e) Infrastructure shall mean and refer to all support structures and improvements located from time to time on the Master Property and necessary or desirable for the use or maintenance of the Master Property and/or any Improvements, including Streets and Roadways, Utility Services, fences, decorative walls and signs.

(f) Master Declaration shall mean and refer to this Master Declaration of Covenants, Conditions and Restrictions and all of the provisions contained herein, as the same may be amended or supplemented from time to time.

(g) Master Property shall mean and refer to that certain real property lying and situated in Beaufort County, State of South Carolina, which real property is more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein. All references to the Master Property shall be deemed to apply to any portion of the Master Property separately owned or developed.

(h) Open Area shall mean and refer to those areas of open space located from time to time on the Master Property and that are not included within the Improvements or Infrastructure.

(i) Owner shall mean and refer to any grantee, assignee, successor or successor-in-interest, designee or lessee of DVD's interest in all or a portion of the Master Property. In the event that there is more than one Owner, references to Owner shall be construed to refer to each such Owner as to the portion of the Master Property owned by such Owner. In the event that any portion of the Master Property is declared as Condominium Property or in the event any portion of the Master Property is governed by subdivision restrictions or other such restrictive documents pursuant to which a condominium or owners' association is created, such condominium or owners' association shall be deemed to be the "Owner" and as such shall be the only representative authorized to act on behalf of a member or members of such association who own interests in the Condominium Property or other subdivision with respect to the provisions of this Master Declaration. Whenever the condominium or owners' association acknowledgment, consent, understanding and/or agreement is given with respect to this Master Declaration, such acknowledgment, consent, understanding and/or agreement shall be deemed to also have been given by each member of such association. Nothing contained herein shall be deemed to relieve any member of a condominium or owners' association from the requirement of complying with all provisions of this Master Declaration.

(j) Streets and Roadways shall mean and refer to all ingress and egress infrastructure improvements constructed upon the Master Property including streets, roadways, driveways, parking areas, paths and sidewalks.

(k) Surface Water Management System shall mean and refer to 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.

(l) Utility Services shall mean and refer to of any kind of utilities servicing the Master Property whatsoever, including water, natural gas, electricity, sewage and solid waste disposal and communications.

ARTICLE II

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

SECTION 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 that certain real property which is more specifically described in Article I, Section 1(g) above.

SECTION 2. Additions to Master Property.

(a) DVD, 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 circumstances shall DVD be required to make such additions and until such time as such additions are made to the Master Property, and no other real property owned by DVD shall in any way be affected by or become subject to this Master Declaration.

(b) 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 properties subjected hereto in the same manner as described for the Master Property.

(c) Any additions to the Master Property authorized under this and the preceding subsections 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 DVD which shall extend the covenants, conditions and restrictions contained herein to such property. Such amended or supplementary Master Declaration of Covenants, Conditions and Restrictions may contain such additions as DVD may deem necessary and as are not inconsistent with the purposes of this Master Declaration. Neither an Owner nor any person claiming by, through, or under an Owner shall have any right to approve the addition of any property to the Master Property effected by DVD pursuant to this section.

SECTION 3. Deletions from Master Property. DVD may at any time delete any portion of the Master Property from encumbrance by this Master Declaration by executing and filing of record a Notice of Deletion from Master Declaration of Covenants, Conditions and Restrictions; provided, however, that in no event shall DVD make any such deletion to any portion of the Master Property which an Owner has undertaken to improve without the prior written consent of such Owner. Neither an Owner nor any person claiming by, through, or under an Owner shall have any right to claim reliance upon this Master Declaration with regard to any deletions from the Master Property effected by DVD pursuant to this section.

ARTICLE III

PROPERTY RIGHTS IN THE MASTER PROPERTY

SECTION 1. Title to Master Property. At the time of the recording of this Master Declaration, DVD is the holder of a term for years interest in the entire Master Property. Nothing contained herein is intended to prohibit or in any wise restrict DVD'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 third parties, including to one or more Owners. However, an Owner may not sell, transfer, convey, assign, lease, sublease, mortgage, encumber or otherwise dispose of any or all of its interest in the Master Property or any portion thereof without DVD's prior written consent, except with respect to transactions in the ordinary course of an Owner's "permitted business" (such as the sale of interests in units in the Condominium Property or room rentals in any hotel developed on the Master Property). The determination of what constitutes "permitted business" shall be made by DVD in its sole discretion from time to time.

SECTION 2. Construction and Development Permitted. DVD and each Owner shall have the right to develop and use all or any portion of the Master Property for any lawful purpose and to construct, erect and maintain Improvements, Infrastructure or Open Areas on the Master Property, including commercial areas, recreational areas and other facilities and amenities. In this regard, an Owner shall not be required to obtain DVD's review or approval; provided, however that all development or use of the Master Property shall be in accordance with this Master Declaration.

SECTION 3. Use of Streets and Roadways. Unless required under Applicable Laws, all 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 DVD may, without the consent and joinder of any Owner, dedicate or grant easements to any governmental entity for all or any part of the Streets and Roadways as to which the governmental entity has agreed to maintain and service. The Streets and Roadways shall be the sole and exclusive property of DVD or the Owner of the property upon which such Streets and Roadways are constructed; provided, however, that DVD does hereby reserve unto itself and grant to its guests, purchasers, any Owner, all others acquiring any use rights in the Master Property and their invitees and domestic help, and to delivery, pickup and fire protection services, police and other authorities of the law, United States mail carriers, representatives of utilities authorized by DVD and/or any Owner to serve all or a portion of the Master Property, holders of mortgage liens on such lands and such other persons as DVD may from time to time designate, a license and right of enjoyment for reasonable ingress and egress over and across the Streets and Roadways; provided, however, that said license and right of enjoyment shall not be considered to create an easement in any form or to impose or imply that DVD shall have any specific obligation in favor of any such parties to provide or maintain any such Streets and Roadways. The maintenance, repair and reconstruction of the Streets and Roadways shall be the responsibility of DVD or the Owner of the property upon which such Streets and Roadways are located. Nothing contained herein shall require DVD or any Owner to construct any Streets and Roadways other than as DVD or any Owner may be required by any Applicable Laws, and nothing contained herein shall prevent DVD or any Owner from constructing Infrastructure or Improvements as described above on the Master Property.

SECTION 4. Water Areas. All lakes, canals, dikes, ditches or other water management, transportation 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 DVD 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 the governmental entity has agreed to maintain and service. The care and maintenance of all such water areas shall be the responsibility of DVD or the Owner of the property upon which all or a portion of such water areas are located, as applicable. The Surface Water Management System constructed on the Master Property shall be maintained and operated pursuant to Applicable Laws. In the event that all or any portion of the Surface Water Management System is not maintained or operated as required by Applicable Law, DVD and each

Owner shall have the right to enforce compliance with the requirements of Applicable Laws in the manner reserved for enforcement of the provisions of this Master Declaration as set forth in Article X below.

SECTION 5. Rights Reserved Unto DVD Over Master Property. Notwithstanding anything to the contrary contained herein, or within any other agreement, document, instrument or writing, now or hereafter existing, DVD shall have and hereby reserves unto itself all rights over, upon, under and across the Master Property (including the right to assign all or any portion of such rights to an Owner) to: (i) erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities; (ii) plant, maintain, remove and/or replace any trees, bushes or shrubbery; (iii) make any grading of the soil; (iv) construct Improvements, Infrastructure and Open Areas of every kind or nature as may be permitted by Applicable Laws and this Master Declaration; (v) landscape or otherwise do those acts necessary to maintain or enhance the aesthetic quality of the Master Property and the Improvements, Infrastructure and Open Areas to be developed thereon; (vi) locate wells, lift stations, pumping stations and tanks; and (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; provided, however, that said reservation and right shall not be considered to create, impose or imply any obligation of DVD to provide or maintain any of the items listed in this section.

ARTICLE IV

UTILITIES

SECTION 1. General Intent. In order to ensure the continuous and uninterrupted operation of the Master Property in conformity with the standards set forth in this Master Declaration and to preserve the desirability and attractiveness of the Master Property, it is necessary to impose upon the Master Property restrictions as to the source of any Utility Services to be obtained by DVD or any Owner to serve the Master Property during the term of this Master Declaration.

SECTION 2. Easements. DVD and any Owner, as applicable, shall have the right to grant such easements as are reasonably necessary to enable any company to provide Utility Services to any portion of the Master Property provided such company is franchised by the appropriate municipality or Beaufort County, as applicable. If any Owner should construct an Improvement or Infrastructure which encroaches upon a utility easement, whether with or without the consent of the applicable utility company, the Owner shall remove the same to the extent necessary to ensure the continuation of uninterrupted service and to effect the maintenance, repair or replacement of any utilities within the easement and shall restore the same, all at its cost and expense.

ARTICLE V

REQUIREMENTS REGARDING OPERATION, MANAGEMENT AND MAINTENANCE OF OPEN AREAS, IMPROVEMENTS AND INFRASTRUCTURE

SECTION 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 thereon will be designed, constructed and at all times operated, managed and maintained in compliance with all Applicable Laws and in conformity with the overall theme, concept, atmosphere and standards of quality contemplated under this Master Declaration with due regard to the design, style, setting and topography of the Master Property.

SECTION 2. Open Areas, Improvements and Infrastructure. In order to: (i) fulfill the terms, provisions, covenants, conditions and restrictions contained herein; and (ii) insure that the Master Property is managed and maintained for the best recreation, use, enjoyment, welfare and benefit of DVD or any Owner, there is hereby imposed upon each Owner and/or the persons or entities charged with the responsibility of operating, managing and maintaining the Open Areas, Improvements and Infrastructure developed on the Master Property, or any portion of it, the specific duty and obligation to perform the following:

(a) 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 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 and/or dead tree limbs, weeds, trash and rubbish, and any other unsightly objects; and

(b) maintain, preserve and protect those portions of the Master Property designated or used for water transportation, water management and drainage purposes including maintenance and operation of any Infrastructure or Improvements established within such areas and any efforts to control the levels of, chemically treat or otherwise alter any waters on the Master Property; and

(c) maintain, operate, repair, alter, renovate, reconstruct and replace any and all Improvements and/or Infrastructure placed or erected upon the Master Property so that such Improvements and Infrastructure are at all times in good, clean, attractive and sanitary condition, order and repair.

Nothing contained herein is intended to set any acceptable minimum safety or welfare standards and it shall remain the sole responsibility of the Owner and/or individual 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 thereof, which shall not be inconsistent with the provisions of this Master Declaration.

SECTION 3. Costs for Construction and Maintenance.

(a) **Capital Improvements.** DVD and/or any Owner, as the case may be, shall be responsible for the cost of all capital improvements (whether initial construction or subsequent phases of construction or subsequent reconstruction, renovation, restoration, replacement, alteration or repair), including Open Areas, Infrastructure or Improvements developed or constructed on the portion of the Master Property owned by DVD and/or such Owner. Neither DVD nor any Owner shall be under any obligation to make reimbursement or contribute toward the costs of installing, developing or constructing such capital improvements on the property of another Owner.

(b) **Care and Maintenance.** DVD and/or any Owner, as case may be, shall be responsible for the cost associated with the care and maintenance contemplated under this Master Declaration of all Improvements, Infrastructure or Open Areas located on the portion of the Master Property owned by DVD and/or such Owner. Neither DVD nor any Owner shall be under any obligation to make reimbursement or contribute toward the costs associated with the care and maintenance of any Improvements, Infrastructure or Open Areas installed, developed or constructed on the property of another Owner.

SECTION 4. Professional Management. In order to discharge any additional duties or obligations imposed hereunder, DVD or such other persons or entities which are, from time to time, charged with or responsible for the operation, management and maintenance of the Master Property, or any portion of it, may delegate all or any portion of such party's obligations to a professional management company, which may include a subsidiary or affiliated corporation of DVD.

ARTICLE VI

GENERAL RESTRICTIONS

In order to preserve and enhance the desirability and attractiveness of the Master Property and in furtherance of the general intent of this Master Declaration, the following general restrictions shall be applicable to the Master Property:

SECTION 1. Permitted Use. The Master Property, or any part thereof, may be developed or 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 such development may involve the construction of either a horizontal property regime, in which case undivided interests in the condominium units contained therein may be sold pursuant to a vacation club or vacation ownership plan as those terms are defined by the Act and/or Chapter 32, or of a hotel complex, or a combination of the two.

SECTION 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 DVD. Activities of DVD or any Owner in dredging any lakes; creating, excavating or maintaining 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 2.

SECTION 3. Litter. In order to preserve the attractiveness and desirability of the Master Property, 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.

SECTION 4. Signs.

(a) No sign of any character shall be displayed or placed upon the Master Property by any Owner, except "For Sale" or "For Rent" signs, which may refer only to the particular parcel on which displayed and which must be in compliance with Applicable Laws.

(b) Nothing contained in this Master Declaration shall prevent DVD or any person designated by DVD, 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 Laws.

SECTION 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 unless approved by DVD.

SECTION 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.

SECTION 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 DVD.

SECTION 8. Nuisances and Trespassing. No illegal, obnoxious or offensive activity shall be permitted or carried on any part of the Master Property, nor shall anything be permitted or done thereon which is or may become a nuisance or a source of embarrassment, discomfort or annoyance to persons at or about the Master Property. 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 Laws.

SECTION 9. Subdividing. DVD 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 Laws. No portion of the Development 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 consent of DVD.

SECTION 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.

SECTION 11. Casualties. In the event any Improvements upon the Master Property 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. In the event that 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.

SECTION 12. Repair and Reconstruction. Any repair, rebuilding, alteration or reconstruction on account of casualty or other damage on the Master Property, or any portion thereof, shall be in accordance with this Master Declaration.

SECTION 13. Vehicular Parking. No vehicle shall be parked on any part of the Master Property, except on areas designed for parking. No commercial vehicles shall be parked on the Master Property, except those present on business. No Inoperative automobiles, trucks, trailers or other types of vehicles shall be allowed to remain either on or adjacent to any portion of the Master Property for a period in excess of forty-eight (48) hours, 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.

SECTION 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; 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.

SECTION 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 Laws. To the extent that any hazardous waste is generated 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 DVD, the Owner, management company or other person generating the hazardous waste to comply with Applicable Laws relating to the generation, temporary storage and offsite disposition of any such hazardous waste.

SECTION 16. Rules and Regulations. DVD may, from time to time, promulgate, modify, or delete use restrictions and rules and regulations applicable to the Development Property or any part thereof, with or without the consent of any other person.

ARTICLE IX

AMENDMENT OF THIS MASTER DECLARATION

SECTION 1. By DVD as to all Master Property. This Master Declaration may be amended at any time and from time to time by DVD as to all Master Property 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:

(a) if such amendment is necessary to bring any provision hereof into compliance with any Applicable Laws which shall be in conflict therewith;

(b) 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;

(c) 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;

(d) 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; or

(e) if such amendment is necessary for the purpose of curing any error, ambiguity in or inconsistency between or among the provisions contained herein; or

(f) if such amendment is necessary to allow the development or expansion of the Condominium Property or a vacation club or vacation ownership plan pursuant to the Act and/or Chapter 32.

SECTION 2. By DVD as to Portions of Master Property Held by DVD. For so long as DVD holds fee title in any portion or portions of the Master Property, DVD shall have and reserves to itself, in addition to those rights specified in Section 1 above, the sole and exclusive right with regard to such portions of the Master Property held by DVD 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:

(a) To amend, modify or grant exceptions or variances from any of the use restrictions set forth in this Master Declaration.

(b) To include in any contract, deed, lease agreement or other instrument hereafter made, any additional covenants, conditions and restrictions deemed desirable by DVD.

SECTION 3. By DVD or an Owner. This Master Declaration may be amended by DVD or any Owner, as may be required from time to time; provided, however, that no such amendment shall be effective without the prior written consent of DVD and all other Owners. Notwithstanding the provisions of this Section to the contrary, DVD shall have the right to make such amendments as permitted in Sections 1 and 2 above without obtaining the consent of any Owner or any other parties claiming an interest in the Master Property by, through or under any Owner.

SECTION 4. Recording of Amendments or Supplements; No Reliance. Any amendment or supplement to this Master Declaration shall become effective immediately upon recordation in the Office of the Registrar of Mesne Conveyances for Beaufort County, South Carolina. No Owner or any all persons claiming by, through, or under any Owner shall have any right to claim reliance upon this Master Declaration with regard to any amendments to this Master Declaration effected by DVD pursuant to this Article.

ARTICLE X

REMEDIES

SECTION 1. Violations. DVD and each Owner 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 herein, 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, DVD and each Owner shall each 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 DVD or the Owner, as the case may be, on demand. Such entry and abatement or removal shall not be deemed a trespass or make DVD or the Owner liable in any way to any person, firm, corporation or other entity for any damages on account thereof. 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.

SECTION 2. Easement for Enforcement. In furtherance of the enforcement provisions provided for herein, DVD and each Owner is hereby granted an easement over the Master Property for the purpose of enforcing the provisions herein, and may go upon any portion of the Master Property to remove or remedy any violations of these provisions. In the event that DVD or an Owner, 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 DVD or such Owner 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.

SECTION 3. Costs of Enforcement. Should DVD or any Owner find it necessary to employ an attorney or institute legal action against any party to enforce any provisions hereof, the non-complying party shall pay all costs in connection with such action, including court costs and reasonable attorneys' fees for pretrial, trial, and appellate 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.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Approvals. Wherever the consent or approval of DVD or an 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 DVD or such Owner, as applicable. Unless specified to the contrary, in the event DVD or the Owner fails to act on any such written request within one hundred twenty (120) days after the same has been submitted to it as required above, the consent or approval of DVD 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 which violates any of the provisions of this Master Declaration.

SECTION 2. Limited Effect of Certain Liens and Encumbrances.

(a) DVD's interest in the Master Property shall not be subjected to liens or encumbrances of any nature, including, but not limited to, mortgages, mechanics' and materialmen's liens or other liens arising pursuant to Applicable Laws, by reason of any act or omission of any other person, including, but not limited to, the construction, alteration, repair, renovation, restoration, replacement or reconstruction of any Improvements or Infrastructure on the Master Property or any other act or omission by or on behalf of any Owner or any person claiming by, through, or under an Owner. All persons dealing with any Owner or any person claiming by, through, or under an Owner are hereby placed on notice that such persons shall not look to DVD's credit or assets for payment or satisfaction of any obligations incurred in connection with the construction, alteration, repair, restoration, replacement or reconstruction thereof. No person other than DVD itself has the power, right or authority to subject DVD's interest in the Master Property or in any Improvements or Infrastructure 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 portion thereof or any Improvements thereon on account of work performed, or alleged to have been performed, for or on behalf of an Owner or any person claiming by, through, or under an Owner, 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 or the applicable portion thereof and the Improvements or Infrastructure 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 Laws. If a lien is released, the person obtaining the release shall thereupon furnish DVD with a written instrument of release or otherwise in form for recording in the office of the Office of Mesne Conveyances for Beaufort County, South Carolina, or other applicable public records, sufficient to establish the release as a matter of record.

(b) DVD, any Owner or any person claiming by, through, or under DVD or any Owner, 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 or applicable portion thereof 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, DVD in any and all such suits; provided, however, that DVD may, at its election, engage its own counsel and assert its own defenses, in which event such person shall cooperate with DVD and make available to DVD all information and data which DVD deems necessary or desirable for such defense.

(c) Prior to commencement of any work by or on behalf of an Owner on the Master Property for which a Notice of Commencement is required pursuant to Applicable Laws, the Owner or the person causing the work to be commenced shall record such a notice in the office of the Clerk of the Circuit Court, Beaufort County, South Carolina, identifying Owner or the applicable person as the party for whom such work is being performed and requiring the service of copies of all notices, liens or claims of lien upon DVD.

SECTION 3. Taxes and Assessments. During the term of this Master Declaration, DVD and each Owner 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 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 DVD or such Owner or any interest therein, so that no such liens, charges, assessments or impositions shall be payable by DVD or any other Owner by virtue of its interest in the Master Property.

SECTION 4. Condemnation.

(a) If the Master Property and/or any Improvements or Infrastructure shall be taken or condemned for any public or quasi-public use or purpose, by right of eminent domain or by purchase in lieu thereof, or if a portion of the Master Property and/or the Improvements or Infrastructure 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 this Master Declaration shall cease and terminate as to that property and/or Improvements or Infrastructure so taken as of the date on which the condemning authority takes possession.

(b) If a portion of the Master Property and/or the Improvements or Infrastructure (or only of the land or only of the Improvements or Infrastructure) is taken, and the remaining portion can be adapted and used for the conduct of DVD or an Owner's operations, then this Master Declaration shall continue in full force and effect.

(c) If the temporary use (but not title) of the Master Property and/or any Improvements or Infrastructure is taken, this Master Declaration shall remain in full force and effect.

(d) 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.

(e) The provisions of paragraphs (a) through (d) above shall not apply to any portion of the Master Property which becomes a part of the Condominium Property. The master deed shall provide for the circumstances under which the units and common elements of the Condominium Property if taken or condemned for public or quasi-public use or purpose, by right of eminent domain or by purchase in lieu thereof, shall be reconstructed, or the circumstances under which the condominium shall be terminated as a result of such taking or condemnation, and the provisions of the master deed shall control the disposition of proceeds received as a result of such taking or condemnation. This Master Declaration shall only terminate as to the Condominium Property to the extent that the condominium is not reconstructed in accordance with the master deed and the land remaining is not sufficient and suitable for any other use permitted by this Master Declaration.

SECTION 5. 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 Laws 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 herein, 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.

SECTION 6. Assignments. DVD shall have the sole and exclusive right at any time to transfer and assign to any person, firm or corporation, including, but not limited to, an Owner, any or all rights, powers, easements, privileges, authorities and reservations given to or reserved by DVD by any part, section or paragraph of this Master Declaration. Such transfer or assignment shall be evidenced by a writing, including a deed of conveyance from DVD to a successor in title to all or a portion of the Master Property, recorded in the Office of the Registrar of Mesne Conveyances for Beaufort County, South Carolina, which such writing shall specifically indicate DVD's intent to transfer and assign any or all rights, powers, easements, privileges, authorities and reservations given to or reserved by DVD hereunder.

SECTION 7. Termination. Unless sooner terminated as provided herein, this Master Declaration

shall run with and bind the land until all Owners owning an interest in all or a portion of the Master Property (including DVD if applicable) agree in writing that it shall terminate, or until January 31, 2042, whichever is sooner.

SECTION 8. No Representations. Any Owner shall inspect and examine the Master Property and shall not rely on any representations or warranties as to the condition thereof (except with respect to any express representations or warranties that DVD may provide in a writing signed by DVD 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 or the applicable portion thereof 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. DVD 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.

SECTION 9. Notices. Except as may be otherwise provided herein, 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 address shown above or at the last known address of the person; (ii) when delivered personally to the person at the address specified above or at the last known address of the person; or (iii) when deposited with a reliable overnight courier service, fee prepaid, with receipt of confirmation requested, addressed to the person as specified above. 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 or subject to subdivision restrictions or other similar restrictive documents pursuant to which a condominium or owners' association is created, shall be deemed given in accordance with this Master Declaration when delivered to such condominium or owners' association in accordance with this Section. Such condominium or owners' association is hereby authorized to receive all notices required to be given to the members of the association by the provisions of this Master Declaration.

SECTION 10. Attorneys' Fees. If DVD brings an action to recover any sum due hereunder, or for any breach hereunder, or for the enforcement, interpretation, construction or performance hereof, or concerning the validity hereof, or any other agreement or instrument executed in connection with this Master Declaration, the court may award to the prevailing party or parties its or their reasonable costs and reasonable attorneys' fees, specifically including reasonable attorneys' fees incurred in connection with any appeals (whether or not taxable as such by law).

SECTION 11. Severability. If any covenant, condition, restriction, term or provision of this Master Declaration or the application thereof 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.

SECTION 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 hereof.

SECTION 13. No Waiver. The rights of DVD or any Owner under this Master Declaration shall be cumulative and not exclusive of any other right or available remedy. DVD's or any Owner'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. DVD's or any Owner'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 DVD or such Owner 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 herein. No action taken by or on behalf of DVD or an Owner shall be construed to be an acceptance of a surrender of this Master Declaration. DVD's or an Owner's forbearance in pursuing or exercising one or more of its or their rights or remedies, or the failure of DVD or such Owner to enforce any of the covenants, conditions and restrictions set forth herein or to promptly pursue and exercise any right or remedy contained herein, 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 DVD or an Owner 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 DVD or an Owner 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 DVD or such Owner 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 DVD's or an Owner's right to collect any monetary amounts due to it for the period prior to termination.


SECTION 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 South Carolina. DVD, any Owner 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 hereby waive any right any of them may now or hereafter have under Applicable Laws 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. In the event any such suit or legal action is commenced by any of them, each of them hereby agrees, consents and submits to the personal jurisdiction of the Court of Common Pleas of the Fourteenth Judicial Circuit of South Carolina, with respect to such suit or legal action, and each of them 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 of them hereby waives any and all personal rights under Applicable Laws or in equity to object to the jurisdiction and venue in said court. Such jurisdiction and venue shall be exclusive of any other jurisdiction and venue.

IN WITNESS WHEREOF, DVD has caused this instrument to be duly executed as of the date and year indicated.

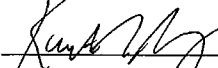
WITNESS:

"DVD"

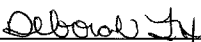
DISNEY VACATION DEVELOPMENT, INC. a Florida corporation



Print Name: Christie Sutherland

By: 

Print Name: Kenneth N. May



Print Name: Deborah Fox

As its: Senior Vice President

STATE OF Florida)
COUNTY OF Osceola) PROBATE

PERSONALLY appeared before me Christie Sutherland, who, on oath, says that s/he saw the within named Disney Vacation Development, Inc., a Florida corporation, by its officers sign and seal the within Declaration, and as its act and deed, deliver the same, and that s/he with Deborah Fox, witnessed the execution thereof.

Christie Sutherland

SWORN before me this 15th
day of Sept., 1995.

Leigh A. Nieman (L.S.)
Notary Public for Florida

My Commission Expires: May 19, 1996



LEIGH A NIEMAN
My Commission CC343594
Expires May 19, 1996

EXHIBIT A TO
 MASTER DECLARATION OF COVENANTS,
 CONDITIONS AND RESTRICTIONS

MASTER PROPERTY
 OVERALL LEGAL DESCRIPTION

All that certain piece, parcel or tract of land shown and described as 15.86 Acres on a plat entitled, "PARCEL 20, PHASE I, SHELTER COVE BEING A PORTION OF PALMETTO DUNES RESORT, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA," dated April 9, 1986, last revised December 16, 1993, prepared by Hussey, Gay & Bell, Consulting Engineers, Savannah, Georgia, certified by James M. Sims, S.C.R.L.S. No. 13169, and recorded in the RMC Office for Beaufort County, South Carolina in Plat Book 48 at Page 110.

AND ALSO, all that certain piece, parcel or lot of land (together with the 15.86 acre parcel described above hereinafter referred to as "Parcel I") located between the mean high water line of the marsh and the northernmost property line of the aforementioned 15.86 acre parcel shown on the plat entitled, "PARCEL 20, PHASE I, SHELTER COVE BEING A PORTION OF PALMETTO DUNES RESORT, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA," dated April 9, 1986, last revised December 16, 1993, prepared by Hussey, Gay & Bell, Consulting Engineers, Savannah, Georgia, certified by James M. Sims, S.C.R.L.S. No. 13169, and recorded in the RMC Office for Beaufort County, South Carolina in Plat Book 48 at Page 110 (the "Parcel I Survey").

AND ALSO, all that certain piece, parcel or tract of land shown and described as "Parcel A" on a plat entitled "PLAT OF A 3.79 ACRE PORTION OF PALMETTO DUNES RESORT, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA," dated December 15, 1993, prepared by Hussey, Gay & Bell, Consulting Engineers, Savannah, Georgia, certified by James M. Sims, S.C.R.L.S. #13169, and recorded in the RMC Office of Beaufort County, South Carolina, in Plat Book 48 at Page 111 (the "Parcel II Survey").

AND ALSO, all that certain piece, parcel or lot of land (together with the 3.79 acre parcel described above hereinafter referred to as "Parcel II") located between the mean high water line of the Atlantic Ocean and the southeastermost property line of Parcel "A" as shown on that certain plat entitled "PLAT OF A 3.79 ACRE PORTION OF PALMETTO DUNES RESORT, HILTON HEAD ISLAND, BEAUFORT COUNTY, SOUTH CAROLINA," dated December 15, 1993, prepared by Hussey, Gay & Bell, Consulting Engineers, Savannah, Georgia, certified by James M. Sims, S.C.R.L.S. #13169, and recorded in the RMC Office of Beaufort County, South Carolina, in Plat Book 48 at Page 111.

AND ALSO, those certain boat slips described as follows: boat slips located in the Marina at Shelter Cove, Hilton Head Island, South Carolina and generally identified as follows: boat slip number 1 containing thirty-six (36') linear feet, boat slip numbers 3, 5, 7, and 9 each containing forty (40') linear feet, and boat slip number 11 containing forty-eight (48') linear feet.

Disney
 FILED 8821
 JOHN A. SULLIVAN - RMC
 BEAUFORT COUNTY, S.C. /ML
 95 SEP 19 PM 2:13
 BK 803 PG. 2028
 FOLDER#

(Exhibit "B" to the Master Deed)

ARTICLES OF INCORPORATION

OF

DISNEY VACATION CLUB AT HILTON HEAD ISLAND

OWNERS ASSOCIATION, INC.

<i>Jim Miles</i> SECRETARY OF STATE											
FILED											
FEB 2 1995											
AM PM											
7	8	9	10	11	12	1	2	3	4	5	6

1490^A

All terms used in these Articles of Incorporation of Disney Vacation Club at Hilton Head Island Owners Association, Inc. (the "Articles") shall have the same meaning as the identical terms utilized in the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime (the "Master Deed"), unless the context otherwise requires.

ARTICLE I

Name

The name of the corporation shall be the DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC. (the "Association").

In the event that the Property Management Agreement between the Association and Disney Vacation Club Management Corp., a Florida corporation ("DVCMC"), is ever terminated without the consent of DVCMC, the name of the Association shall, without any action to be taken by the Board of Directors of the Association (the "Board") or the Association, simultaneously and automatically be changed to HILTON HEAD ISLAND CLUB OWNERS ASSOCIATION, INC. In the event that the name "HILTON HEAD ISLAND CLUB OWNERS ASSOCIATION, INC." is unavailable for use by the Association, the Board shall be empowered to select an alternative name for the Association; provided, however, that, in no event shall the Board select an alternative name that uses or makes reference to the name "Disney" or any other trademark registered by The Walt Disney Company, a Delaware corporation and/or any subsidiary or affiliate thereof, (the "TWDC Companies") or that connotes any association with the "Disney" name.

In the event that the name of the Association is changed because of the termination of the Property Management Agreement, the Board and any and all Owners shall be prohibited from using the name "Disney" (or any other form thereof) in any manner whatsoever and shall immediately be required to:

- a. Remove all signs containing the name "Disney" from the Condominium Property and from any off-site location to the extent the sign refers to the Condominium or to the Condominium Property; and
- b. Destroy all stationery, descriptive literature or printed or written matter bearing the name "Disney" other than books and records of the Association; and
- c. 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; and
- d. Take immediate action to effect changes to the names of the Association and the documents of the Condominium reflecting the name "Disney" to eliminate the use of such names in any manner whatsoever; and
- e. 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. In this regard, the Association shall be responsible for repairing

©Disney

CERTIFIED TO BE A TRUE AND CORRECT COPY AS TAKEN FROM AND COMPARED WITH THE ORIGINAL ON FILE IN THIS OFFICE

Jim Miles
SECRETARY OF STATE OF SOUTH CAROLINA

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.

ARTICLE II

Purposes

1. This corporation is a mutual benefit corporation.
2. The purpose for which the Association is organized is to manage, operate and maintain a horizontal property regime, to be known as the DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME (the "Condominium"), in accordance with the Master Deed.
3. The Association shall have no capital stock and shall make no distribution of income or profit to its members, directors or officers.

ARTICLE III

Powers

1. The Association shall have all of the common law and statutory powers of a mutual benefit, not-for-profit corporation which are not in conflict with the terms of these Articles.
2. The Association shall have all of the powers reasonably necessary to implement the purpose of the Association including 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 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.

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 Master Deed.

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. The Membership Agreement and DVC Resort Agreement may only be terminated in accordance with the terms of those documents, respectively.

j. To grant easements over, across and under the Condominium Property as may be required for the construction or maintenance of Utility Service in order to serve the Condominium adequately.

k. To enter into contracts and agreements regarding use of the recreational facilities of other commonly-use facilities.

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 Master Deed.

ARTICLE IV

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 Unit shall be entitled to a vote equal to its percentage interest in the Common Elements at Association meetings. The vote of the Owner of a Unit shall be cast by its Voting Representative. Voting Representatives for Units owned by more than one person or by a corporation or other entity 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.

2. Changes in membership in the Association shall be established by the recording in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, of a deed or other instrument establishing a change of record title and the 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 an Owner in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his or her Unit.

ARTICLE VDirectors

1. The affairs of the Association will be managed by a board of directors of not less than three (3) nor more than seven (7) directors as shall be determined by the Bylaws, and in the absence of such determination shall consist of three (3) directors.
2. Directors of the Association shall be appointed or elected at the annual Owners' meeting in the manner determined by the Bylaws.
3. The following persons shall serve as directors until their successors are elected or appointed as provided in the Bylaws:

<u>Name</u>	<u>Address</u>
Kenneth N. May	6751 Forum Drive, Suite 220, Orlando, Florida 32821
William Ernest	6751 Forum Drive, Suite 220, Orlando, Florida 32821
Kenneth M. Borick	6751 Forum Drive, Suite 220, Orlando, Florida 32821

ARTICLE VIOfficers

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. The names and addresses of the officers who shall serve until their successors are designated by the Board are as follows:

President:	Kenneth N. May	6751 Forum Drive, Suite 220, Orlando, Florida 32821
Vice-President: Secretary/	William Ernest	6751 Forum Drive, Suite 220, Orlando, Florida 32821
Treasurer:	Kenneth M. Borick	6751 Forum Drive, Suite 220, Orlando, Florida 32821

ARTICLE VIIIndemnification

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon such officer, or director in connection with any proceeding to which he or she may be a party, or in which such officer or director may become involved by reason of his or her being or having been a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided that in the event of a settlement,

the indemnification herein shall apply only when the Board has approved such settlement and determined that reimbursement is in the best interests of the Association. The foregoing indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

ARTICLE VIII

Bylaws

The Bylaws may be altered, amended or rescinded by not less than two-thirds (2/3) of the total votes eligible to be voted in the Association at a duly called meeting of the Association.

ARTICLE IX

Amendments

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. A resolution approving a proposed amendment may be proposed by either the Board or by the Owners, and after being proposed and approved by one of such bodies, requires the approval of the other body. Except as otherwise provided herein, such approvals must be by not less than three-fourths (3/4) of all the directors and by not less than a three-fourths (3/4) vote of the total votes eligible to be voted in the Association at a duly called meeting of the Association.

3. An amendment when adopted shall be effective when filed with the Secretary of State of the State of South Carolina and recorded in the Public Records of Beaufort County, South Carolina.

4. Notwithstanding the foregoing, these Articles may be amended by DVD as may be required by any governmental entity or as may be necessary to conform these Articles to any governmental statutes or as may be in the best interests of the Association.

ARTICLE X

Term

The term of the Association shall be the life of the Condominium. The Association shall be terminated by the termination of the Condominium in accordance with the Master Deed.

ARTICLE XI

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 fifty percent (50%) of the Owners, unless otherwise provided by law.

ARTICLE XIIIncorporator

The name and residence of the incorporator of the corporation is as follows:

Kenneth M. Borick 6751 Forum Drive, Suite 220, Orlando, Florida 32821

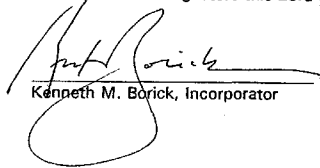
ARTICLE XIIIRegistered Agent

The Association hereby appoints William Ernest as its Registered Agent to accept service of process within this state, with the initial Registered Office located at the Village at Wexford, Suite C-7, Hilton Head, South Carolina, 29928.

ARTICLE XIVPrincipal Office

The address of the principal office of the Association is Shelter Cove, Hilton Head Island, South Carolina.

IN WITNESS WHEREOF the incorporator has affixed his signature this 23rd day of January, 1995.



Kenneth M. Borick, Incorporator

(Exhibit "C" to the Master Deed)

BYLAWS
OF
DISNEY VACATION CLUB AT HILTON HEAD ISLAND
OWNERS ASSOCIATION, INC.

a mutual benefit, not-for-profit corporation
under the laws of the State of South Carolina

The terms used in these Bylaws of Disney Vacation Club at Hilton Head Island Owners Association, Inc. (the "Bylaws") shall have the same meaning as the identical terms utilized in the Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime (the "Master Deed"), unless the context otherwise requires.

NOTICE: THESE BYLAWS CONTAIN A PROVISION SUBJECTING DISPUTES CONCERNING THESE BYLAWS TO MANDATORY ARBITRATION.

I. IDENTITY

These are the Bylaws of DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a mutual benefit, not-for-profit corporation under the laws of the State of South Carolina (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 South Carolina. The Association has been organized for the purpose of administering a horizontal property regime upon certain lands in Beaufort County, South Carolina known as Disney Vacation Club at Hilton Head Island Horizontal Property Regime (the "Condominium"), in accordance with the Master Deed.

1. The office of the Association shall be at Shelter Cove, Hilton Head Island, South Carolina 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 "South Carolina," the words "Corporation Not-for-Profit," and the year of Incorporation.

II. 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.
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 fifty percent (50%) of the votes eligible to be voted 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 in Beaufort County, South Carolina.

3. Notice of all Owners' meetings stating the time and place and the objects 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 as it appears on the books of the Association and shall be sent by first class mail to each Owner not less than fourteen (14) days nor more than sixty (60) days prior to the date of the meeting. 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. 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 fifty-one percent (51%) of the total votes eligible to be voted shall constitute a quorum, and decisions shall be made by the vote of fifty-one percent (51%) of the total votes eligible to be voted at a meeting at which a quorum is present.

5. Each Unit shall be entitled to a vote equal to its percentage interest in the Common Elements at Association meetings. The vote of the Owner of a Unit shall be cast by its Voting Representative. Voting Representatives for Units owned by more than one person or by a corporation or other entity 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 South Carolina law, and provided that the Association shall be responsible for ensuring that such notices are in fact delivered to the Owners of such Unit. Each Voting Certificate shall be valid until revoked by a subsequent Voting Certificate. If a Voting Certificate is not on file where the Unit is owned by more than one Owner, the vote of such Owners shall not be considered in determining the requirements for a quorum nor for any other purposes. By execution of a deed for purchase of an Ownership Interest in a Unit in the Condominium, the Cotenant of a Unit shall evidence his or her joinder in the Master Cotenancy Agreement recorded in the Public Records of Beaufort County, 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, and if a limited proxy, set forth those items which the holder of the proxy may vote and the manner in which the vote is 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 it 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.

7. All voting agreements shall have a minimum duration of ten (10) years and shall be automatically renewable for successive periods of ten (10) years each unless the Owners notify the Board of Directors of a decision not to renew the voting agreement at the end of each such ten (10) year period.

8. 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.

9. 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.

10. 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.

11. The order of business at annual Owners' meetings and, as far as practicable at all other Owners' meetings, shall be:

- A. Call to order.
- B. Calling of the roll and certifying of proxies.
- C. Proof of notice of meeting or waiver of notice.
- D. Reading and disposal of any unapproved minutes.
- E. Report of officers.
- F. Report of committees.
- G. Election of directors.
- H. Unfinished business.
- I. New business.
- J. Adjournment.

12. For so long as Disney Vacation Development, Inc., a Florida corporation ("DVD"), holds Units or Ownership Interests in Units for sale in the ordinary course of business, none of the following actions may be taken without 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.

III. 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. The initial Board shall consist of three (3) directors, and thereafter the membership of the Board shall consist of not less than three (3) 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 president may appoint a nominating committee which

shall nominate a minimum of one (1) Owner for each director position coming vacant. This nominating process shall not preclude any Owner desiring to be a candidate for membership on the Board from being nominated from the floor.

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 to which the departing director was appointed.

C. The directors named in the Articles of Incorporation 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 then any such vacancies shall be filled by DVD. Unless applicable law is subsequently amended to permit a longer period of control of the Board by DVD (in which case such applicable law shall govern), the Owners of Ownership Interests in Units other than DVD will be entitled to elect members of the Board as follows:

(1) At such time as fifteen percent (15%) or more of the Ownership Interests in all Units declared as part of the Condominium are owned by Owners other than DVD, the Owners of Ownership Interests other than DVD shall be entitled to elect not less than one third (1/3) of the members of the Board.

(2) Owners of Ownership Interests other than DVD shall be entitled to elect not less than a majority of the members of the Board three (3) years after fifty percent (50%) of the Ownership Interests in all Units declared as part of the Condominium that will be operated ultimately by the Association have been conveyed to purchasers, or three (3) months after ninety percent (90%) of the Ownership Interests in all Units declared as part of the Condominium that will be operated ultimately by the Association have been conveyed to purchasers, or when some of the Ownership Interests in the Units have been sold and none of the others are being offered for sale by DVD in the ordinary course of business, or seven years after the recording of the Master Deed creating the initial phase or phases of the Condominium, whichever shall first occur.

(3) DVD shall be entitled to elect not less than one (1) member of the Board as long as DVD holds for sale in the ordinary course of business at least five percent (5%) of the Ownership Interests in all of the Units that will be operated ultimately by the Association.

(4) As to the election of directors pursuant to Subparagraphs (1), (2) and (3) above, within seventy-five (75) days after Owners other than DVD are entitled to elect a member or members of the Board, the Association shall call and give not less than thirty (30) days nor more than sixty (60) days notice of a meeting of the Owners for this purpose.

(5) Nothing in this subparagraph shall be construed so as to preclude DVD from relinquishing control of the Board at any time DVD may so elect.

3. At the first election at which all of the members of the Board are elected by Owners other than DVD, the majority of those directors receiving the most votes shall serve for a one (1) year term. Thereafter, each director's service shall extend for a two (2) year period and thereafter until a successor is duly elected and qualified or until the director is removed in the manner elsewhere provided. Prior to the first election at which all of the members of the Board are elected by Owners other than DVD, the term of office of each director elected by the Owners shall extend until the next annual Owners' meeting and thereafter until a successor is duly elected or qualified or until the director is removed in the manner elsewhere provided.

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 or by mail, telephone or telegraph at least three (3) days prior to the date named 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. Any item not included on the notice may be taken up on an emergency basis by at least a majority plus one 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 directors may be called by the president of the Association and must be called by the secretary of the Association at the written request of one-third (1/3) of the votes of the Board. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state 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 directors' 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 shall constitute the acts of the Board except as specifically otherwise provided in the Master Deed. 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.

9. The presiding officer of directors' meetings shall be the president of the Association. In the absence of the president, the vice president of the Association shall 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. At any annual or special meeting of the Association duly called, any one or more Owner directors may be removed with or without cause by fifty-one percent (51%) of the total votes eligible to be voted at such meetings and a successor may then and there be elected to fill the vacancy thus created.

12. 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.

IV. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

All of the powers and duties of the Association shall be exercised by the Board, including those existing under common law and statutes and the Condominium Documents. Such powers and duties of the directors shall be exercised in accordance with the provisions of the Master Deed 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 obtaining and maintaining adequate insurance to protect the Association and the Condominium Property.
4. To reconstruct improvements after casualty in accordance with the provisions set forth in the Act and in the Master Deed and to construct further improvements to the Condominium Property.
5. To make and amend rules and regulations respecting the use of the Condominium Property. Such rules and regulations may be promulgated by the Board at any duly noticed meeting of the Board or of the Owners.
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 of directors of the Association 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.
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. The Association is designated to serve as the business entity to collect taxes pursuant to Section 27-32-240(2), Code of Laws of South Carolina.
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 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 Master Deed.
13. To maintain all books and records concerning the Condominium and the Vacation Ownership Plan including the maintenance of a complete list of the names and 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 of directors of the Association 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 grant easements over, across and under the Condominium Property as may be required for the construction or maintenance of Utility Service in order to serve the Condominium adequately.

16. To enter into contracts and agreements regarding use of the recreational facilities or other commonly-use facilities.

V. 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 the power of appointing committees from among the Owners from time to time, as the president may in his or her 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 directors.

4. The secretary shall keep the minutes of the proceedings of the directors 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 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 directors. 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.

VI. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Master Deed 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. Common Expenses shall include the expenses for the operation, maintenance, repair or replacement of the Common Elements and the Limited Common Elements, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including 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 Master Deed. The Board is specifically empowered, on behalf of the Association, to make and collect assessments and to lease, maintain, repair and replace the Common

Elements and Limited Common Elements of the Condominium. 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 Master Deed. Assessments for Units shall be due on the first day of January each year and shall be considered delinquent if payment has not been received on or before the thirty-first day of January 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 Interest, the Association shall have all collection rights available to it under South Carolina 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 directors 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 a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association and estimates of the income of the Association. The proposed annual budget of Common Expenses shall be detailed and shall show the amounts budgeted, by accounts and expense classifications. In addition to annual operating expenses, the 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 life 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 eligible to be voted present at a duly called meeting of the Association. The budget shall include the following items:

- (1) Common Expense Budget:
 - (a) Administration of the Association.
 - (b) Management fees.
 - (c) Maintenance.
 - (d) Rent for recreational and other commonly used facilities.
 - (e) Taxes upon Association Property.
 - (f) Taxes upon leased areas.
 - (g) Insurance.
 - (h) Security provisions.
 - (i) Operating capital.

- (j) Reserves.
- (k) Fees payable to governmental entities, if any.
- (l) The costs and expenses of the Disney Vacation Club, including the DVC Reservation Component, that are attributed to the Condominium.
- (m) Other expenses.

(2) Proposed assessments against each Owner, together with an annual total of assessments.

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 shall be furnished to each Owner. If an adopted budget requires assessment against the Owners in any fiscal or calendar year in excess of 115% of the assessments for the preceding year, the Board, upon written application to it of 10% of the total votes eligible to be voted in the Association, shall call a special meeting of the Owners within thirty (30) days, giving not less than ten (10) days written notice by first class mail to each Owner. At the special meeting, Owners shall consider and enact a budget. The adoption of the budget at such a special meeting shall require a vote of a majority of all votes eligible to be voted. The Board may propose a budget which exceeds 115% of the assessments for the preceding 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 all votes eligible to be voted in writing, the budget shall be adopted. In determining whether assessments exceed 115% of similar assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the Condominium Property, expenses by the Association which are not anticipated to be incurred on a regular or annual basis, or assessments for capital improvements to the Condominium Property, shall be excluded from the computation. However, as long as DVD is in control of the Board, the Board shall not impose an assessment for any year greater than 115% of the prior fiscal or calendar year's assessment without approval of at least fifty-one percent (51%) of all votes eligible to be voted in the Association.

3. The depository of the Association shall be such bank or other institution as permitted by applicable South Carolina law, as shall be designated from time to time by the directors and from which the monies in such accounts shall be withdrawn only by checks signed by such persons as are authorized by the directors.

4. 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 by the Board from time to time and the premiums on such bonds shall be paid by the Association as a Common Expense.

VII. 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 South Carolina.

VIII. 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 may be proposed by either the Board or by the membership of the Association, and after being proposed and approved by one of such bodies, it must be approved by the other. Except as otherwise provided herein, a resolution adopting a proposed amendment must receive approval of not less than two-thirds (2/3) of the votes eligible to be voted in the Association at a duly called meeting of the Association. Owners not present at the meeting considering the amendment may express their approval in writing within ten (10) days after such meeting.

3. An amendment when adopted shall become effective only after being recorded in the same manner as the Master Deed in Beaufort County, South Carolina.

4. 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.

IX. SEVERABILITY AND CONFORMITY TO STATE LAW

These Bylaws are to be governed by and construed according to the laws of the State of South Carolina. If it should appear that any of the provisions hereof are in conflict with the Master Deed or any rule of law or statutory provision of the State of South Carolina, 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 Master Deed or such rule of law.

X. 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 South Carolina law.

CERTIFICATE

The undersigned hereby certifies that the undersigned is the duly elected and acting secretary of the Association named herein and that the foregoing is a true copy of the Bylaws of said Association duly adopted by action of the directors dated September 15, 1995, and hereby further certifies that such Bylaws have not been amended or rescinded and remain in full force and effect at the date hereof.

DATED this 15th day of September, 1995.


Secretary

2/2/13

Prepared by and return to:
Ilese M. Flamm, Esquire
Disney Vacation Development, Inc.
200 Celebration Place, #437
Celebration, FL 34747

13928

**UNANIMOUS BOARD OF DIRECTORS APPROVAL WITHOUT MEETING
FOR
DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC.**

By signing below, we, the undersigned, being all of the members of the Board of Directors of the above named Corporation, which is duly organized and existing under the laws of the State of Florida, do hereby consent to amend the Section II, paragraph 10 and Section VI, paragraph 1.A of the Bylaws for the Corporation.

Section II, paragraph 9 is hereby amended as follows (all additions to the text are shown as double underline and all deletions are shown as ~~strikeout~~):

"9. The order of business at annual Owners' meetings and, as far as practicable at all other Owners' meetings, shall be:

- A. Call to order.
- B. Election of Chairman of the meeting.
- C. Calling of the roll and certifying of proxies.
- D. Proof of notice of meeting or waiver of notice.
- E. Reading and disposal of any unapproved minutes.
- F. Report of officers.
- G. Report of committees.
- H. Election of directors.
- I. Unfinished business.
- J. New business.
- K. Adjournment.

Notwithstanding the foregoing, if any item listed above is not relevant to a particular meeting, as determined by the Board in their sole and absolute judgment, such item shall not be required to be addressed at that particular meeting.

Section VI, paragraph 1.A is hereby amended as follows (all additions to the text are shown as double underline and all deletions are shown as ~~strikeout~~):

"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. Common Expenses shall include the expenses for the operation, maintenance, repair or replacement of the Common Elements and the Limited Common Elements, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including 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 Master Deed. The Board is specifically empowered, on behalf of the Association, to make and collect assessments and to lease, maintain, repair and replace the Common Elements and Limited Common Elements of the Condominium. 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 Master Deed. Assessment for Units shall be due on the ~~fifteenth~~ first day of January each year and shall be considered delinquent if payment has not been received ~~on or~~

before the ~~fourteenth~~ ~~thirty-first~~ day of ~~February~~ ~~January~~ 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 interest, the Association shall have all collection rights available to it under South Carolina 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."

The foregoing action was taken effective as of the date hereof without a meeting pursuant to Section VIII, paragraph 2, of the Bylaws.

Dated: 2-11-99

[Signature]
Denise M. Hatcher
[Signature]
Courtney L. Baetels

[Signature]
George Aguel
[Signature]
Matthew T. Gibbs, II
[Signature]
Kenneth M. Borick

STATE OF FLORIDA
COUNTY OF OSCEOLA

The foregoing instrument was acknowledge before me this 11th day of February, 1999 by George Aguel, Kerineth M. Borick and Matthew T. Gibbs, II, as members of the Board of Directors of Disney Vacation Club at Hilton Head Island Owners Association, Inc., a corporation not-for-profit under the laws of Florida, on behalf of the corporation. They are personally known to me.

[Signature]
Notary Public



Disney Vac.

FILED 2161
JOHN A. SULLIVAN - RMC
SEALBAPT COUNTY, S.C.

99 MAR -9 PM 1:53

BK FOLDER# PG

Disney

FILED 2161
JOHN A. SULLIVAN - RMC
SEALBAPT COUNTY, S.C.

99 MAR 18 PM 4:21

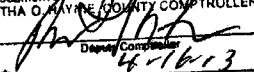
BK 1149 FOLDER# PG 32

Prepared by and return to:
John M McGowan, Esquire
Disney Vacation Development, Inc.
c/o Compliance Department
1390 Celebration Blvd.
Celebration, FL 34747

DOCN 20130205957 B: 10555 P: 1044
04/18/2013 03:58:49 PM Page 1 of 2
Rec Fee: \$18.50
Martha O. Haynie, Comptroller
Orange County, FL
MB - Ret To: DISNEY VACATION DEVELOPME

State of FLORIDA, County of ORANGE
I hereby certify that this is a true copy of
the document as reflected in the Official Records.
MARTHA O. HAYNIE, COUNTY COMPTROLLER



By: 
Deputy Comptroller
6-16-13

Dated: _____

AMENDMENT TO THE BYLAWS
OF

DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC.

This Amendment to the Bylaws of Disney Vacation Club at Hilton Head Island Owners Association, Inc. (this "Amendment") is effective as of December 13, 2012.

WHEREAS, by a duly noticed and called annual meeting of the Board of Directors (the "Annual Board Meeting") of Disney Vacation Club at Hilton Head Island Owners Association, Inc. (the "Association"), which was held on December 13, 2012, and at which a quorum was present, this Amendment was unanimously approved by the Board of Directors; and

WHEREAS, by a duly noticed and called annual meeting of the Members (the "Annual Members Meeting") of the Association, which was also held on December 13, 2012, and at which a quorum was present, this Amendment was approved by a majority vote of the voting interests of the Association.

NOW, THEREFORE, Section II, Paragraph 3 of the Bylaws of the Association is hereby amended as follows (all additions to the text are shown as double underlined and all deletions are shown as ~~strikeout~~):

"3. Notice of all Owners' meetings stating the time, place and the objects 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 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 each Owner not less than fourteen (14) days nor more than sixty (60) days prior to the date of the meeting. Any notice by e-mail shall only be valid if the Owner has first consented electronically to the use of e-mail for notice purposes demonstrating that the Owner 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. 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. 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."

IN WITNESS WHEREOF, the Association has executed this Amendment to the Bylaws of the Association on the date set forth above and certifies that the Amendment has been unanimously

approved by the Board of Directors of the Association and approved by a vote of a majority of the voting interests of the Association.

DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a mutual benefit, not-for-profit corporation under the laws of the State of South Carolina.

Witnesses:

Nancy M. Irvine
Print Name: Nancy M. Irvine

Brenda Toney
Print Name: BRENDa Toney

Katherine Dellacasa
Print Name: Katherine Dellacasa

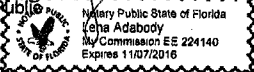
Paulette A. Eddy
Print Name: Paulette A. Eddy

By: [Signature]
Name: Kenneth M. Potrock
Title: President

By: [Signature]
Name: John M. McGowan
Title: Secretary

STATE OF FLORIDA
COUNTY OF ORANGE

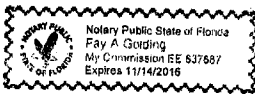
The foregoing instrument was acknowledged before me this 12 day of April, 2013 by Kenneth M. Potrock, as President of Disney Vacation Club at Hilton Head Island Owners Association, Inc., a mutual benefit, not-for-profit corporation under the laws of the State of South Carolina, on behalf of the corporation. He is personally known to me.

[Signature]
Notary Public


STATE OF FLORIDA
COUNTY OF ORANGE

The foregoing instrument was acknowledged before me this 4 day of April, 2013 by John McGowan, as Secretary of Disney Vacation Club at Hilton Head Island Owners Association, Inc., a mutual benefit, not-for-profit corporation under the laws of the State of South Carolina, on behalf of the corporation. He is personally known to me.

[Signature]
Notary Public



Disney Vacation Club At Hilton Head Island Owners Association, Inc.

Estimated Operating Budget For The Year January 1, 2014 Through December 31, 2014

<u>102 Vacation Homes</u>		
<u>Revenue Components</u>	<u>2014 Annual Budget</u>	<u>2014 Annual Budget (Per Vacation Point)</u>
Interest Income - Taxes and Operating	\$222	\$0.0002
Member Late Fees and Interest	77,587	0.0567
Breakage Income	210,750	0.1539
Member Annual Dues Assessment	6,366,684	4.6507
TOTAL REVENUES AND INCOME	\$6,655,243	\$4.8615
<u>Cost Components</u>		
Administration and Front Desk	\$1,401,797	\$1.0240
Annual Audit	14,382	0.0105
Association Dues/Fees	137,742	0.1006
DVC Reservation Component	8,428	0.0062
Housekeeping	1,368,585	0.9997
Income Taxes	40,483	0.0296
Insurance	130,267	0.0952
Legal	1,000	0.0007
Maintenance	1,157,392	0.8454
Management Fee	880,636	0.6433
Member Activities	860,316	0.6284
Utilities	654,215	0.4779
TOTAL OPERATING EXPENSES	\$6,655,243	\$4.8615

Estimated Operating Budget Notes

All capitalized terms not defined in these budget notes will have the same meanings ascribed to such terms in the Component Site Public Offering Statement for Disney Vacation Club at Hilton Head Island Horizontal Property Regime. See also Additional Budget Notes.

Description of Revenue Components:

1. Interest Income - Taxes and Operating - Interest earned on (i) ad valorem tax deposits held in escrow and (ii) operating budget deposits invested until expended for operating expenses.
2. Member Late Fees and Interest - All delinquent Annual Dues payments are subject to a late fee of \$25 per Ownership Interest, plus interest at the maximum rate permitted by law (currently 18 percent) accrued on the amount outstanding from the original due date.

3. **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 Disney's Hilton Head Island Resort.

Description of Cost Components:

1. **Administration and Front Desk** - Cost of front desk operations and resort management, including operating supplies and equipment rental. Also includes costs for operational and administrative support from the WALT DISNEY WORLD® Resort ("WDW").
2. **Annual Audit** - Fee for the independent audit of the Association's financial statements.
3. **Association Dues/Fees** - Annual fees paid to master associations that provide security, road maintenance, landscaping and other services for the Palmetto Dunes Resort and Shelter Cove planned developments.
4. **DVC Reservation Component** - Fee paid to Buena Vista Trading Company for providing the exchange component of the Club central reservation system.
5. **Housekeeping** - Cost of cleaning Vacation Homes and public areas; replacement of disposable amenities in Vacation Homes. Also includes the purchase, replacement and cleaning of linens and towels.
6. **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.
7. **Insurance** - Cost of insurance premiums for property coverage, general liability, workers' compensation, crime and Director's and Officer's liability.
8. **Legal** - Cost of legal counsel regarding Association business.
9. **Maintenance** - Cost of interior and exterior maintenance and repairs not paid for out of replacement reserves. Also includes landscaping, pest control and fire alarm monitoring.
10. **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 exclusive of the management fee.
11. **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.
12. **Utilities** - Cost of electricity, gas, water, sewer, solid waste disposal, cable television and telephone service at the Resort.

General Notes:

1. **Developer Subsidy** - DVD has agreed that each Purchaser and Owner will only be required to pay an assessment for operating expenses of \$4,6507 per Vacation Point through December 31, 2014, exclusive of ad valorem taxes which are billed separately. The actual amount of the developer contributed subsidy to be paid by DVD will be equal to the amount necessary to pay the difference between the actual expenses less the sum of the amount of operating assessments collected from all Owners and income from other sources. However, any expenses incurred during the subsidy period resulting from a natural disaster or an act of God, 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, their successors or assigns, including DVD, provided that during any period of time DVD controls the Association and the Association maintains all insurance coverage required by the Resort Documents and applicable law. The obligation of DVD to provide this subsidy is a matter of private contract among DVD, current Purchasers and the Association (as to existing Owners). DVD reserves the right to discontinue offering this subsidized operating assessment in the future.

As a consequence of this subsidized assessment, existing Owners and current Purchasers will not be specially assessed with regard to expenses during the subsidy period if the expenses exceed the subsidized per Vacation Point amount, except in the event of a natural disaster or an act of God as outlined above. DVD shall pay any amount of expenses incurred during the subsidy period in excess of the total revenue of the vacation ownership plan, including subsidized assessments collected from Owners and current Purchasers and Association income from other sources, except in the event of a natural disaster or an act of God as outlined above.

See also Additional Budget Notes.

Estimated Capital Reserves Budget For January 1, 2014 Through December 31, 2014

Replacement Fund Components	102 Vacation Homes	
	2014 Annual Budget	2014 Annual Budget (Per Vacation Point)
Capital Reserves	\$1,857,992	\$1,3571
Interest Income	(5,407)	(0.0039)
TOTAL CAPITAL RESERVES BUDGET	\$1,852,585	\$1.3532

Capital Reserve Analysis For The Year Ended December 31, 2013

Replacement Fund Components	Estimated Fund Balance as of December 31, 2013	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs (102 Vacation Homes)
Roof Replacement/Repair		10 - 40	2 - 36	\$4,387,362
Interior Refurbishment		7 - 45	6 - 27	9,103,485
External Building Painting		2 - 7	1 - 5	1,230,530
Common Element Renovation		1 - 30	1 - 20	5,613,047
Pavement Resurfacing		2 - 25	2 - 22	627,137
Capital Reserves	\$10,111,353			
TOTAL	\$10,111,353			\$20,961,561

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 Component Site Public Offering Statement for Disney Vacation Club at Hilton Head Island Horizontal Property Regime. See also Additional Budget Notes.

- 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.
- Developer Subsidy** - DVD has agreed that each Purchaser and Owner will only be required to pay an assessment for reserves expenses of \$1,3532 per Vacation Point through December 31, 2014, exclusive

of ad valorem taxes which are billed separately. The actual amount of the developer contributed subsidy to be paid by DVD will be equal to the amount necessary to pay the difference between the actual expenses less the sum of the amount of reserves assessments collected from all Owners and income from other sources. However, any expenses incurred during the subsidy period resulting from a natural disaster or an act of God, 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, their successors or assigns, including DVD, provided that during any period of time DVD controls the Association and the Association maintains all insurance coverage required by the Resort Documents and applicable law. The obligation of DVD to provide this subsidy is a matter of private contract among DVD, current Purchasers and the Association (as to existing Owners). DVD reserves the right to discontinue offering this subsidized reserves assessment in the future.

As a consequence of this subsidized assessment, existing Owners and current Purchasers will not be specially assessed with regard to expenses during the subsidy period if the expenses exceed the subsidized per Vacation Point amount, except in the event of a natural disaster or an act of God as outlined above. DVD shall pay any amount of expenses incurred during the subsidy period in excess of the total revenue of the Vacation Ownership Plan, including subsidized assessments collected from Owners and current Purchasers and Association income from other sources, except in the event of a natural disaster or an act of God as outlined above.

See also Additional Budget Notes.

Additional Budget Notes

1. **2014 Dollars** - All costs are stated in 2014 dollars unless otherwise indicated.
2. **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.
3. **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 Beaufort County, South Carolina. DVD developed the Condominium on the property, and sells ownership interests in Condominium units, as part of the vacation ownership plan. Unless otherwise extended, the term-for-years interest will expire on January 31, 2042, and vest to the benefit of Walt Disney Parks and Resorts U.S., Inc. ("WDPR"), a Florida corporation (formerly Walt Disney World Co.), its successors and assigns, as successor by merger to Walt Disney World Hospitality & Recreation Corporation ("WDWHRC") formerly known as and sometimes identified herein and in DVC Resort Documents as Lake Buena Vista Communities, Inc. WDPR is also a subsidiary of TWDC.

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 currently retains no less than 4 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 54,770 vacation points. In addition, DVD also had unsold ownership interests equivalent to approximately 6,725 vacation points as of December 31, 2012. During the year ended December 31, 2012, DVD annual dues paid to the Association were \$312,219.

As of December 31, 2012, the amount due to DVD related to overpayment of annual dues was \$13,894.

In 2007, DVD loaned \$930,000 to the Association to fund certain necessary repairs to portions of the façade and structure of the Condominium caused by water intrusion. The repairs were completed in the spring of 2007. The repairs were funded by DVD incrementally as the repairs progressed. The loan

accrued interest at 5.39% per year compounded monthly and was repaid by the Association in monthly installments over a six year period that began on January 1, 2007. Interest expense related to the loan was \$5,100 for the year ended December 31, 2012 and is shown as Developer loan payment on the schedule of operating fund revenues and expenses – budget to actual. The principal payments on the loan were \$173,253 for the year ended December 31, 2012, and are shown as an interfund transfer.

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 year ended December 31, 2012, were \$830,648.

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 year ended December 31, 2012, the Association received \$198,798 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 \$939,987.

4. **Management Agreement** - The Association currently has a three-year management agreement ending September 14, 2016 with DVCMC. Thereafter, 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.

5. **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 each Unit will be determined each year by the Beaufort County Property Tax Appraiser's Office. The ad valorem tax assessments to be included on your 2014 Annual Dues billing statement will be \$0.2798 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 Beaufort County 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.

2014 Estimated Annual Dues Assessment

The estimated Annual Dues for the year January 1, 2014 through December 31, 2014 are \$6.2837 per Vacation Point which is comprised of the estimated Annual Operating Budget (\$4.6507 per Vacation Point), the estimated Annual Capital Reserves Budget (\$1.3532 per Vacation Point) and the estimated ad valorem taxes (\$0.2798 per Vacation Point). 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 \$6.2837. For example, if the Ownership Interest is represented by 230 Vacation Points, the estimated Annual Dues would be \$1,445.25.

**CONDOMINIUM RULES AND REGULATIONS OF
DISNEY VACATION CLUB HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME**

Each Owner of a Unit in Disney Vacation Club at Hilton Head Island Horizontal Property Regime 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 Master Deed Establishing Disney Vacation Club at Hilton Head Island Horizontal Property Regime. Failure of an Owner to comply with the provisions of the Condominium Documents and these Condominium Rules and Regulations shall entitle the Association, a designated administrator, 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 Commercial Units and Commercial Unit LCEs, 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 DVD or the Management Company.

It is expressly contemplated that Commercial Units and Commercial Unit LCEs 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 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 these Condominium Rules and Regulations shall be deemed to prohibit such commercial activity.

2. Common Elements and Limited Common Elements. The Common Elements and Limited Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the personal use of Owners.

3. Nuisances. No nuisance shall be allowed upon the Condominium Property or 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.

4. 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.

5. 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.

6. 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 of directors of the Association (the "Board") from time to time.

7. 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 parked or stored on the Condominium Property except in such areas designated for this purpose or except as permitted by the Board. Recreational vehicles and mobile homes shall not be parked or stored on the Condominium Property except as permitted hereinbelow.

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

9. 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.

10. Antennas. No antennas 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. No electrical or other equipment may be operated on the Condominium Property which interferes with television signal reception.

11. 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.

12. Noise. Should noise transmission 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, hi-fi 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.

13. 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 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 Association or as is permitted to DVD pursuant to this 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.

14. 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.

15. 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.

16. 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.

17. 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, and to facilitate entry in the event of any such emergency, the Association or its designee shall be allowed to retain a key for each Vacation Home.

18. 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 plumbing.

19. Roof. Owners are not permitted on the roof of any building within the Condominium Property for any purpose without the express approval of the Board or Management Company.

20. 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.

21. 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 the 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; unless Owner has obtained the prior written 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, guest, exchanger or invitee on a space available basis. Owners may not park vehicles in spaces designated for handicapped persons, unless they possess a proper permit for parking in such spaces, 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 (1) individual parking space and in no event shall a vehicle exceed, in width, the interior of the painted lines of one (1) individual parking 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.

22. 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. Since the facilities are not guarded, 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.

There will be no swimming allowed in any lakes, retention ponds and/or lagoons. Fishing may be limited to certain areas as designated by the Board from time to time.

23. 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.

24. 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 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.

25. Complaints. Complaints regarding the service of the Condominium shall be made in writing to the Management Company, as long as the Property Management Agreement remains in effect, and thereafter, to the Board.

26. 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, as designated in the Property Management Agreement. Payments made in the form of checks shall be made to the order of such party as the Management Company shall designate.

27. Weapons. No explosives, firearms, or weapons of any kind shall be permitted in any Unit or Vacation Home or anywhere on the Condominium Property.

28. Non-Payment of Assessment. Any Owners who are delinquent in payment of their assessments may be denied access, check-in and occupancy of a Vacation Home until all delinquent assessments are paid in full. 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 South Carolina 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 South Carolina law.

29. Right of Occupancy - Holdover Owners. In the event any Owner, his or her lessees, guests, exchangers and invitees fails 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 person 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 Chapter 509, Florida Statutes. 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 Fifty Dollars (\$50.00) 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. 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 applicable law.

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 South Carolina law against trespassers who are not Owners.

30. 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 of the Association from time to time.

31. 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).

32. 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 be notified and approve any exceptions to these times.

33. Owner shall bear in their entirety any expense for repair or replacement occasioned by the specific use or abuse by any Owner or any lessee, guest, exchanger, tenant, or invitee of said Owner.

34. 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 fee for any violation of this policy in an amount to be determined at the sole discretion of the Association and the Management Company.

35. 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.

This instrument prepared by
and return to:

Kenneth M. Borick, Esquire
Disney Vacation Development, Inc.
200 Celebration Place
Celebration, Florida 34747
(407) 939-3000

MASTER COTENANCY AGREEMENT

THIS AGREEMENT is entered into on the Commencement Date as defined below 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"); DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, a South Carolina mutual benefit not-for-profit corporation, whose address is Shelter Cove, Hilton Head Island, South Carolina ("Association"); and the several owners of Ownership Interests as tenants-in-common in each Unit in the Disney Vacation Club at Hilton Head Island Horizontal Property Regime 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 Disney Vacation Club at Hilton Head Island Horizontal Property Regime ("the Condominium"), according to the Master Deed thereof as recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 804 at Page 1432, and all amendments thereto ("the Master Deed") pursuant to which "Units" and "Common Elements" have been created as provided for and defined in the Master Deed; and

WHEREAS, DVD is offering undivided tenant-in-common interests in each Unit in the Condominium ("Ownership Interests") calculated in accordance with Exhibit "A" attached hereto, and has made such Ownership Interests subject to a vacation time sharing ownership plan pursuant to Chapter 32 of Title 27 of the Code of Laws of South Carolina, as the same is constituted on the date hereof (the "Vacation Ownership Plan"); and

WHEREAS, pursuant to the Master Deed, the Association has the responsibility and obligation to operate and manage the Condominium;

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 Disney Vacation Club at Hilton Head Island (the "Membership Agreement"); and

WHEREAS, DVD, to implement the Vacation Ownership Plan, 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 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 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

WHEREAS, pursuant to the Master Deed, each Unit in the Condominium will contain a certain number of Vacation Homes and the number of Vacation Homes may vary from Unit to Unit; and

WHEREAS, pursuant to the Master Deed 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 Unit, regardless of the Unit in which he or she has an Ownership Interest; and

WHEREAS, in order to facilitate: (i) the Vacation Home reservation process within each Unit; (ii) the reservation process among all Units in the Condominium; (iii) the proper allocation and discharge of all of the duties and obligations appurtenant to Unit ownership pursuant to the Master Deed, pursuant to the Horizontal Property Act as set forth in Chapter 31 of Title 27 of the Code of the Laws of South Carolina, as the same is constituted on the date hereof, and Chapter 32 of Title 27 of the Code of Laws of South Carolina, as the same is constituted on the date hereof ("Chapter 32"); 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 Master Cotenancy Agreement shall have the same meaning as the identical terms utilized in the Master Deed unless otherwise defined herein or unless the context otherwise requires.

2. Allocation of Unit Expenses and Liabilities. Each Unit in the Condominium will be assessed at least annually for its share of the Common Expenses of the Condominium pursuant to the Master Deed. Each Unit will also be assessed for property taxes by Beaufort County, South Carolina. Pursuant to the Master Deed, the Cotenants as the owners of a Unit are jointly and severally liable for all Common Expenses of the Condominium attributable to that Unit. The Cotenants are also generally jointly and severally liable for all assessed taxes, including real property taxes assessed against their Unit, for which the failure to pay can give rise to the placing of a lien against the entire Unit. However, for purposes of this Agreement, the Cotenants agree that each Individual Cotenant, including DVD, will be severally liable for that proportion of the Common Expenses and property taxes and any other expenses or taxes that may be assessed against the Unit, or for which the Cotenants may become liable by virtue of their Ownership interest in the Unit, that equals the Ownership interest owned in the 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 his or her several share of such expenses, taxes or liabilities shall constitute a default hereunder pursuant to paragraph 7 below.

3. Allocation of Unit Rents, Profits and Casualty or Condemnation Proceeds. As provided in the Master Deed and in the Membership Agreement, each Cotenant must make a reservation prior to using any Vacation Home within any 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 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 Unit. Subject to DVD's right of first refusal as set forth in the Master Deed, each Cotenant is free to convey his or her Ownership Interest in a 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 Unit will inure to the benefit of the Cotenants as a whole. However, as more particularly set forth in the Master Deed, 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 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 Unit. DVD, the Association and DVCMC are not obligated to provide any rental or resale assistance to any Cotenant. Any rental by 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 Master Deed shall govern as to each Cotenant's rights with respect to any proceeds arising out of casualty to the Unit or as to a taking of the Unit in condemnation.

4. Voting Certificate. PURSUANT TO THIS AGREEMENT, OWNERS OF OWNERSHIP INTERESTS IN EACH CONDOMINIUM UNIT HEREBY DESIGNATE DVD AS THEIR AUTHORIZED VOTING REPRESENTATIVE AT ALL MEETINGS OF THE ASSOCIATION. Pursuant to the Master Deed, each Unit is allocated a vote in the affairs of the Association, and where a Unit is owned by more than one person, the Cotenants of the Unit must execute a Voting Certificate to designate the Cotenant authorized to cast the Unit's vote in meetings of the Association and to represent the Unit in all Association matters as the Voting Representative. By the acceptance of a deed conveying an Ownership Interest in a Unit, each Cotenant 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 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 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 fifteen percent (115%) of the previous year's budget, excluding reserves and property 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 Elements of the Condominium appurtenant to each Unit other than the reallocation that results from the addition of phases to the Condominium pursuant to Article XVIII of the Master Deed;
- f. amendment of the Master Deed 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 element after casualty.

Subject to the provisions of paragraph 10 below, DVD shall continue to serve as the Voting Representative of the Unit until such time as the Cotenants who own sixty percent (60%) of the Ownership Interests in the 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 Unit, the Cotenants who own sixty percent (60%) of the Ownership Interests in that Unit (other than the Ownership Interests owned by DVD in that Unit) may remove DVD as the Voting Representative of the 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 Unit until such time as he or she resigns or is replaced pursuant to the provisions of this paragraph. In all events, the Cotenants of each Unit must have elected a Voting Representative pursuant to this paragraph at all times until such time that the Condominium has been terminated.

5. Turnover of Association Control. Pursuant to the provisions of the Master Deed, DVD shall give each Cotenant not less than thirty (30) and not more than forty (40) days advance written notice of those meetings of the Association at which Cotenants other than DVD are entitled (i) to elect no less than one-third (1/3) of the members of the board of directors of the Association ("the Board"); and (ii) to elect no less than a majority of the Board. DVD shall be authorized to cast the vote of the Unit at these meetings in such manner as DVD determines to be appropriate pursuant to paragraph 4 above unless DVD is otherwise directed in advance in writing by the Cotenants who own sixty percent (60%) of the Ownership Interests in the Unit; however, during any period of time in which DVD owns in excess of forty percent (40%) of the Ownership Interests in a given Unit, the Cotenants who own sixty percent (60%) of the Ownership Interests in that Unit (other than the Ownership Interests owned by DVD in that Unit) may instruct DVD as to the manner in which the Unit's vote will be cast.

6. Vacation Home Reservations. Subject to the provisions of paragraph 10 below, the Cotenants agree that the Association shall serve as the reservation manager for the 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 Unit. Under the authority granted herein, the Association shall assign the use of Vacation Homes within a Unit to the Cotenants of that Unit and to the Cotenants in other Units in the Condominium and to assign the Cotenants the use of Vacation Homes in other 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 Unit by the Cotenants who own in that 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 Units and Vacation Homes in the Condominium shall be determined.

7. Assessment Collections. Subject to the provisions of paragraph 10 below, the Cotenants agree that the Association shall serve as the assessment collection manager for the Unit for the purpose of ensuring that all Common Expenses and taxes assessed against the 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 no less than thirty (30) days 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 9 below and to the remedies in favor of the Association pursuant to the Master Deed.

8. Lock-Out. By the acceptance of a deed conveying an Ownership Interest in a Unit, each Cotenant hereby agrees that the Association may deny the use of Units and facilities of the Condominium subject to the Vacation Ownership Plan to any Cotenant who is delinquent in the payment of any assessments made by the Association against such Cotenant for common expenses or real estate taxes. Such denial of use shall also

extend to those parties claiming use under the delinquent Cotenant, including lessees, guests, exchangers and invitees. The Association shall, no less than thirty (30) days prior to first day of the Cotenant's right to use a Unit, notify the delinquent Cotenant in writing of the total amount of the delinquency, including any accrued interest and late charges, which then exists or which will exist as of the first day of the use period, and including a per diem amount, if any, to account for further accrual of interest and late charges between the stated effective date of the notice and the first date of use. The notice shall also clearly state that the Cotenant will not be permitted to use Units or the facilities until the total amount of such delinquency is satisfied in full or until the Cotenant produces satisfactory evidence that the delinquency does not exist. The notice shall be mailed to the Cotenant at his or her last known address as recorded in the books and records of the Association, and the notice shall be effective to bar the use of the Cotenant and those claiming use rights under the Cotenant until such time as the Cotenant is no longer delinquent.

Any costs reasonably incurred by the Association in connection with its compliance with the requirements of this paragraph may be assessed by the Association against the delinquent Cotenant and collected in the same manner as if such costs were Common Expenses allocable solely to the delinquent Cotenant. The Association cannot enforce the denial of use pursuant to this paragraph without similarly enforcing it against all Cotenants. The Cotenants hereby agree that DVCMC shall have all rights granted to the Association and obligations to the extent that the Association has delegated its duties to DVCMC through the Property Management Agreement)

9. Rights Against Defaulting Cotenant. Upon the default of a Cotenant pursuant to paragraph 7 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 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 South Carolina 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.

10. 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 Unit as the case may be. If necessary, the Cotenants shall thereafter elect a successor Voting Representative pursuant to paragraph 4 above.

11. Execution and Joinder by Cotenant; Commencement Date; Duration. Each Cotenant shall evidence his or her acceptance of the terms and conditions of this Agreement by the acceptance of a deed for the purchase of an Ownership Interest in a Unit and the recording of such deed among the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, incorporating these terms and conditions therein by reference. The "Commencement Date" shall be the date of the first deed so recorded. This Agreement shall be effective until such time as the Condominium terminates. In the event that the duration of this Agreement as set forth in this paragraph is limited for any reason or deemed invalid, the duration shall be governed by Article II of the Bylaws of the Association.

12. Waiver of Partition. The Cotenants hereby agree that no action for partition of any Unit or Vacation Home in the Condominium shall lie.

13. 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; 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. Unless otherwise provided herein, all notices or information required to be delivered to the owners of Units by the Association shall be delivered by the Association to DVD. DVD shall provide the Cotenants with all notices required by the Condominium Documents or South Carolina law, and all such notices shall be deemed given if delivered by 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 by DVD.

14. Governing Law; Successors in Title. This Agreement shall be governed by and construed under the laws of the State of South Carolina 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.

15. 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.

16. 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.

17. 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.

18. Amendment. THIS AGREEMENT MAY BE AMENDED BY THE CONCURRENCE OF COTENANTS OWNING SEVENTY-FIVE PERCENT (75%) OF THE OWNERSHIP INTERESTS IN A GIVEN UNIT AS TO THAT UNIT BY AN INSTRUMENT IN WRITING RECORDED AMONG THE OFFICE OF THE REGISTER OF MESNE CONVEYANCES FOR BEAUFORT COUNTY, SOUTH CAROLINA. However, during any period of time in which DVD owns in excess of twenty-five percent (25%) of the undivided interests in a given Unit, Cotenants who own seventy-five percent (75%) of the undivided interests in that Unit (other than the Ownership Interests owned by DVD in that Unit) may amend this Agreement as to that 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 Office of the Register of Mesne Conveyances for Beaufort County, South Carolina. DVD shall notify the Cotenants of any such unilateral amendment, the purpose therefor, and the nature of the public body or law that required same.

19. Waiver of Jury Trial; Venue of Actions. 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 Court of Common Pleas of the Fourteenth Judicial Circuit of South Carolina, 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 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.

IN WITNESS WHEREOF, DVD, DVCMC and the Association have executed these presents this

15th day of September, 1995

WITNESSES

Christie Sutherland

Print Name: Christie Sutherland

Deborah Fox

Print Name: Deborah Fox

WITNESSES

Christie Sutherland

Print Name: Christie Sutherland

Deborah Fox

Print Name: Deborah Fox

"DVD"

DISNEY VACATION DEVELOPMENT, INC., a Florida corporation

By: *Kenneth N. May*

Print Name: Kenneth N. May

As its: Senior Vice President



"DVCMC"

DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation

By: *Michael Burns*

Print Name: Michael Burns

As its: Vice President - Sales

WITNESSES

"Association"

Christie Sutherland

Print Name: Christie Sutherland

DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a South Carolina mutual benefit not-for-profit corporation

By: Kenneth M. Borick

Print Name: Kenneth M. Borick

As its: Secretary/Treasurer

Deborah Fox

Print Name: Deborah Fox

STATE OF Florida)
COUNTY OF Osceola)

PROBATE

PERSONALLY appeared before me Christie Sutherland who on oath, says that s/he saw the within named DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, by its Senior Vice President, sign the within Master Cotenancy Agreement, and the said Corporation, by deliver the same and that s/he with Deborah Fox witnessed the execution thereof. S/He is personally known to me and did take an oath.

SWORN to before me this

Christie Sutherland

15th day of September, 1995.

Leigh A. Nieman

Print Name: Leigh A. Nieman

Notary Public for Florida



LEIGH A NIEMAN
My Commission CC343594
Expires May, 19, 1996

My commission Expires: May 19, 1996

STATE OF Florida)
COUNTY OF Osceola)

PROBATE

PERSONALLY appeared before me Christie Sutherland who on oath, says that s/he saw the within named DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation, by its Sales Vice President, sign the within Master Cotenancy Agreement, and the said Corporation, by deliver the same and that s/he with Deborah Fox witnessed the execution thereof. S/He is personally known to me and did take an oath.

Christie Sutherland

SWORN to before me this

15th day of September, 1995.

Leigh A. Nieman

Print Name: Leigh A. Nieman
Notary Public for Florida
My commission Expires: May 19, 1996



LEIGH A NIEMAN
My Commission CC343594
Expires May, 19, 1996

STATE OF Florida)
)
COUNTY OF Osceola)

PROBATE

PERSONALLY appeared before me Christie Sutherland who on oath, says that s/he saw the within named DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION INC., a South Carolina mutual benefit not-for-profit corporation, by its Secretary/Treasurer, sign the within Master Cotenancy Agreement, and the said Corporation, by deliver the same and that s/he with Deborah Fox witnessed the execution thereof. S/He is personally known to me and did take an oath.

Christie Sutherland

SWORN to before me this

15th day of September, 1995.

Leigh A. Nieman

Print Name: Leigh A. Nieman
Notary Public for Florida
My commission Expires: May 19, 1996



LEIGH A NIEMAN
My Commission CC343594
Expires May, 19, 1996

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 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 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 (Two-Bedroom Vacation Homes and Grand Villa 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 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 Vacation Home during each season grouping.

(d) The total demand days per year for each respective selected type of Vacation Home shall be added together to yield a total of demand days per year for all season groupings for all Two-Bedroom Vacation Homes and for all Grand Villa Vacation Homes.

(e) The total number of Two-Bedroom Vacation Homes in that Unit is then multiplied by the total demand days per year for all Two-Bedroom Vacation Homes; and the total number of Grand Villa Vacation Homes in that Unit is then multiplied by the total demand days per year for all Grand Villa Vacation Homes and the two products are then added together to yield the total demand days per year for that Unit.

(f) After the calculations required in subparagraphs (b) through (e) above have been completed, the Cotenant's Ownership Interest in the 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 Unit that will relate to the Cotenant's Ownership Interest. The Cotenant's specific Ownership Interest in that Unit is the quotient of the total number of demand days in that Unit that relate to his or her Ownership Interest divided by the total demand days per year for that Unit calculated pursuant to subparagraph (e) above.

"DISNEY"
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JOHN A. SULLIVAN - RMC
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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 Unit as follows:

(a) The percentage Ownership Interest in question is multiplied by the total number of square feet in the 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 Units as determined above to each day in each Vacation Home in each 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 Master Deed and the Master Cotenancy 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 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 Units of which they are symbolic.

(Exhibit "I" to Master Deed)

DVC RESORT AGREEMENT
FOR
DISNEY VACATION CLUB AT HILTON HEAD ISLAND

THIS DVC RESORT AGREEMENT ("Agreement") is made and entered into the day and date set forth below 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 DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a South Carolina mutual benefit, not-for-profit corporation having offices at Shelter Cove, Hilton Head Island, South Carolina (the "Association").

RECITALS

WHEREAS, DVD has developed a resort project known as Disney Vacation Club at Hilton Head Island Horizontal Property Regime, located in Beaufort County, South Carolina (the "Hilton Head Island Resort") subject to a vacation time sharing ownership plan pursuant to Chapter 32 of Title 27 of the Code of Laws of South Carolina, as the same is constituted on the date hereof (the "Vacation Ownership Plan"); and

WHEREAS, DVD has provided for a central reservation system and related services (the "Club") which includes the operation of an exchange system by BVTC (the "DVC Reservation Component") through which the owners of ownership interests in the Hilton Head Island 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 Hilton Head Island Resort pursuant to the Horizontal Property Act as set forth in Chapter 31 of Title 27 of the Code of the Laws of South Carolina, as the same is constituted on the date hereof; 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 Hilton Head Island 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 Hilton Head Island 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 Disney Vacation Club at Hilton Head Island and any rules and regulations promulgated by BVTC from time to time hereunder.
- 1.2 Annual Dues shall mean that portion of the Hilton Head Island Resort Operating Budget that has been assessed against an Individual Club Member's Ownership Interest together with the Club Member's proportionate share of the property taxes for the Ownership Interest.
- 1.3 Applicable Law shall mean the law of the jurisdiction where the DVC Resort referred to is located.
- 1.4 Association shall mean the Disney Vacation Club at Hilton Head Island Owners Association, Inc., a South Carolina mutual benefit, not-for-profit corporation, and its successors and assigns, which is responsible for the operation and management of the Hilton Head Island 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 Chapter 721, Florida Statutes.
- 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 Hilton Head Island Resort's 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 and/or amended by BVTC in accordance with Section 721.18, Florida Statutes, and containing the rules and regulations that BVTC in its sole discretion determines are necessary or desirable from time to time in order to enforce the provisions of this Agreement in accordance with Applicable Law. The terms and conditions of the Disclosure Document are incorporated herein by this reference.
- 1.9 Disney Vacation Club shall mean the Club.
- 1.10 DVCMC shall mean Disney Vacation Club Management Corp., a Florida corporation, its successors and assigns.
- 1.11 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.
- 1.12 DVC Resort shall mean each resort, including the Hilton Head Island 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.

- 1.13 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.
- 1.14 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.
- 1.15 DVD shall mean Disney Vacation Development, Inc., a Florida corporation, its successors and assigns, and the developer of the Hilton Head Island Resort.
- 1.16 Hilton Head Island 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 Hilton Head Island Resort as required or allowed by Applicable Law.
- 1.17 Hilton Head Island Resort Operating Budget shall mean the budget that establishes the estimated annual common expenses and reserves of the Hilton Head Island Resort.
- 1.18 Hilton Head Island Resort shall mean the Disney Vacation Club at Hilton Head Island Horizontal Property Regime, according to the Master Deed thereof and all amendments thereto.
- 1.19 Home Resort shall mean any DVC Resort in which a Club Member owns an Ownership Interest which is symbolized by Home Resort Vacation Points.
- 1.20 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 that DVC Resort's Home Resort Component.
- 1.21 Home Resort Vacation Points shall mean 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.
- 1.22 Ownership Interest shall mean a property interest in a Unit in a DVC Resort.
- 1.23 The TWDC Companies shall mean TWDC and all subsidiaries and affiliates of TWDC, including DVD, DVCMC and BVTC.
- 1.24 TWDC shall mean The Walt Disney Company, a Delaware corporation, its successors and assigns.
- 1.25 Unit shall mean that portion of a DVC Resort which is subject to exclusive ownership by one or more persons pursuant to Applicable Law.
- 1.26 Vacation Home shall mean those portions of a Unit designed and intended for separate use and occupancy.
- 1.27 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.
- 1.28 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 Hilton Head Island 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 Hilton Head Island 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 Hilton Head Island 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 Hilton Head Island 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 DVCMC, as the management company for the Hilton Head Island 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 DVCMC as the management company authorized to act on behalf of the Association to the extent contemplated under the Hilton Head Island 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 DVCMC, 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 Hilton Head Island Resort in accordance with the terms of the Hilton Head Island Resort Documents and this Agreement and may not be partitioned therefrom.

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 Hilton Head Island Resort initially declared as part of the Hilton Head Island Resort and described in the Hilton Head Island 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 Hilton Head Island Resort.

e. That BVTC has the right to remove a DVC Resort, including the Hilton Head Island Resort, as a DVC 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, DVCMC nor the Individual Club Members will be entitled to participate in BVTC's decision in this regard.

g. That the relationship between DVCMC, the Association and BVTC together with the handling of all of the services and benefits provided by BVTC for the Club Members at the Hilton Head Island Resort constitutes legitimate business of the Association.

IV. Covenants of DVD, DVCMC and the Association

4.1 DVD agrees to notify BVTC, at least annually, of DVD's execution and delivery of deeds to each Club Member at the Hilton Head Island Resort indicating that DVD has transferred an Ownership Interest in the Hilton Head Island Resort to the Club Member.

4.2 The Association agrees that at the time that DVD transfers its control of the Hilton Head Island Resort to the Association as set forth in the Hilton Head Island Resort Documents, the Hilton Head Island 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 Hilton Head Island Resort; and (b) each Club Member from the Hilton Head Island 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 Hilton Head Island 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 Hilton Head Island Resort, including the termination of any existing management company for the Hilton Head Island Resort.

V. Operation and Management of Reservation Rights.

5.1 All reservations made by Club Members among the DVC Resorts utilizing 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 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 utilized as DVC Vacation Points 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 utilized as 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 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 specially designated days of high demand as set forth in the Disclosure Document.

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 any and all computer hardware and software and intellectual property, is and always shall be the personal property of BVTC; provided, however, that the following provisions shall apply:

a. By entering into this Agreement, BVTC agrees, if required by Applicable Law, to execute and record a subordination and notice to creditors instrument for the purpose of expressly subordinating BVTC's interest in the DVC Reservation Component to the rights of Club Members.

b. In the event that this Agreement is terminated or suspended, the rights of the parties to utilize 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 Hilton Head Island 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 Cotenant to accommodation ratio," as that term is defined in the Master Deed. 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 as 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 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 Hilton Head Island Resort in an amount equal to the replacement cost of such Vacation Homes, related facilities and furnishings as required by Applicable Law. 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 Hilton Head Island 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 Hilton Head Island Resort as their share of the non-reconstructed or replaced Unit, in accordance with the Hilton Head Island 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 Cotenant to accommodation ratio," as that term is defined in the Master Deed. 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 Hilton Head Island 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 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 or related facilities; or in lieu thereof, disbursed to affected Club Members at the Hilton Head Island Resort as their share of the non-replaced Unit, in accordance with the Hilton Head Island 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 Cotenant to accommodation ratio," as that term is defined in the Master Deed.

(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 discretion, delete an existing DVC Resort pursuant to the specific termination rights contained in each individual DVC Resort Agreement. A DVC Resort will also 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 Cotenant to accommodation ratio," as that term is defined in the Master Deed. 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 Cotenant to accommodation ratio," as that term is defined in the Master Deed. 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 fifty percent (50%) of the rental proceeds, if any, in excess of the amount paid to the Association under the Hilton Head Island Resort Documents resulting from the rental of unreserved Vacation Homes (in accordance with the reservation priorities set forth in the Hilton Head Island Resort Documents). DVCMC shall receive, hold and remit these

proceeds to BVTC in accordance with the terms of the Hilton Head Island 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 Hilton Head Island Resort, shall remit to BVTC each calendar year, an amount equal to \$1.00 for each Club Member at the Hilton Head Island 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 at the Hilton Head Island 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 at the Hilton Head Island 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, as set forth in the Hilton Head Island Resort Documents, 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 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 entire Hilton Head Island Resort 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 terminate its participation in this Agreement, immediately upon written notice to DVD, DVCMC and the Association, in the event that BVTC determines in its sole discretion that DVD, DVCMC or

the Association have failed to manage, operate and maintain the Hilton Head Island 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 Hilton Head Island 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, 2042, or upon the earlier termination of the Vacation Ownership Plan for the Hilton Head Island Resort. In the event that the Vacation Ownership Plan is extended beyond January 31, 2042, pursuant to the terms of the Hilton Head Island 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 any and all personal property belonging to BVTC and related to the operation and functioning of DVC Reservation Component including any and all computer hardware or software or intellectual property, and return the same 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 Hilton Head Island Resort that are confirmed or accrued prior to termination and shall honor all reservations and reservation privileges of Club Members at the Hilton Head Island Resort reserving Vacation Homes at other DVC Resorts that are confirmed or accrued prior to termination of this Agreement. DVD, DVCMC and the Association shall honor all confirmed reservations and reservation privileges of Club Members from other DVC Resorts reserving Vacation Homes at the Hilton Head Island 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 Hilton Head Island 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 discretion. Upon the termination of such suspension period, the Hilton Head Island 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 to the extent that a Club Member with a confirmed reservation at the Hilton Head Island Resort is 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 any and all claims, demands, obligations, deficiencies, judgments, damages, suits, losses, penalties, expenses, costs (including attorneys' 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, salesmen 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 any and 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 DVD, or a corporation under common ownership or control with DVD. Upon such assignment and assumption DVD shall be released from any and 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 any and 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.

X. General

10.1 This Agreement shall become effective on the date it is accepted by BVTC, as set forth below, and shall continue in force and effect until such time as it is terminated pursuant to Article VIII. above.

10.2 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; 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.

10.3 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.

10.4 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.

10.5 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.

10.6 This Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of Florida. 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 Court of Common Pleas of the Fourteenth Judicial Circuit of South Carolina, 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 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.

10.7 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.

10.8 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.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the dates set forth below.

WITNESSES

"DVD"

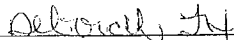


DISNEY VACATION DEVELOPMENT, INC., a Florida corporation

By: 

Print Name: Christie Sutherland

Print Name: Kenneth N. May



As its: Senior Vice President

Print Name: Deborah Fox

WITNESSES

Christie Sutherland

Print Name: Christie Sutherland

Deborah Fox

Print Name: Deborah Fox

WITNESSES

Christie Sutherland

Print Name: Christie Sutherland

Deborah Fox

Print Name: Deborah Fox

WITNESSES

Christie Sutherland

Print Name: Christie Sutherland

Deborah Fox

Print Name: Deborah Fox

"DVMC"

DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation

By: *Michael Burns*

Print Name: Michael Burns

As its: Vice President - Sales

"Association"

DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION INC., a South Carolina mutual benefit, not-for-profit corporation

By: *Kenneth M. Borick*

Print Name: Kenneth M. Borick

As its: Secretary/Treasurer

"BUTC"

BUENA VISTA TRADING COMPANY, a Florida corporation

By: *Cheryl M. Levine*

Print Name: Cheryl M. Levine

As its: Assistant Secretary

AGREED TO AND ACCEPTED THIS 15th DAY OF SEPTEMBER, 19 95.

31388

This instrument prepared by
and return to:

Kurt P. Gruber, Esquire
BAKER & HOSTETLER
2300 Sun Bank Center
200 South Orange Avenue
Post Office Box 112
Orlando, Florida 32802
(407) 649-4000

**FIRST AMENDMENT TO
DVC RESORT AGREEMENT**

FOR

DISNEY VACATION CLUB AT HILTON HEAD ISLAND

THIS FIRST AMENDMENT (the "First Amendment") to that certain DVC Resort Agreement for Disney Vacation Club at Hilton Head Island, a copy of which is recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Deed Book 804 at page 1537, (the "Agreement") is hereby made by BUENA VISTA TRADING COMPANY, a Florida corporation, whose address is 1375 Buena Vista Drive, 4th Floor North, Lake Buena Vista, Florida, 32830 ("BVTC"); DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation ("DVCMC"), whose address is 200 Celebration Place, Celebration, Florida 34747; DISNEY VACATION DEVELOPMENT, INC., a Florida corporation ("DVD"), whose address is 200 Celebration Place, Celebration, Florida 34747; and DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a South Carolina mutual benefit, not-for-profit corporation having offices at 22 Harbourside Lane, Hilton Head Island, South Carolina 29928 (the "Association"), and is effective as of the 1 day of March, 1990.

WHEREAS, all terms used in this First Amendment shall have the same meaning ascribed to them as set forth in the Agreement;

WHEREAS, BVTC, DVCMC, DVD and the Association have agreed to amend Section 7.1 of the Agreement pursuant to which BVTC receives consideration for the operation of the DVC Reservation Component of the central reservations system for the Disney Vacation Club;

WHEREAS, the parties have the authority to amend the Agreement from time to time pursuant to the terms of Section 10.5 of the Agreement;

NOW THEREFORE, the parties agree to amend the Agreement as follows:

©Disney

(1) Section 7.1 of the Agreement is amended to read as follows (additions are underlined, and deletions are ~~struck through~~):

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 fifty percent (50%)~~ of the rental proceeds, if any, in excess of the amount paid to the Association under the Hilton Head Island Resort Documents resulting from the rental of unreserved Vacation Homes (in accordance with the reservation priorities set forth in the Hilton Head Island Resort Documents) equal to BVTC's costs for providing the services contemplated under this Agreement plus 5% of the such costs. DVCMC shall receive, hold and remit these proceeds due to BVTC in accordance with the terms of the Hilton Head Island 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.

(2) All other terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment effective the

1 day of March, 1992.

WITNESSES

"BVTC"

BUENA VISTA TRADING COMPANY, a Florida corporation

Lugh A Nieman
Print Name: Lugh A Nieman

By: Cheryl Levine
Print Name: Cheryl H Levine

J. Greene
Print Name: J. GREENE

As Its: Assistant Secretary

WITNESSES

Lugh A Nieman
Print Name: Lugh A Nieman
J. Greene
Print Name: J. GREENE

WITNESSES

Lugh A Nieman
Print Name: Lugh A Nieman
J. Greene
Print Name: J. GREENE

WITNESSES

Lugh A Nieman
Print Name: Lugh A Nieman
J. Greene
Print Name: J. GREENE

"DVCMC"

DISNEY VACATION CLUB MANAGEMENT
CORP., a Florida corporation

By: Patrick Griesmer
Print Name: Patrick Griesmer
As its: Treasurer

"DVD"

DISNEY VACATION DEVELOPMENT, INC., a
Florida corporation

By: Kenneth N. May
Print Name: Kenneth N. May
As its: Sr. Vice President

"Association"

DISNEY VACATION CLUB AT HILTON HEAD
ISLAND OWNERS ASSOCIATION, INC., a South
Carolina mutual benefit, not-for-profit
corporation

By: Elaine Ferraro
Print Name: Elaine Ferraro
As its: Treasurer

DISNEY
BEAUFORT COUNTY, S.C.
1394

STATE OF FLORIDA
COUNTY OF OSCEOLA

The foregoing instrument was acknowledged before me, this 5th of July, 1996, by CHERYL H. LEVINE who is the Assistant Secretary of BUENA VISTA TRADING COMPANY, a Florida corporation, on behalf of the corporation. She is personally known to me.



J GREENE
My Commission CC629634
Expires Feb 01, 2000

NOTARY PUBLIC

J. Greene
Type Name: J. Greene

(NOTARY SEAL)

STATE OF FLORIDA
COUNTY OF OSCEOLA

The foregoing instrument was acknowledged before me, this 5th of July, 1996, by PATRICK GRISMER who is the Treasurer of DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation, on behalf of the corporation. He is personally known to me.



J GREENE
My Commission CC629634
Expires Feb 01, 2000

NOTARY PUBLIC

J. Greene
Type Name: J. Greene

(NOTARY SEAL)

STATE OF FLORIDA
COUNTY OF OSCEOLA

The foregoing instrument was acknowledged before me, this 5th of July, 1996, by KENNETH N. MAY who is the Sr. Vice President of DEISNEY VACATION DEVELOPMENT, INC., a Florida corporation, on behalf of the corporation. He is personally known to me.



J GREENE
My Commission CC629634
Expires Feb 01, 2000

NOTARY PUBLIC

J. Greene
Type Name: J. Greene

(NOTARY SEAL)

6369 FILED
JOHN A. SULLIVAN, R.M.C. DISNEY
BEAUFORT COUNTY, S.C.
96 AUG -7 PM 3:50 /MCL
BK 879 PG 1391
FOLDER #

STATE OF FLORIDA
COUNTY OF OSCEOLA

The foregoing instrument was acknowledged before me, this 5th of July, 1996, by ELAINE FERRARO who is the Treasurer of DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a South Carolina mutual benefit, not-for-profit corporation, on behalf of the corporation. She is personally known to me.



J GREENE
My Commission CC629634
Expires Feb 01, 2000

NOTARY PUBLIC

J. Greene
Type Name: J. Greene

(NOTARY SEAL)

(Exhibit "H" to the Master Deed)

DISNEY VACATION CLUB MEMBERSHIP AGREEMENT

FOR

DISNEY VACATION CLUB AT HILTON HEAD ISLAND

THIS AGREEMENT is entered into on the day and date set forth below 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 ("DVCMC"), whose address is 200 Celebration Place, Celebration, Florida 34747; and DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a South Carolina mutual benefit, not-for-profit corporation (the "Association"), whose address is Shelter Cove, Hilton Head Island, South Carolina.

WITNESSETH:

WHEREAS, DVD has established a vacation time sharing ownership plan pursuant to Chapter 32 of Title 27 of the Code of Laws of South Carolina (the "Vacation Ownership Plan"), for the Disney Vacation Club at Hilton Head Island Horizontal Property Regime (the "Condominium"); and

WHEREAS, pursuant to the Master Deed for the Condominium, 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 by DVCMC (the "Home Resort Reservation Component") through which the several Owners 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 DVCMC 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 DVCMC 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, DVCMC 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 Master Deed for the Condominium 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 for Disney Vacation Club at Hilton Head Island and the Home Resort Rules and Regulations promulgated by DVCMC from time to time hereunder.

1.2 Annual Dues shall mean that portion of the Condominium Operating Budget that has been assessed against an individual Club Member's Ownership Interest together with the Club Member'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 in the current Use Year for the purpose of making a reservation.

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 Club Member shall mean the owner of record of an Ownership Interest.

1.8 Condominium Operating Budget shall mean the budget that establishes the estimated annual common expenses and reserves of the Condominium.

1.9 External Exchange Company shall mean any company that owns, operates or owns and operates an External Exchange Program.

1.10 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 Section 721.18, Florida Statutes.

1.11 External Exchange Program shall mean the contractual arrangement between DVCMC, the Association, and/or individual Club Members and/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.

1.12 Full Kitchen shall mean a kitchen that includes, at a minimum, a dishwasher, range, sink, oven and refrigerator.

1.13 Grand Villa Vacation Home shall mean a Vacation Home containing three (3) bedrooms, three (3) bathrooms and a Full Kitchen.

1.14 Home Resort Rules and Regulations shall mean the rules and regulations which DVCMC in its sole discretion determines are necessary or desirable from time to time in order to enforce the provisions of this Agreement in accordance with applicable law.

1.15 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.

1.16 One-Bedroom Vacation Home shall mean a Vacation Home containing one (1) bedroom, one (1) bathroom and a Full Kitchen.

1.17 Studio Vacation Home shall mean that portion of a Two-Bedroom Vacation Home containing one (1) bedroom, one (1) bathroom, and equipped with a microwave, under counter refrigerator, and sink.

1.18 Transfer shall mean the assignment by one Club Member of the use of his or her Home Resort Vacation Points to another Club Member during a given Use Year.

1.19 Two-Bedroom Vacation Home shall mean a Vacation Home containing two (2) bedrooms, two (2) bathrooms and a Full Kitchen. Some Two-Bedroom Vacation Homes may be locked-off into One-Bedroom and Studio Vacation Homes as a use convenience only.

1.20 Use Day shall mean a twenty-four hour period (or such lesser period as may be designated by DVCMC from time to time) in a Vacation Home subject to use reservation by Club Members.

1.21 Use Year shall mean, for each 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 Club Member in that Unit and in each deed conveying an Ownership Interest to a Club Member in that Unit. All Ownership Interests in a given 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. 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.

1.22 Vacation Home shall mean and refer to those portions of a 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 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 Membership 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 Unit. A Club Member will be permitted to use his or her 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 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 will remain fixed and will always be symbolic of the Club Member's Ownership Interest. 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.

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 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 designated periods of high demand which do not occur on the same Use Day each year.

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. 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. This 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 fifteen (15) Home Resort Vacation Points; at least one (1) Use Day in a One-Bedroom Vacation Home for every twenty-eight (28) Home Resort Vacation Points; at least one (1) Use Day in a Two-Bedroom Vacation Home for every thirty-six (36) Home Resort Vacation Points; or at least one (1) Use Day in a Grand Villa Vacation Home for every sixty-three (63) Home Resort Vacation Points. A maximum reallocation of Vacation Point reservation requirements could result in a "levelling" 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 "levelling" 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 196 Home Resort Vacation Points (7 Use Days X 28 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 252 Home Resort Vacation Points (7 Use Days X 36 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, but not limited to, the following:

- a. The procedures by which a reservation must be made and confirmed;
- b. The procedures for Banking and Borrowing;
- c. The current Home Resort Vacation Point values for each Vacation Home for each Use Day in the Condominium;
- d. The procedures for and limitations upon cancelling 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 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, but not be limited to, 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 to varying extents.

3.5 Excess Availability. The Home Resort Vacation Point values established by DVCMC pursuant to Paragraph 3.3 above will be based upon a 365 Use Day calendar year containing a minimum number of Fridays and Saturdays distributed through high demand periods. Any excess availability that may exist from time to time shall only be used for maintenance purposes by DVCMC and shall not be available for reservation by any Club Member, including DVD.

3.6 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 are necessary and appropriate for the operation of the Vacation Ownership Plan, including, but not limited to, 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 of the Condominium Operating Budget, exclusive of ad valorem taxes and the management fee.

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, subject initially to the following: (i) the rental proceeds equalling an amount up to two and one-half percent (2 1/2%) of the Condominium Operating Budget shall be remitted by DVCMC to the Association; (ii) fifty percent (50%) of the rental proceeds, if any, in excess of the amount set forth in (i) above shall be retained by DVCMC; and (iii) the remaining fifty percent (50%) of the rental proceeds, if any, in excess of the amount set forth in (i) above shall be remitted by DVCMC to BVTC in consideration for BVTC's performance of services under the DVC Resort Agreement. In performing its obligations pursuant to (i) and (iii) of the preceding sentence, DVCMC shall separately segregate such funds and hold them, respectively, on behalf of the Association and BVTC and not for its own account, and 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.

3.7 DVD Home Resort Vacation Points. DVD does not anticipate the sale to the general public Ownership Interests that equal more than 96% of the total amount of undivided percentage interests existing at any time within a Unit, and in no event will DVD sell Ownership Interests that equal more than 98% of the total amount of such undivided percentage interests (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.

3.8 Reciprocal Use by DVD and Club Members. At any given time, DVD may own completed Vacation Homes which have not yet been associated with 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 associated with the Vacation Ownership Plan; however, the number of total 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 associated with the Vacation Ownership Plan to occupy both those Vacation Homes which are a part of the Club 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 associated with the Vacation Ownership Plan on that Use Day.

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 a 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 utilizing all or a portion of a Club Member's Home Resort Vacation Points as DVC Vacation Points 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 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 special season preference 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 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 DVC 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 and/or charges as set forth in the Home Resort Rules and Regulations.

d. Annual Dues. Failure to pay all Annual Dues 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 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 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.

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 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 90 days or less than 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 a Club Member to use his or her 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 the Club Member for reservations at the Condominium, or other DVC Resorts (as DVC Vacation Points) or for use of the External Exchange Program. Banked Home Resort Vacation Points may not be used for rental or Transfer purposes.

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 during the current Use Year for the purpose of making a reservation.

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. Borrowed Home Resort Vacation Points may not be used for rental or Transfer purposes.

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. DVCMC reserves the right, in its sole discretion, to suspend, in whole or in part, or increase or decrease the amount of Banking and/or Borrowing activity at any time from time to time if DVCMC, 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 Vacation Points in a given Use Year if the Club Member is delinquent in the payment of his or her Annual Dues. 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, DVCMC may arrange for Club Members to access External Exchange Programs from time to time. These Programs may include exchange agreements between DVCMC (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 DVCMC 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 DVCMC 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 exchanges outside 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 a Club Member to use his or her 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 Member.

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.

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 Member who attempts to rent reserved Vacation Homes for his or her 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 Operating Budget. The Association will promulgate an operating and reserve budget each calendar year in the manner required by applicable law, which 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. DVMCM will assess each Club Member's share of the Condominium Operating Budget 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 Master Deed. 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 Master Deed.

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 Master Deed.

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. Use of the 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 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 mailed by DVCMC to each Club Member or to 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.

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 South Carolina. 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 Court of Common Pleas of the Fourteenth Judicial Circuit of South Carolina, 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 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, 2042, or upon the earlier expiration of the Vacation Ownership Plan for the Condominium as set forth in the Master Deed. In the event the Vacation Ownership Plan for Condominium is extended beyond January 31, 2042, pursuant to the terms of the

Master Deed 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 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.

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.

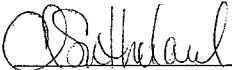
7.11 Excusable Delays. In the event that DVCMC shall be delayed, hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, 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 Attorneys' 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

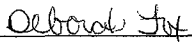
of an alleged failure to comply with the terms of this Agreement, the prevailing party shall be entitled to recover the costs of the proceeding, and recover such reasonable attorneys' and legal assistant fees as may be awarded by the court, including all appeals and all proceedings in bankruptcy.

IN WITNESS WHEREOF, the parties have executed this Agreement this 15th day of September, 1995.

WITNESSES



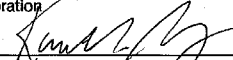
Print Name: Christie Sutherland



Print Name: Deborah Fox

"DVD"

DISNEY VACATION DEVELOPMENT, INC., a Florida corporation

By: 

Print Name: Kenneth N. May

As its: Senior Vice President

WITNESSES



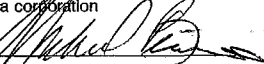
Print Name: Christie Sutherland



Print Name: Deborah Fox

"DVMCM"

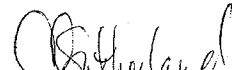
DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation

By: 

Print Name: Michael Burns

As its: Vice President - Sales

WITNESSES



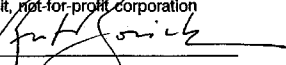
Print Name: Christie Sutherland



Print Name: Deborah Fox

"Association"

DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a South Carolina mutual benefit, not-for-profit corporation

By: 

Print Name: Kenneth M. Borick

As its: Secretary/Treasurer

5/10003
31387

This instrument prepared by
and return to:

Kurt P. Gruber, Esquire
BAKER & HOSTETLER
2300 Sun Bank Center
200 South Orange Avenue
Post Office Box 112
Orlando, Florida 32802
(407) 649-4000

**FIRST AMENDMENT TO
DISNEY VACATION CLUB MEMBERSHIP AGREEMENT**

FOR

DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME

THIS FIRST AMENDMENT (the "First Amendment") to that certain Disney Vacation Club Membership Agreement for Disney Vacation Club at HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME, a copy of which is recorded in Deed Book 804, Page 1525, Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, (the "Agreement") is hereby made by DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation ("DVCMC"), whose address is 200 Celebration Place, Celebration, Florida 34747 and consented to by DISNEY VACATION DEVELOPMENT, INC., a Florida corporation ("DVD"), whose address is 200 Celebration Place, Celebration, Florida 34747; and DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a mutual benefit, not-for-profit South Carolina, corporation (the "Association"), whose address is 22 Harbourside Lane, Hilton Head Island, South Carolina 29928; and is effective as of March 1, 1996.

WHEREAS, all terms used in this First Amendment shall have the same meaning ascribed to them as set forth in the Agreement;

WHEREAS, DVCMC, DVD and the Association have agreed to modify the terms pursuant to which DVCMC receives consideration for the operation of the Home Resort Reservation Component of the central reservations system for the Disney Vacation Club;

WHEREAS, DVCMC has the authority to amend the Agreement from time to time pursuant to the terms of Article 7.2 of the Agreement;

WHEREAS, DVD and the Association desire to consent to DVCMC's amendment of Article 3.6 of the Agreement regarding the consideration for DVCMC's operation of the Home Resort Reservation Component;

NOW THEREFORE, the DVCMC, DVD and the Association provide as follows:

©Disney

(1) Article 3.6 of the Agreement is amended to read as follows (additions are underlined, and deletions are ~~struck through~~):

3.6 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 are necessary and appropriate for the operation of the Vacation Ownership Plan, including, but not limited to, 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 of the Condominium Operating Budget, exclusive of ad valorem taxes 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, ~~subject initially to in excess of~~ the following: (i) the rental proceeds equalling an amount up to two and one-half percent (2 1/2%) of the Condominium Operating Budget shall be remitted by DVCMC to the Association; and (ii) fifty percent (50%) of the rental proceeds, if any, in excess of the amount set forth in (i) above shall be retained by DVCMC; and (iii) the remaining fifty percent (50%) of the rental proceeds, if any, in excess of the an amount set forth in (i) above shall be equal to BVTC's costs for providing those services as set forth in the DVC Resort Agreement plus five percent (5%) of such costs remitted by DVCMC to BVTC in consideration for BVTC's performance of services under the DVC Resort Agreement. 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. In performing its obligations for the Association and BVTC pursuant to (i) and (iii) of the preceding sentence, 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, and 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.

(2) All other terms of the Agreement shall remain in full force and effect.

(3) DVD and the Association hereby execute this First Amendment for the purpose of acknowledging their consent and agreement to the terms of this First Amendment.

IN WITNESS WHEREOF, DVCMC, DVD and the Association have executed this First Amendment effective March 1, 1996.

WITNESSES

"DVD"

DISNEY VACATION DEVELOPMENT, INC., a Florida corporation

Leigh A. Nieman
Print Name: Leigh A. Nieman

By: Kenneth N. Gray
Print Name: Kenneth N. Gray

J. Greene
Print Name: J. GREENE

As its: Sr. Vice President

WITNESSES

"DVCMC"

DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation

Leigh A. Nieman
Print Name: Leigh A. Nieman

By: Patrick Grismer
Print Name: Patrick Grismer

J. Greene
Print Name: J. GREENE

As its: Treasurer

WITNESSES

"Association"

DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a mutual benefit, not-for-profit South Carolina, corporation

Lugh A. Neman

Print Name: Lugh A. Neman

J. Greene

Print Name: J. GREENE

By: Elaine Ferraro

Print Name: Elaine Ferraro

As its: Treasurer

STATE OF _____)
COUNTY OF _____)) PROBATE

PERSONALLY appeared before me _____, who, on oath, says that s/he saw the within named DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation, by its officers sign and seal the within Declaration, and as its act and deed, deliver the same, and that s/he with _____, witnessed the execution thereof.

SWORN before me this _____ day of _____, 199__

(L.S.)

Notary Public for _____
My Commission Expires: _____

STATE OF FLORIDA
COUNTY OF OSCEOLA

The foregoing instrument was acknowledged before me, this 25th day of July, 1996, by KENNETH N. MAY who is the Sr. Vice President of DISNEY VACATION DEVELOPMENT, INC., a Florida corporation, on behalf of the corporation. He is personally known to me.

(NOTARY SEAL)



J. GREENE
My Commission CC529634
Expires Feb 01, 2000

NOTARY PUBLIC

J. Greene
Type Name: _____

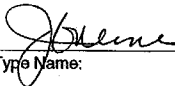
STATE OF FLORIDA
COUNTY OF OSCEOLA

DISNEY
FILED
JUL 25 1996
R.M.C.
BEAUFORT COUNTY, S.C.
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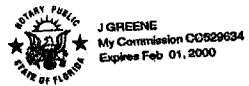
The foregoing instrument was acknowledged before me, this 25th day of July, 1996, by PATRICK GRISMER who is the Treasurer of DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation, on behalf of the corporation. He is personally known to me.

(NOTARY SEAL)

NOTARY PUBLIC


Type Name: _____

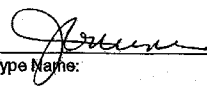
STATE OF FLORIDA
COUNTY OF OSCEOLA



The foregoing instrument was acknowledged before me, this 25th day of July, 1996, by ELAINE FERRARO who is the Treasurer of DISNEY VACATION CLUB AT HILTON HEAD ISLAND OWNERS ASSOCIATION, INC., a mutual benefit, not-for-profit South Carolina, corporation, on behalf of the corporation. She is personally known to me.

(NOTARY SEAL)

NOTARY PUBLIC


Type Name: _____



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DISNEY
JOHN A. SULLIVAN, JR.
R.M.C.
BEAUFORT COUNTY, S.C. /MLL
95 AUG -7 PM 3:00
BK. 879 PG. 1385
FOLDER #

This instrument prepared by and return to:
 Kenneth M. Borick
 Disney Vacation Development, Inc.
 200 Celebration Place
 Celebration, FL 34747
 (407) 566-3000

**SECOND AMENDMENT TO
 DISNEY VACATION CLUB MEMBERSHIP AGREEMENT**

FOR

DISNEY VACATION CLUB AT HILTON HEAD ISLAND HORIZONTAL PROPERTY REGIME

THIS SECOND AMENDMENT (the "Second Amendment") to that certain Disney Vacation Club Membership Agreement for Disney Vacation Club at Hilton Head Island Horizontal Property Regime, a copy of which is recorded in Deed Book 804, Page 1525, Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, as amended by that certain First Amendment recorded in Deed Book 879, Page 1385, Office of the Register of Mesne Conveyances for Beaufort County, South Carolina (the "Agreement") is hereby made by DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation ("DVCMC"), whose address is 200 Celebration Place, Celebration, Florida 34747 and is effective as of May 6, 1998.

WHEREAS, all terms used in this Second Amendment shall have the same meaning ascribed to them as set forth in the Agreement;

WHEREAS, DVCMC has the authority to amend the Agreement from time to time pursuant to the terms of Article 7.2 of the Agreement;

WHEREAS, DVCMC desires to amend Article I, paragraph 1.4, Article IV, paragraphs 4.2.e and 4.5 of the Agreement regarding certain minimum stay requirements and Borrowing guidelines;

NOW THEREFORE, DVCMC provides as follows:

(1) Article I, paragraph 1.4 of the Agreement is amended to read as follows: (additions are double underlined, and deletions are ~~struck through~~):

"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 ~~in the current Use Year~~ for the purpose of making a reservation in the immediately preceding Use Year."

(2) Article IV, paragraph 4.2.e of the Agreement is amended to read as follows: (additions are double underlined, and deletions are ~~struck through~~):

"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."

(3) Article IV, paragraph 4.5 of the Agreement is amended to read as follows: (additions are double underlined, and deletions are ~~struck through~~):

"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 ~~during the current~~ to secure a reservation in the immediately preceding Use Year for the purpose of making a reservation."

(4) All other terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, DVCMC has executed this Second Amendment as of the date first written above.

WITNESSES:

J. Greene
Print Name: J. GREENE

L. Nieman
Print Name: L. Nieman

"DVCMC"
DISNEY VACATION CLUB MANAGEMENT CORP.,
a Florida corporation

By: *Matthew T. Gibbs II*
Print Name: Matthew T. Gibbs II
As its: Treasurer

STATE OF FLORIDA)
COUNTY OF OSCEOLA) SS.

The foregoing instrument was acknowledged before me this 16th day of May, 1998, by Matthew T. Gibbs II, as Treasurer of DISNEY VACATION CLUB MANAGEMENT CORP., a Florida corporation, on behalf of the corporation. He or she is personally known to me.



J GREENE
My Commission CC629634
Expires Feb 01, 2000

J. Greene
Notary public - State of Florida
Notary Print Name: _____
Commission No.: _____
My Commission Expires: _____

(NOTARY SEAL)

FILED
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