

**DAVID WALLEY'S
RULES ®ULATIONS
TABLE OF CONTENTS**

1.1. HOW TO MAKE A RESERVATION:	2
1.2. WHEN TO MAKE RESERVATIONS:	2
1.3. UNIT TYPE REQUESTED:	3
1.4. LIMITATIONS ON RESERVATIONS:	3
1.5. CANCELLATION:	3
1.6. CARRY-OVER:	4
1.7. SPLIT UNIT REQUESTS:	4
1.8. SPLIT UNIT CANCELLATION:	4
1.9. SPLIT WEEK REQUESTS:	4
1.10. SPLIT WEEK CANCELLATION:	4
1.11. CONFIRMATION OF RESERVATION REQUESTS:	5
BONUS TIME RESERVATIONS	5
2.1 WHEN TO MAKE BONUS TIME RESERVATION:	5
2.2 HOW TO RESERVE BONUS TIME USE:	5
2.3 BONUS TIME USE CONFIRMATION:	5
2.4 BONUS TIME USE LIMITATIONS:	6
2.5 EFFECTS OF BONUS TIME ON OTHER ENTITLEMENT:	6
2.6 BONUS TIME REVENUE:	6
2.7 BONUS TIME CANCELLATION:	6
OTHER GENERAL RULES	6
3.1 RULES OF USE	6

**DAVID WALLEY'S
RULES AND REGULATIONS**

The following Rules and Regulations have been established by your Board of Directors and were adopted by your Board of Directors on January 21, 2015 and supersede any previously distributed Rules and Regulations. These Rules and Regulations do not change your obligations as an Owner under either the Declaration or other Governing Instruments. The Board of Directors shall have the sole and exclusive authority to amend these Rules and Regulations. Failure to comply with the Rules and Regulations may result in the suspension of your rights and privileges as an Owner.

FLOATING INTERVAL RESERVATIONS

1.1. HOW TO MAKE A RESERVATION:

- Prior to placing your reservation request, make certain you are current in all of your financial obligations to the Association. Please be prepared to provide the following information:
 1. Your account name and address/contact information on the account
 2. Travel dates and alternative dates
 3. The number of people who will occupy the unit, and if applicable, the name(s) of your guests using your reservation
 4. Whether you will be exchanging the reservation with an exchange company such as Trading Places International or Interval International.

(Please note that when depositing a future week, your maintenance fees must be paid through the year of the interval you are depositing. For example, if you are banking a 2012 week your fees must be paid through 2012.)
- For each interval you own, reservation requests must be directed to the managing agent at Trading Places International's Owner Services department at 800-385-0126 ext. 1, or in writing via email or mail.
 - Email - ownerservices@tradingplaccs.com
 - Requests may be mailed to:
 - 25510 Commercentre Drive, Suite 100, Lake Forest, CA 92630
- Office hours are normally Monday through Friday 7:00 am to 6:00 pm Pacific Time, and Saturday 8:00am to 4:30pm Pacific Time.
- Reservations are confirmed on a space-available, first-come, first-served basis.
- Reservation requests are not considered final until confirmed in writing by the managing agent.

1.2. WHEN TO MAKE RESERVATIONS:

- For each timeshare interval owned, you are entitled to reserve a maximum of seven (7) consecutive nights in your unit type in each calendar year in which you own.
- The calendar year is comprised of the weeks commencing on Fridays, Saturdays, or Sundays from week 1 through week 52.
 - Week one (1) is the seven-day period commencing on the first Friday, Saturday, or Sunday of each year, week two (2) is the seven-day period commencing on the second Friday, Saturday, or Sunday of each year and so forth.
- For each Time Share week owned, a Time Share Owner may request a reservation for occupancy, with the week commencing on either a Friday, Saturday, or Sunday, under the following priority system:
 - First Priority- consecutive week requests within a season;
 - Requests will be honored twenty-three (23) months to the day in advance

- Second Priority - single week usage. Requests will be honored twenty-two (22) months to the day in advance;
- Third Priority - split unit usage (full week reservations). Requests will be honored twenty-one (21) months to the day in advance; and
- Fourth Priority - split week usage. Requests will be honored twenty (20) months to the day in advance.

1.3. UNIT TYPE REQUESTED:

- You will be assigned a unit of the same type you own, and same building type you own.
- Unit upgrades or downgrades can be requested at thirty (30) days or less in advance of the desired date of arrival, based on availability.
- Unit upgrades will be subject to Association upgrade fees (a nightly upgrade rate established by the Board of Directors).
- There will be no discount in maintenance fees or other charges for a unit size of a lesser value than what you own.

1.4. LIMITATIONS ON RESERVATIONS:

- The Association will not consider any reservation request that is:
 1. Made more than twenty-three (23) months, to the day, in advance of the arrival date for multiple week owners
 2. Made more than twenty-two (22) months, to the day, in advance of the arrival date for single week owners
 3. Made more than twenty-one (21) months, to the day, in advance of the arrival date for split units
 4. Made more than twenty (20) months, to the day, in advance of the arrival date for split weeks
 5. Requested by an owner that is not current in their financial obligation to the Association.
- You may be prevented from securing a confirmed reservation if a unit of the same type as yours is not available for use at the time sought because that time was previously reserved for regular use by another owner.
- You will not be compensated, reimbursed/credited for inability to reserve your requested use period as a result of no availability due to time previously reserved for use by another owner.
- If an owner has not checked in or made arrangements for a late check-in within forty-eight (48) hours after the first day of their reservation, their reserved time may be made available for use by other owners or guests.
 - If you fail to travel on your reservation, you shall be considered to have used the entire use period for which the reservation was made.

1.5. CANCELLATION:

- Owners may cancel a reserved use period up to thirty (30) days prior to check-in, but will be charged a cancellation fee. A cancellation fee, established by your Board of Directors, will be collected at the time the reservation is cancelled.
- If you fail to cancel your reservation at least thirty (30) days prior to check-in time, you may be considered to have used the entire use period for which the reservation was made.
- The Association will make every effort but cannot guarantee that you will be able to reserve another use period in your current calendar year.

1.6. CARRY-OVER:

- Unused use weeks will not be carried over or accrued to any subsequent year through the association.
- You are able to deposit your week(s) with an exchange company for future use, subject to the exchange providers procedures and fees. Maintenance fees must be paid in full for the year you request to deposit.

1.7. SPLIT UNIT REQUESTS:

- David Walley's owners may split the use of their lock out units into two (2) individual reservations. Example: A DSR/DSX owner can split their unit into (1) DSR (Hotel) and (1) DSX (1 bedroom).
- Split unit reservations must consist of full week reservations for both portions of the lock out.
 - Split unit reservations may not be split into 3 and 4 night stays
- Split unit reservations may be requested up to twenty-one (21) months in advance of the arrival date of desired use.
- A split unit fee will be collected at the time the reservations are confirmed by the Managing Agent.
- Split unit fee amount to be established by the Board of Directors.

1.8. SPLIT UNIT CANCELLATION:

- Split unit reservations may be cancelled up to thirty (30) days prior to check-in, but will be charged a cancellation fee. A cancellation fee, established by your Board of Directors, will be collected at the time the reservation is cancelled.
- If you fail to cancel your reservation at least thirty (30) days prior to check-in time, you may be considered to have used the entire use period for which the reservation was made.
- The Association will make every effort but cannot guarantee that you will be able to reserve another use period in your current calendar year.

1.9. SPLIT WEEK REQUESTS:

- You may "split" the use of your vacation week at David Walley's
- Split week reservations may be requested up to twenty (20) months in advance of the arrival date of desired use.
- All Split Week use periods will include a three (3) or four (4) day weekend, including Friday and Saturday night usage, and a three (3) or four (4) day midweek usage which cannot include a Friday or Saturday night usage.
- Split week reservations may not be used in combination with a split unit reservation
 - Split week reservations must consist of both portions of a lockout unit
- Split week reservations may not be deposited with an exchange company
- A cleaning fee will be collected at the time the reservation is confirmed by the Managing Agent for the second split reservation.
- Cleaning fee amount to be established by the Board of Directors.

1.10. SPLIT WEEK CANCELLATION:

- Split week reservations may be cancelled up to thirty (30) days prior to check-in, but will be charged a cancellation fee. A cancellation fee, established by your Board of Directors, will be collected at the time the reservation is cancelled.
- If you fail to cancel your reservation at least thirty (30) days prior to check-in time, you may be considered to have used the entire use period for which the reservation was made.

- The Association will make every effort but cannot guarantee that you will be able to reserve another use period in your current calendar year.

1.11. CONFIRMATION OF RESERVATION REQUESTS:

- Reservation requests must be confirmed by the Owner Services Department in writing before being valid.
- If reservation(s) requested by a Member cannot be confirmed due to unavailability, such requesting Member shall be so notified, and will be asked to contact the Owner Services Department, either by telephone, or in writing, for information concerning available use periods.
- Confirmations will be given by the Owner Services Department to Owners by mail, or when time is limited, by email, fax, or telephone.
- You may be prevented from securing a confirmed reservation if a unit of the same type as yours is not available for use at the time sought because that time was previously reserved for regular use by another Owner.
- **Your reservation request will not be confirmed, nor will occupancy of an assigned unit be permitted, if you are delinquent in payment of any amounts owed to the Association or if your use rights have been suspended by the Board of Directors.**

BONUS TIME RESERVATIONS

Subject to availability, you may be entitled to occupy a unit of any unit type during one or more additional time periods, as Bonus Time. Bonus Time may be available if time has not been otherwise reserved.

2.1. WHEN TO MAKE BONUS TIME RESERVATION:

- Reservation requests will be considered if received forty-five (45) days or less in advance of the first night of the desired date.

2.2. HOW TO RESERVE BONUS TIME USE:

- Reservations for Bonus Time shall be on a first-come, first-served basis.
- You and your immediate family may reserve Bonus Time Use at a nightly rate established by your Board of Directors collected at the time the reservation is confirmed.
- Follow the same procedures for making reservations as described in 1.1 under Regular Use Reservations.

2.3. BONUS TIME USE CONFIRMATION:

- Bonus Time reservation requests are confirmed on a first-come, first-served basis.
- Bonus Time reservation requests will be confirmed by the Owner Services Department in writing, or by fax or telephone if time does not allow for mail to reach the owner.
- No Bonus Time reservation requests will be honored unless they have been confirmed by the Owner Services Department.
- **Your Bonus Time reservation will not be confirmed if you are delinquent in payment of any amounts owed to the Association, or if your use rights have been suspended by the Board of Directors.**

2.4. BONUS TIME USE LIMITATIONS:

- Bonus Time reservations will only be limited by space availability.
- Subject to availability, Bonus Time reservations may be made as often as you like.

- David Walley's Bonus Time reservations must be completed within a Friday-Friday, Saturday-Saturday, or Sunday-Sunday week.
- There are no size restrictions for Bonus Time reservations

2.5. EFFECTS OF BONUS TIME ON OTHER ENTITLEMENT:

- Bonus Time does not affect any other entitlement you may have to occupy a unit.

2.6. BONUS TIME REVENUE:

- The Association will deposit revenues generated from Bonus Time into its general account to help defray costs of the Association.

2.7. BONUS TIME CANCELLATION:

- Bonus time reservations cancelled/changed more than seventy-two (72) hours prior to date of occupancy are subject to a cancellation fee established by your Board of Directors. The balance of bonus time fees collected will be fully refunded.
- Bonus time reservations cancelled/changed less than seventy-two (72) hours prior to date of occupancy are NON-REFUNDABLE. This is due to the reduced amount of time remaining to be able to utilize the time for another member.
- If an owner or guest has not checked in or made arrangements for a late check-in within forty-eight (48) hours after the first day of their reservation, their reserved Bonus Time may be made available for use by other owners or guests.

OTHER GENERAL RULES

The Timeshare Owner of a Timeshare Interest shall occupy and use the Assigned Unit as a single family private accommodation for himself and the members of his family, his social guests, lessees, licensees and invitees, in accordance with the following:

3.1. RULES OF USE

1. Check-In and Check-Out.
 - a. Check-in and check-out times shall be established by the Manager with the intent, that under ordinary circumstances, check-in time shall be 4:00PM and check-out time shall be 11:00 AM, Pacific Time.
 - b. No Time Share Owner will be allowed to remain in an assigned Time Share Unit after checkout time unless the Time Share Owner has confirmed reservations for the next consecutive Use Period.
 - c. On certain heavy arrival/departure days, some Units may not be ready for occupancy until after 4:00PM.
2. Service Period. The period from check-out time to check-in time between each Use Period shall be reserved exclusively as a service period during which time each Unit will be cleaned, the contents inventoried, and any necessary repairs or maintenance performed by the housekeeping and/or maintenance staffs under the direction of the Manager.
3. Failure to Vacate. If a Time Share Owner or a Permitted User fails to vacate the assigned Unit at the end of the Use Period, such failure to vacate may result in the severe consequences set forth in the Declaration.
4. Care of Interior Furnishings and Equipment. When you or your Permitted Users use your assigned Time Share Unit, you, the Time Share Owner are responsible for any damage done to the unit and its furnishings other than normal wear and tear. Any damage or loss must be paid prior to check-out time or will be billed directly to you. Nonpayment of such a charge will be cause for

- suspension of use privileges until such charge has been paid. You should report any damage or deterioration of your assigned Unit or its Common Furnishings to the Manager. All Time Share Owners and their Permitted Users shall be responsible for removing all their personal property from their assigned Unit before check-out time.
5. Building Modification. No structural changes, reorganization or removal of furniture, wall hangings, or floor coverings or redecorating of any type within the assigned Unit or other areas of David Walley's Resort shall be permitted by any Time Share Owner.
 6. Maid Service. Maid service is provided to Time Share Owners prior to the beginning of each Use Period and, for full week reservations, once at mid-week. Mid-week cleaning consists of changing of linens, light cleaning and vacuuming. This service is part of the maintenance responsibility of the Association. Time Share Owners are responsible for all other housekeeping which they require during their Use Period. Maid service seven (7) days a week, or other than mid-week, is available at an additional charge.
 7. Inventory of Interior Furnishings and Equipment. During the service period between each Use Period, the Manager will conduct a complete inventory of the furnishings and equipment allocated to each Unit. Missing or damaged items will be charged to the Time Share Owner who just vacated the Unit, or whose Permitted User just vacated that Unit. An accounting of the missing or damaged items and a bill will be sent by the Association to the appropriate party. A Time Share Owner or Permitted User shall report any missing or damaged items of Common Furnishings to the Manager within five (5) hours of check-in time. Failure to do so may result in Time Share Owner being assessed for such damaged or missing items.
 8. Pass Key. The Manager is provided with a pass key to all Units. In case of emergency, the Manager or his employee may enter a Unit and, in such case, shall notify the occupant, as soon as reasonably possible, of the reason for such entry.
 9. Safety and Health Rules.
 - a. No dangerous or unlawful substance may be kept or used on the premises.
 - b. Obnoxious, unlawful or offensive activities are prohibited.
 - c. Specific rules may be established by and at the discretion of the Manager to protect the safety and health of all the Time Share Owners.
 10. Storage. The Manager shall not be responsible for any belongings left by you or your Permitted User at the expiration of the Use Period. No Time Share Owner or Permitted User may keep personal property on the premises other than in his assigned Unit or assigned locker.
 11. Control of Children.
 - a. Parents shall be responsible for the conduct of their children. Children will not be permitted to play in corridors, elevators, lobby, or any other non-designated area. Children under thirteen (13) years of age must be accompanied by an adult.
 - b. Parents will be financially responsible for any minor children creating a disturbance or vandalizing the property. Failure to pay for damage caused by such behavior may affect the owner's use privileges at the Resort.
 12. Maximum Occupancy. The maximum allowable occupancy per time share unit is based on the type of Unit as follows:
 - a. Lock -Off Hotel Room = 2 persons
 - b. One Bedroom Suite = 4 persons
 - c. Two Bedroom Suite = 6 persons
 13. Guests.
 - a. Residential Guests. A Time Share Owner may lend his/her reserved Use Period others without charge and may invite guests to share occupancy of his/her assigned Time Share Unit during his/her Use Period, provided the maximum allowable occupancy limits are not exceeded. The

Manager will not give access to any assigned Unit without permission from the Time Share Owner in whose name there is a confirmed reservation. If you intend for a guest to use your reserved Use Period, you must inform the managing agent, in advance, at Trading Places International's Owner Services department at 800-385-0126 ext. 1, or in writing via email or mail.

- Email - ownerservices@tradingplaces.com
- Requests may be mailed to:
- 25510 Commercentre Drive, Suite 100, Lake Forest, CA 92630

Please indicate the names and addresses of the guests. Upon check-in, guests may be required to show proof of identification and sign a registration card.

- b. Recreation Facilities Guests. A Time Share Owner may bring a limited number of guests to the Recreation Facilities at the Resort. A Time Share Owner in residence may bring the number of guests to the recreation area (including the owner) that corresponds to the occupancy limit of the unit occupied as follows:
 - i. Lock-Off Hotel Room = 2 persons
 - ii. One Bedroom Suite = 4 persons
 - iii. Two Bedroom Suite = 6 persons

There is no charge for this number of guests when an owner is in residence. Time Share Owners not in residence are permitted to use the recreational facilities at the Resort even when not in residency. At such times, Time Share Owners are limited to bringing four (4) guests to the recreation area and such guests may be charged a fee established by the Manager.

- c. If the Owner of Recreational Facilities off the Property has adopted rules and regulations that are specific to those areas, those rules and regulations as amended from time to time are hereby incorporated into these Rules and Regulations.
14. Employees: Employees at David Walley's Resort are under the sole discretion of the Manager and during working hours shall not be diverted to the employment of any Time Share Owner. Requests for assistance by employees should be made through the Manager.
 15. Personal Charges. All goods and services must be paid for in cash or by accepted credit card at the time the goods or services are purchased.
 16. Common Areas. No halls, sidewalks, stairway, driveways or other similar areas of the Resort shall be obstructed or used for any purpose other than ingress to an egress from the Units.
 17. Personal Property.
 - a. No lobbies, sidewalks, stairways, driveways or other Common Areas of the Resort shall be used for the storage of any personal property without the prior written consent of the Manager.
 - b. All damage to the Resort or any part thereof caused by moving articles in or out shall be repaired at the expense of the Time Share Owner or guest for whom such articles are being moved.
 - c. Neither the Association nor its Manager shall be responsible for personal property lost, stolen or damaged.
 - d. If a Time Share Owner leaves personal belongings in a Unit after check-out, the Manager will make reasonable efforts to contact the Time Share Owner for a thirty (30) day period in order to return items. If no contact is made, the items will be released to the finder.
 - e. Neither the Manager nor the Association is responsible for any loss or damage to the personal belongings of a Time Share Owner which are not deposited in the safe. In no case shall the liability of the Manager or the Association exceed the sum of Two Hundred Fifty and No/00 Dollars (\$250.00) for any or all such property of any individual Time Share Owner or Permitted User deposited in the safe.

18. Disturbances. No Time Share Owner or guest shall make or permit disturbing noises to be made in the Resort by himself, his family, friends, guests, servants or other invitees or individuals over whom he has control, nor do or permit anything to be done by his guests which would interfere with the rights, comforts or conveniences of other Time Share Owners or guests. In this regard, no Time Share Owner or guest shall play or allow to be played in the Resort any musical instrument, radio, television, stereo, tape recorder or other device if the same shall disturb any other Time Share Owner or guest in the Resort.
19. Parking. All Time Share Owners and guests shall obey the parking regulations posted at the parking areas and driveways and any other traffic regulations promulgated and posted for safety, comfort and convenience of the Time Share Owners and guests.
20. Pets. No pets of any kind shall be kept or allowed to remain in any unit or upon any part of the Resort except in a unit, if any, designated by the Manager as eligible for specified pets. Service Animals are the only exception to this restriction. The Manager is authorized to assess charges related to any special cleaning needs arising from occupancy by a pet.
21. Smoking Units. The Manager is authorized to designate whether or not a Unit is a smoking unit and if not, to assess charges to an occupant who improperly smokes within a nonsmoking unit for special cleaning needs, such as special cleaning of drapes and linens to remove any smoke residue or odor therefrom.
22. Machinery. No Time Share Owner or guest shall install or cause to be installed in any Unit any fixtures, machinery, refrigerating or heating device, or air conditioning apparatus, or use any illumination other than electric light, or use or permit to be brought into the Building any inflammable oil or fluid or explosive article which may be hazardous to life, limb or property without the prior written consent of the Manager in each instance.
23. Signs. No signs (including without limitation "For Sale" or "For Rent" signs) or flags of any kind shall be placed in the windows or on doors or other exterior surfaces of the Building, without the prior written approval of the Association. The Association may revoke such approval at any time, with or without cause.
24. Fireplaces. Fireplaces in all Time Share Units are gas and no combustible materials may be put into the fireplaces.
25. Heating and Lighting. No Time Share Owner or guest shall interfere in any manner with any portion of the heating or lighting apparatuses or any spa equipment located in the Common Areas of the Resort.
26. Windows and Balconies. Nothing shall be thrown or emptied out of the windows or doors or down the stairways or from the balconies or in the Common Areas, nor shall anything be hung from the balconies or from the outside of the windows or placed on any outside window sills.
27. Trash Disposal. Disposal of garbage and trash shall be only by the use of garbage disposal units or other common trash and garbage disposal facilities provided by the Association.
28. Fire Regulations. The Association has posted in conspicuous places fire regulations which must be adhered to by Time Share Owners, their Permitted and Exchange Users during their stay at the resort.
29. Membership Privileges at the Spa Property. The Association has entered into an agreement ("Facility Use Agreement") with 1862 Resort Services, LLC whereby, subject to payment by the Association of the fees required by the Facility Use Agreement, Time Share Owners at David Walley's Resort are granted a privilege to use certain facilities, both during residency at David Walley's Resort as well as during non-residency periods, subject to the Rules and Regulations of 1862 Resort Services, LLC.

A maximum of four (4) cards may be issued with respect to a Time Share interest in David Walley's Resort and all cards shall remain the property of 1862 Resort Services, LLC. It is the intent of the Facilities Use Agreement that only Time Share Owners enjoying all rights of ownership with respect to an interval week in David Walley's Resort shall be entitled to use privileges, and in the event it appears to the 1862 Resort Services, LLC that a Time Share

Owner lacks the right or authority to enjoy all rights of ownership in the Time Share interest, 1862 Resort Services, LLC may deny Club privileges to such a Time Share Owner so as to prevent among other things a Time Share Owner from separating Club privileges from ownership of a Time Share interval (such as, for example; the attempted sale of membership cards). In this regard, substance shall rule over form. Requirements which may be imposed by the 1862 Resort Services, LLC might include, but not by limitation, delivery of a copy of the deed whereby the Time Share Owner took title to the subject time share, corporate or partnership resolutions, copies of constituent documents, affidavits and certifications.

30. Fees for Additional Services. The Manager is authorized to establish and to charge owners and guests at David Walley's resort reasonable fees for the purpose of off-setting the costs involved in providing towels and housekeeping services or other services in greater quantity or frequency than is normally provided as part of basic services. All revenues generated from these fees shall be deposited into and become a part of the Association's operating account.
31. Split Reservation Fees. The Manager for the Association is authorized to establish and to charge owners at the Resort a reasonable fee approved by the Association Board of Directors whenever a reservation is made which involves the splitting of a week or a Unit. The fee shall be assessed and be due and payable at the time the initial reservation is confirmed. Upon reserving the remainder of the Split Week or Split Unit, there shall be no additional fee assessed. All revenues generated from these fees shall be deposited into and become a part of the Association's operating account.
32. Change in Reservation Fees. The Manager is authorized to charge a reasonable fee approved by the Association Board of Directors whenever a reservation is changed by an owner. This fee shall be assessed and be due and payable at the time the change in reservation is confirmed. All revenues generated from these fees shall be deposited into and become a part of the Association's operating account.
33. Rules and Regulations: Amendment. The association has adopted these Rules and Regulations to help govern and manage the Resort. Time Share owners shall abide by these Rules and Regulations and cooperate in securing compliance by Permitted Users. The Board of Directors of the Association reserve the right to amend these Rules and Regulations at any time with or without notice and to make such other rules and regulations from time to time as it deems necessary or appropriate for the operation, safety, care or cleanliness of the Resort or any part thereof and for ensuring the comfort, convenience or security of the Time Share owners and guests.