

December 17, 2019

Dear Owner:

The minutes are being distributed to Owners as outlined in the Desert Springs Villas II Timeshare Association Declaration Article IV Management, Section 4.2 (o).

The Disclosure Statement and Insurance Summary is being distributed to Owners as required by California Civil Codes 5300 and 5310, and as outlined in the Desert Springs Villas II Timeshare Association Declaration Article IV Management, Section 4.2 (o); and the Desert Springs Villas Master Association Bylaws Article III, Section 3.4(h) Budgets and Financial Statements.

Please also consider opting-in to receive mailings required by the Association's governing documents or applicable law via electronic transmission through an email address. Examples of required mailings may include: notices of meetings, financial statements, budgets and amendments to the governing documents.

In order to receive these items by electronic transmission, Owners must first explicitly provide consent (or "opt-in"). Consent to receive required mailings by electronic transmission is effective unless it is revoked at a later time.

To opt-in, log into your Owner account on MarriottVacationClub.com. Click on "Account", click on "Profile", click on "Register for Online Document Notification". Edit Settings.

For questions, please contact me by phone at 760-779-1201 or by email at MVCownerboard.desertspringsvillas@vacationclub.com.

Sincerely,

Peter Antinoph
General Manager
Marriott's Desert Springs Villas

Desert Springs Villas II Timeshare Association

Board of Directors Meeting

October 17, 2019

A regular meeting of Desert Springs Villas II Timeshare Association Board of Directors was held on October 17, 2019, at Marriott's Desert Springs Villas, Hummingbird Meeting Room, 1091 Pinehurst Lane, Palm Desert, California 92260.

Present from the Board of Directors were: Benjamin Steinberg, President; Thomas Corridan, Vice President; Sharon August Jones, Secretary/Treasurer; Ronald Horwitz, Director and Sverre Thomassen, Jr., Director

Present from Marriott Vacation Club® International, representing the Management Company, were: Peter Antinoph, General Manager; Vince DePiano, Front Office Manager; Suzette Ellebracht, Project Manager; Matthew Gardell, Director of Finance; Bill Gunderson, Regional Director Resort Operations Americas, West; Linda Knaust, Director of Guest Relations; Glenn Knorr, Director of Engineering; Nick Enders, Market Director of Finance Resort Operations-West; Maribel Santibanez-Moya, Senior Assistant Controller and Mary Ann Chavez, Executive Assistant

CALL TO ORDER

Benjamin Steinberg, President, called the meeting to order at 1:02 p.m., Pacific time.

Overview of Senate Bill Section 4900, est. seq. (Open Meeting Act) of California Civil Code
Mr. Steinberg reviewed the Davis-Stirling Act, Section 4900, (Open Meeting Act).

ESTABLISHMENT OF QUORUM

With all Board Members present, quorum was met.

APPOINTMENT OF RECORDING SECRETARY

Mr. Steinberg appointed Mary Ann Chavez to serve as Recording Secretary.

PROOF OF NOTICE OF BOARD OF DIRECTORS MEETING

Notice of Board Meeting was emailed to all Board Members on September 17, 2019, as required by the Association Bylaws.

APPROVAL OF AGENDA

A motion was made by Sverre Thomassen, Jr., to approve the Agenda as presented. The motion was seconded by Ronald Horwitz and unanimously carried.

APPROVAL OF BOARD OF DIRECTORS MEETING MINUTES

A motion was made by Sharon August Jones to approve the May 16, 2019 Board Meeting Minutes as presented. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

A motion was made by Ronald Horwitz to approve the May 17, 2019 Organizational Meeting Minutes as presented. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

A motion was made by Sverre Thomassen, Jr., to accept the August 8, 2019 Board of Directors Special Meeting Minutes as presented. The motion was seconded Sharon August Jones and unanimously carried.

FINANCIALS

Investment Committee

Ron Horwitz presented an update from the Investment Committee Meeting. The Investment Committee recommends the Board continue the current Investment Policy with the March Group of Wells Fargo for 2020.

A motion was made by Tom Corridan to continue the current Investment Policy for Desert Spring Villas II Timeshare Association with the March Group of Wells Fargo for 2020. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

A motion was made by Sharon August Jones to engage Myers, Brettholtz & Co, PA to conduct the 2019 financial audit for Desert Springs Villas II Timeshare Association. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

Current Financials and 2019 Year-End Forecast

Matthew Gardell reviewed current financials and 2019 year-end forecast. Highlights included:

- A surplus of \$446,000 is projected in the 2019 year-end forecasted Operating Fund; variances include insurance in the amount of \$224,000; investment interest in the amount of \$48,000; security in the amount of \$40,000 and administrative and general in the amount of \$34,000

Accounts Receivable

Maribel Santibanez-Moya reviewed accounts receivable. Highlights included:

- As of September 2019, accounts receivable was 1.6%, which compared favorably to the average of unpaid maintenance fees for Marriott Vacation Club.

Foreclosed Inventory Purchase Agreement

Mr. Gardell presented an amendment to the Foreclosed Inventory Purchase Agreement. Highlights included:

- Amendment allows Marriott Ownership Resorts, Inc., to have ongoing access over the Common Areas, including digital displays and Wi-Fi and internet landing pages operating at the Project, for purposes of marketing and selling the Interests or Interests in other timeshare projects, multisite products or clubs.

A motion was made by Sharon August Jones to approve the terms and conditions of the Amendment to the Foreclosed Inventory Purchase Agreement for Desert Springs Villas II Timeshare Association, presented by Marriott Ownership Resorts, Inc., with an effective date of October 17, 2019, and authorize the President to sign the Agreement on behalf of the Association. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

Ratification of Review of Financial Statements

A motion was made by Sharon August Jones to ratify the Board of Directors of Desert Springs Villas II Timeshare Association review of April, May, June, July and August Operating accounts, Reserve accounts, actual Operating revenues and expenses compared to budget, account statements, income and expense statements, check register, monthly general ledger, and delinquent assessment receivable reports. The motion was seconded by Tom Corridan and unanimously carried.

RESERVES

2019 Reserves

Suzette Ellebracht reviewed 2019 Reserves. Highlights included:

- Upgraded Cassia Pool deck
- Repaired Jasmine Court entryway
- Jasmine Court and Mesquite pools plaster and deck repairs

2020 Reserves

Ms. Ellebracht reviewed 2020 Reserves and related costs. Highlights included:

- Phase 2 refurbishment professional fees (5-year) - \$83,000
- Purchase attic stock - \$66,143
- Upgrade concrete for ADA modifications - \$577,228
- Purchase attic stock door locks - \$50,000
- Repair Mesquite Pool fence perimeter - \$81,729
- Replace Cassia Pool furniture - \$30,000
- Replace Jasmine Court pool furniture - \$130,000
- Replace Mesquite Pool furniture - \$45,000
- Replace Jasmine Court Pool heat pumps - \$70,686

- Replace Jasmine Clubhouse and Building 100 HVAC 1-2 - \$55,153
 - Replace Cassia Pool air conditioner - \$3,536
 - Replace Jasmine Court pump room pool cooler - \$19,082
 - Resurface Jasmine Court Pool deck - \$204,000
 - Resurface Mesquite Pool deck - \$127,500
 - Replace Jasmine Court plaster in pool and spas - \$81,500
 - Replace Mesquite Pool plaster in pool and spa - \$28,500
 - Pre-purchase Phase 1 refurbishment materials (5-year) - \$442,575
 - Purchase attic stock televisions - \$50,000
- Total - \$2,145,632

A motion was made by Ron Horwitz to approve an additional \$21,541 from Desert Springs Villas II Timeshare Association 2019 Reserve Fund, bringing the 2019 Reserve Fund total to \$1,415,902 as presented by Suzette Ellebracht. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

A motion was made by Sharon August Jones to approve \$2,145,632 from Desert Springs Villas II Timeshare Association 2020 Reserve Fund, including each line item thereof, as attached to the minutes. The motion was seconded by Tom Corridan and unanimously carried.

Future Reserves

Ms. Ellebracht reviewed future Reserve projects. Highlights included:

2021-2023 Reserves

- Upgrade locks
- Replace televisions
- Upgrade villa soft goods (5-year)
 - Replacement of villa paint, carpet, upholstery, bedding, window treatment
- Replace barbecues

PROPOSED 2020 BUDGET AND MAINTENANCE FEE

Mr. Gardell presented the proposed 2020 Budget and Maintenance Fee:

- 2020 Operating Fee of \$876.61, compared to \$854.22 in 2019
- 2020 Reserve Fee of \$471.15, compared to \$466.68 in 2019

After discussion, the Board removed the return of surplus. The Board expressed concerns that future wage impacts driven by market conditions and prefers to retain the funds with the Association rather than include in the 2020 Budget.

A motion was made by Ron Horwitz to approve the 2020 assessment budget for Desert Springs Villas II Timeshare Association in the total amount of \$27,891,125, including each line item of such budget, and move to direct the Secretary of the Association to include such budget in the records of the Association as Exhibit A and attach to the minutes of record for this meeting, which budget includes total Operating Fees of \$18,231,608 and Reserve Fees of \$9,659,517. It was further moved to approve the billing by Desert Springs Villas II Timeshare Association of each Owner for the following amounts owed to Desert Springs Villas II Timeshare Association: Operating Fee of \$889.26 for each Owner and a Reserve Fee of \$471.15 for each Owner for a total maintenance fee of \$1,360.41. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

OLD BUSINESS

Volunteer Forms

Tom Corridan presented the customized questions to be used on the online volunteer form beginning in 2020.

A motion was made by Tom Corridan to direct the Management Company to use the following customized questions on the online volunteer form beginning in 2020: customized question 1 “Do you personally use your deeded weeks or Destination Points to stay at Desert Springs Villas II; if so, how many times in the past five years?”, customized question 2, “What do you consider to be the role and

responsibilities of a Board Member?”, customized question 3, “Please share your professional background and experience that may assist in providing association oversight.” and customized question 4, “What specific issues or areas are of interest to you?” The motion was seconded by Sharon August Jones and carried unanimously.

NEW BUSINESS

Announcement of Next Meeting Dates

- Board Meetings – May 14, 2020
- Board Meetings – October 16, 2020

Proposed 2024 Meeting Dates

- Board Meetings – May 16, 2024
- Board Meetings – October 18, 2024

A motion was made by Sharon August Jones to approve the meeting dates for 2024. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

ADJOURNMENT

There being no further business to come before the Board, a motion was made by Sharon August Jones to adjourn the meeting at 2:18 p.m. The motion was seconded by Ronald Horwitz and unanimously carried.

Submitted by:

Approved by:

Mary Ann Chavez Date
Recording Secretary

Benjamin Steinberg Date
President

Desert Springs Villas Master Association

Board of Directors Meeting

October 17, 2019

A regular meeting of Desert Springs Villas Master Association Board of Directors was held on October 17, 2019, at Marriott's Desert Springs Villas, Hummingbird Meeting Room, 1091 Pinehurst Lane, Palm Desert, California 92260.

Present from the Board of Directors were: Ronald Horwitz, President; Sverre Thomassen, Jr., Vice President; Robert Gallagher, Secretary/Treasurer; Shelley Chamberlain, Director; Thomas Cook, Director; Thomas Corridan, Director; Sharon August Jones, Director; Joseph Lawrence, Director; James Masterson, Director and Benjamin Steinberg, Director

Present from Marriott Vacation Club® International, representing the Management Company, were: Peter Antinoph, General Manager; Vince DePiano, Front Office Manager; Suzette Ellebracht, Project Manager; Matthew Gardell, Director of Finance; Bill Gunderson, Regional Director Resort Operations Americas, West; Linda Knaust, Director of Guest Relations; Glenn Knorr, Director of Engineering; Nick Enders, Market Director of Finance Resort Operations-West; Maribel Santibanez-Moya, Senior Assistant Controller and Mary Ann Chavez, Executive Assistant

CALL TO ORDER

Ronald Horwitz, President, called the meeting to order at 8:02 a.m., Pacific time.

Overview of Senate Bill Section 4900, est. seq. (Open Meeting Act) of California Civil Code
Mr. Horwitz reviewed the Davis-Stirling Act, Section 4900, (Open Meeting Act).

ESTABLISHMENT OF QUORUM

With all Board Members present, quorum was met.

APPOINTMENT OF RECORDING SECRETARY

Mr. Horwitz appointed Mary Ann Chavez to serve as Recording Secretary.

PROOF OF NOTICE OF BOARD OF DIRECTORS MEETING

Notice of Board Meeting was emailed to all Board Members on September 17, 2019, as required by the Association Bylaws.

APPROVAL OF AGENDA

A motion was made by Robert Gallagher to approve the Agenda as presented. The motion was seconded by Shelley Chamberlain and unanimously carried.

APPROVAL OF BOARD OF DIRECTORS MEETING MINUTES

A motion was made by Jim Masterson to approve the May 16, 2019 Board Meeting Minutes as presented. The motion was seconded by Robert Gallagher and unanimously carried.

A motion was made by Sharon August Jones to approve the May 17, 2019 Organizational Meeting Minutes as presented. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

A motion was made by Tom Corridan to accept the August 8, 2019 Board Meeting Minutes as presented. The motion was seconded by Benjamin Steinberg and unanimously carried.

ACTION ITEM

Sverre Thomassen, Jr., presented an update on American Resort Development Association (ARDA) activities.

FINANCIALS

Investment Committee

Mr. Horwitz presented an update from the Investment Committee meeting. The Investment Committee recommends the Board continue the current Investment Policy with the March Group of Wells Fargo for 2020.

A motion was made by Jim Masterson to continue the current Investment Policy for Desert Springs Villas Master Association with the March Group of Wells Fargo for 2020. The motion was seconded by Joe Lawrence and unanimously carried.

Acceptance of July 30, 2019 Investment Committee Minutes

A motion was made by Ronald Horwitz to accept the July 30, 2019 Investment Committee Minutes. The motion was seconded by Robert Gallagher and unanimously carried.

Matthew Gardell presented an update on the investment yield. Highlights included:

- Current investment yield for the Operating Fund is 2.04%
- Current investment yield for the Reserve Fund is 1.39%

A motion was made by Shelley Chamberlain to engage Myers, Brettholtz & Co, PA to conduct the 2019 financial audit for Desert Springs Villas Master Association. The motion was seconded by Robert Gallagher and unanimously carried.

Current Financials and Year-End Forecast

Mr. Gardell reviewed current financials and year-end forecast. Highlights included:

- The 2019 year-end forecasted Operating Fund balance is projected to have a deficit of \$63,366; variances include late fees in the amount of (\$45,000), transportation in the amount of (\$33,000), electric in the amount of (\$22,000) and bad debt in the amount of \$30,000.

Ratification of Review of Financial Statements

A motion was made by Joe Lawrence to ratify the Board of Directors of Desert Springs Villas Master Association review of April, May, June, July and August Operating accounts, Reserve accounts, actual operating revenues and expenses compared to budget, account statements, income and expense statements, check register, monthly general ledger, and delinquent assessment receivable reports. The motion was seconded by Shelley Chamberlain and unanimously carried.

RESERVES

2019 Reserves

Suzette Ellebracht reviewed 2019 Reserves. Highlights included:

- Purchase of utility carts
- Purchase of department vehicles
- Repairs to pool deck
- Repairs to pool equipment

2020 Reserves

Ms. Ellebracht reviewed 2019 Reserves and associated costs. Highlights included:

- Purchase activities equipment - \$35,967
 - Outdoor game tables
 - Outdoor activities furniture
 - Soft surfaces
- Replace Palmeras Pool deck - \$1,040,000
- Replace Palmeras Pool equipment - \$35,485
- Purchase Clubhouse exterior common area furniture - \$45,750
- Purchase shade courtyard furniture - \$162,313
- Purchase Palmeras Pool heaters - \$11,564
- Replace Palmeras Pool Grill HVAC unit - \$15,424
- Purchase three laundry bins - \$25,461
- Replace Clubhouse exterior lighting - \$42,222
- Paint Clubhouse exterior - \$28,264
- Paint Palmeras Pool building exterior (2019 carry over) - \$9,541
- Re-plaster Palmeras Pool - \$227,450
- Replace Palmeras Pool lifts (2) and spa chairs lifts (2) - \$14,126

- Replace 16 utility carts (10-year) - \$164,000
 - Replace shuttle to meet ADA requirements (5-year) - \$ 91,260
 - Upgrade concrete for ADA modifications - \$30,000
 - Water's Edge design fee - \$25,000
- Total - \$2,003,827

Ms. Ellebracht to present a design proposal using concrete with pavers as an accent for the Palmeras Pool deck replacement scheduled for installation in September 2020, at the May 14, 2020 Board Meeting.

A motion was made by Shelley Chamberlain to approve \$2,003,827 from Desert Springs Villas Master Association 2020 Reserve Fund for 2020 Reserve projects as presented by Suzanne Ellebracht. The motion was seconded by Jim Masterson and unanimously carried.

Future Reserves

Ms. Ellebracht reviewed future Reserve projects. Highlights included:

2021 Reserves

- Apply slurry seal
- Replace cardio and strength fitness equipment
- Replace Clubhouse Pool deck and plaster
- Renovate Palmeras Pool bathrooms
- Paint Operations Building

2022 Reserves

- Replace pool heat pump
- Upgrade Lobby soft goods
- Paint Operations Building exterior
- Replace Clubhouse and Operations Building HVAC

PROPOSED 2020 BUDGET AND MAINTENANCE FEE

Peter Antinoph presented an overview of the 2020 Budget including a synopsis of the competitive landscape in the Coachella Valley, 2019 hiring trends, associate retention and unemployment rate in California and Coachella Valley.

Nick Enders presented an update on late fees. Highlights included:

- The Management Company proposed removing the late fees in the 2020 Budget

A motion was made by Bob Gallagher to waive the collection of late fees for Desert Springs Master Association and direct the Marriott Resorts Hospitality Corporation management team to not collect late fees for Desert Springs Master Associations. The motion was seconded by Tom Corridan and unanimously carried.

Mr. Gardell presented the Management Company's proposed 2019 Budget and Maintenance Fee which included:

- 2020 Operating Fee of \$78.98, compared to \$68.43 in 2019
- 2020 Reserve Fee of \$58.80, compared to \$46.98 in 2019

After discussion, the Board proposed the following:

- 2020 Operating Fee of \$78.73, with a reduction in the management fee
- 2020 Reserve Fee of \$56.38

A motion was made by James Masterson to approve the 2020 assessment budget for Desert Springs Villas Master Association, as presented by Desert Springs Villas Master Association Board of Directors in the total amount of \$4,396,210, including each line item of such budget, and move to direct the Secretary of the Association to include such budget in the records of the Association as Exhibit A and to be attached to the minutes of record for this meeting, which budget includes total Operating Fees of \$2,561,718 and Reserve Fees of \$1,834,492. It was further moved to approve the billing by Desert

Springs Villas Master Association of each Owner for the following amounts owed to Desert Springs Villas Master Association: Operating Fee of \$78.73 for each Owner and a Reserve Fee of \$56.38 for each Owner for a total maintenance fee of \$135.11 per interest. The motion was seconded by Sverre Thomassen, Jr., and unanimously carried.

RESORT OPERATIONS REPORT

Mr. Antinoph presented the resort operations report. Highlights included:

- Summer events for both Activities and Food and Beverage were reviewed

OLD BUSINESS

Grant of Easement

Coachella Valley Water District is investigating the possible relocation of the vent valve to an area within the current easement negating the need for the addition to the easement.

Volunteer Form

James Masterson and Tom Corridan presented the proposed questions to be included on the Desert Springs Villas 2020 volunteer form. The volunteer form customized questions will also be presented and approved at the Desert Springs Villas Timeshare Association and Desert Springs Villas II Timeshare Association Boards of Directors Meetings.

NEW BUSINESS

Quality Shines

The Fall 2019 Quality Shines recipients included:

- Jessica-Activities
- Vanessa-Housekeeping
- Martha-Engineering

Announcement of Next Meeting Dates

- Board Meeting (conference call) - February 13, 2020
- Board Meetings - May 14, 2020
- Board Meeting (conference call) - August 13, 2020
- Board Meetings - October 15, 2020

Proposed 2024 Meeting Dates

- Board Meeting (conference call) - February 8, 2024
- Board Meetings - May 16, 2023
- Board Meeting (conference call) - August 8, 2024
- Board Meetings - October 17, 2024

A motion was made by Robert Gallagher to approve the meeting dates for 2024. The motion was seconded by Shelley Chamberlain and unanimously carried.

ADJOURNMENT

There being no further business to come before the Board, a motion was made by Bob Gallagher to adjourn the meeting at 12:10 p.m. The motion was seconded by Sharon August Jones and unanimously carried.

Submitted by:

Approved by:

Mary Ann Chavez
Recording Secretary

Date

Ronald Horwitz
President

Date

DESERT SPRINGS VILLAS II TIMESHARE ASSOCIATION

2020 Estimated Operating Budget

For The Period Beginning January 1, 2020 And Ending December 31, 2020

Exhibit A

| | 2019 BUDGETED EXPENSES 20,502 (PER TIMESHARE INTEREST) | 2020 PROPOSED BUDGET 20,502 (PER TIMESHARE INTEREST) | PER ALTERNATE YEAR TIMESHARE INTERESTS | 2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE) | | 2020 PROPOSED BUDGET TOTAL |
|--|---|---|--|---|---|----------------------------------|
| | | | | \$ | % | |

| Revenue | | | | | | |
|--------------------------------------|-----------------|-----------------|---------------|--------------|-------------|-------------------|
| Maintenance Fee | 1,320.90 | 1,360.41 | 680.21 | 39.51 | 3.0% | 27,891,125 |
| Bank/Investment Interest | 8.10 | 12.62 | 6.31 | 4.52 | 55.8% | 258,735 |
| Late Fees | 3.05 | 3.12 | 1.56 | 0.07 | 2.3% | 63,966 |
| Maintenance Fee Interest Income | 4.71 | 4.94 | 2.47 | 0.23 | 4.9% | 101,280 |
| Miscellaneous Income | 6.35 | 6.58 | 3.29 | 0.23 | 3.6% | 134,903 |
| Other Income | 0.34 | 0.00 | 0.00 | (0.34) | (100.0%) | 0 |
| Surplus Return | 7.32 | 0.00 | 0.00 | (7.32) | (100.0%) | 0 |
| Total Maintenance Fee Revenue | 1,350.77 | 1,387.67 | 693.84 | 36.90 | 2.7% | 28,450,009 |

| Expenses | | | | | | |
|-------------------------------------|---------------|---------------|---------------|--------------|-------------|-------------------|
| Accounting | 14.21 | 12.92 | 6.46 | (1.29) | (9.1%) | 264,886 |
| Activities | 23.64 | 23.16 | 11.58 | (0.48) | (2.0%) | 474,826 |
| Administration | 31.98 | 30.12 | 15.06 | (1.86) | (5.8%) | 617,520 |
| Audit Fee | 0.69 | 0.56 | 0.28 | (0.13) | (18.8%) | 11,481 |
| Bad Debt Expense | 3.93 | 6.29 | 3.15 | 2.36 | 60.1% | 128,958 |
| Billing and Collections | 9.55 | 10.13 | 5.07 | 0.58 | 6.1% | 207,776 |
| Board of Directors | 0.89 | 0.69 | 0.35 | (0.20) | (22.5%) | 14,055 |
| Cable Television | 6.76 | 6.70 | 3.35 | (0.06) | (0.9%) | 137,363 |
| Consulting Expense - Reserve Study | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% | 0 |
| Contingency | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% | 0 |
| Credit Card Fee | 16.73 | 16.06 | 8.03 | (0.67) | (4.0%) | 329,262 |
| Electricity | 40.78 | 42.86 | 21.43 | 2.08 | 5.1% | 878,716 |
| Fee - Guest Facilities ³ | 8.54 | 8.54 | 4.27 | 0.00 | 0.0% | 175,087 |
| Front Desk | 81.41 | 79.37 | 39.69 | (2.04) | (2.5%) | 1,627,244 |
| Gas | 3.92 | 4.59 | 2.30 | 0.67 | 17.1% | 94,104 |
| High Speed Internet | 2.52 | 2.15 | 1.08 | (0.37) | (14.7%) | 44,079 |
| Housekeeping ⁴ | 240.95 | 255.04 | 127.52 | 14.09 | 5.8% | 5,228,830 |
| Human Resources | 12.26 | 12.25 | 6.13 | (0.01) | (0.1%) | 251,150 |
| Income Tax | 3.71 | 5.17 | 2.59 | 1.46 | 39.4% | 105,995 |
| Insurance | 46.80 | 55.48 | 27.74 | 8.68 | 18.5% | 1,137,451 |
| Landscape / Grounds | 17.14 | 17.08 | 8.54 | (0.06) | (0.4%) | 350,174 |
| Legal | 0.24 | 0.24 | 0.12 | 0.00 | 0.0% | 4,920 |
| Loss Prevention / Security | 35.43 | 34.86 | 17.43 | (0.57) | (1.6%) | 714,700 |
| Maintenance | 86.87 | 91.57 | 45.79 | 4.70 | 5.4% | 1,877,368 |
| Management Fee | 119.63 | 123.67 | 61.84 | 4.04 | 3.4% | 2,535,482 |
| Owner Services ² | 44.89 | 46.24 | 23.12 | 1.35 | 3.0% | 947,945 |
| Pest Control | 4.62 | 4.51 | 2.26 | (0.11) | (2.4%) | 92,464 |
| Postage and Printing | 3.76 | 3.79 | 1.90 | 0.03 | 0.8% | 77,770 |
| Refuse Collection | 5.63 | 5.86 | 2.93 | 0.23 | 4.1% | 120,142 |
| Telephone | 5.75 | 5.75 | 2.88 | 0.00 | 0.0% | 117,887 |
| Water and Sewer | 10.86 | 10.87 | 5.44 | 0.01 | 0.1% | 222,857 |
| Operating Fee | 884.09 | 916.52 | 458.26 | 32.43 | 3.7% | 18,790,492 |

| | | | | | | |
|----------------------------------|-----------------|-----------------|---------------|--------------|-------------|-------------------|
| Reserve Fee ¹ | 466.68 | 471.15 | 235.58 | 4.47 | 1.0% | 9,659,517 |
| Operating and Reserve Fee | 1,350.77 | 1,387.67 | 693.84 | 36.90 | 2.7% | 28,450,009 |

| | | | | | | |
|------------------------------|-----------------|-----------------|---------------|--------------|-------------|-------------------|
| Total Maintenance Fee | 1,320.90 | 1,360.41 | 680.21 | 39.51 | 3.0% | 27,891,125 |
|------------------------------|-----------------|-----------------|---------------|--------------|-------------|-------------------|

Capitalized terms not defined in these footnotes have the meaning given to them in the Desert Springs Villas II Timeshare Association Declaration of Covenants, Conditions and Restrictions.

DESERT SPRINGS VILLAS MASTER ASSOCIATION

2020 Estimated Operating Budget

Exhibit A

For The Period Beginning January 1, 2020 And Ending December 31, 2020

(638 Subdivision Interests)

| | 2019 BUDGETED EXPENSES | 2020 PROPOSED BUDGET | 2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE) | | PER SUBDIVISION INTEREST | PER TIMESHARE INTEREST* (32,538 Interests) | PER ALTERNATIVE TIMESHARE INTEREST |
|--|------------------------|----------------------|--|---|--------------------------|--|------------------------------------|
| | \$ | \$ | \$ | % | \$ | \$ | \$ |

| Revenue | | | | | | | |
|--------------------------------------|------------------|------------------|----------------|--------------|-----------------|---------------|--------------|
| Maintenance Fee | 3,754,626 | 4,396,210 | 641,584 | 17.1% | 6,890.61 | 135.11 | 67.56 |
| Bank/Investment Interest | 18,938 | 27,007 | 8,069 | 42.6% | 42.33 | 0.83 | 0.42 |
| Late Fees | 90,000 | 0 | (90,000) | (100.0%) | 0.00 | 0.00 | 0.00 |
| Maintenance Fee Interest Income | 12,281 | 12,364 | 83 | 0.7% | 19.38 | 0.38 | 0.19 |
| Miscellaneous Income | 65,229 | 67,679 | 2,450 | 3.8% | 106.08 | 2.08 | 1.04 |
| Total Maintenance Fee Revenue | 3,941,074 | 4,503,260 | 562,186 | 14.3% | 7,058.40 | 138.40 | 69.20 |

| Expenses | | | | | | | |
|------------------------------------|------------------|------------------|----------------|--------------|-----------------|--------------|--------------|
| Accounting | 81,678 | 81,670 | (8) | (0.0%) | 128.01 | 2.51 | 1.25 |
| Administration | 195,777 | 185,141 | (10,636) | (5.4%) | 290.19 | 5.69 | 2.84 |
| Audit Fee | 11,998 | 8,785 | (3,213) | (26.8%) | 13.77 | 0.27 | 0.13 |
| Bad Debt Expense | 35,316 | 5,857 | (29,459) | (83.4%) | 9.18 | 0.18 | 0.09 |
| Board of Directors | 16,976 | 14,317 | (2,659) | (15.7%) | 22.44 | 0.44 | 0.22 |
| Consulting Expense - Reserve Study | 0 | 0 | 0 | 0.0% | 0.00 | 0.00 | 0.00 |
| Contingency | 0 | 0 | 0 | 0.0% | 0.00 | 0.00 | 0.00 |
| Credit Card Fee | 48,647 | 50,109 | 1,462 | 3.0% | 78.54 | 1.54 | 0.77 |
| Deficit Recovery ² | 0 | 81,345 | 81,345 | 100.0% | 127.50 | 2.50 | 1.25 |
| Electricity | 228,256 | 259,002 | 30,746 | 13.5% | 405.96 | 7.96 | 3.98 |
| Gas | 47,765 | 65,076 | 17,311 | 36.2% | 102.00 | 2.00 | 1.00 |
| Housekeeping | 471,723 | 485,792 | 14,069 | 3.0% | 761.43 | 14.93 | 7.46 |
| Income Tax | 8,692 | 11,063 | 2,371 | 27.3% | 17.34 | 0.34 | 0.17 |
| Insurance | 111,777 | 168,547 | 56,770 | 50.8% | 264.18 | 5.18 | 2.59 |
| Landscape / Grounds | 44,079 | 39,696 | (4,383) | (9.9%) | 62.22 | 1.22 | 0.61 |
| Legal | 5,010 | 4,881 | (129) | (2.6%) | 7.65 | 0.15 | 0.08 |
| Maintenance | 223,455 | 232,647 | 9,192 | 4.1% | 364.65 | 7.15 | 3.58 |
| Management Fee | 341,330 | 399,567 | 58,237 | 17.1% | 626.28 | 12.28 | 6.14 |
| Pest Control | 8,004 | 7,484 | (520) | (6.5%) | 11.73 | 0.23 | 0.12 |
| Postage and Printing | 11,861 | 11,714 | (147) | (1.2%) | 18.36 | 0.36 | 0.18 |
| Refuse Collection | 21,032 | 21,475 | 443 | 2.1% | 33.66 | 0.66 | 0.33 |
| Transportation | 471,288 | 505,641 | 34,353 | 7.3% | 792.54 | 15.54 | 7.77 |
| Water and Sewer | 27,776 | 28,959 | 1,183 | 4.3% | 45.39 | 0.89 | 0.45 |
| Operating Fee | 2,412,440 | 2,668,768 | 256,328 | 10.6% | 4,183.02 | 82.02 | 41.01 |

| | | | | | | | |
|----------------------------------|------------------|------------------|----------------|--------------|-----------------|---------------|--------------|
| Reserve Fee ¹ | 1,528,634 | 1,834,492 | 305,858 | 20.0% | 2,875.38 | 56.38 | 28.19 |
| Operating and Reserve Fee | 3,941,074 | 4,503,260 | 562,186 | 14.3% | 7,058.40 | 138.40 | 69.20 |

| | | | | | | | |
|------------------------------|------------------|------------------|----------------|--------------|-----------------|---------------|--------------|
| Total Maintenance Fee | 3,754,626 | 4,396,210 | 641,584 | 17.1% | 6,890.61 | 135.11 | 67.56 |
|------------------------------|------------------|------------------|----------------|--------------|-----------------|---------------|--------------|

* The Desert Springs Villas Master Project, for which the Desert Springs Villas Master Association is the governing body, is comprised of 638 total Subdivision Interests, of which (i) 236 such Subdivision Interests are part of the Desert Springs Villas timeshare project, which has 51 owners in each of such 236 Subdivision Interests for a total of 12,036 timeshare interests, and (ii) 402 such Subdivision Interests are part of the Desert Springs Villas II timeshare project, which has with 51 owners in each of such 402 Subdivision Interests for a total of 20,502 timeshare interests.

ANNUAL BUDGET REPORT DISCLOSURES

INSURANCE SUMMARY

This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.

Desert Springs Villas Master Association
SECTION 5300(b) (10) CALIFORNIA CIVIL CODE
Federal Housing Administration

This common interest development is not a condominium project subject to the disclosure provisions set forth in Cal. Civ. Code §§ 5300(b)(10)-(11).

Desert Springs Villas Master Association
SECTION 5300(b) (11) CALIFORNIA CIVIL CODE
Veterans Affairs

This common interest development is not a condominium project subject to the disclosure provisions set forth in Cal. Civ. Code §§ 5300(b)(10)-(11).

Desert Springs Villas Master Association
SECTION 5300(b) (12) CALIFORNIA CIVIL CODE

Charges for Documents Provided.

In accordance with Section 4528 of the California Civil Code, attached is the completed “Charges for Documents Provided” setting forth the billing disclosures required pursuant to Section 4530 of the California Civil Code.

CHARGES FOR DOCUMENTS PROVIDED AS REQUIRED BY SECTION 4525 OF THE CALIFORNIA CIVIL CODE*

The seller may, in accordance with Section 4530 of the Civil Code, provide to the prospective purchaser, at no cost, current copies of any documents specified by Section 4525 that are in the possession of the seller.

A seller may request to purchase some or all of these documents, but shall not be required to purchase ALL of the documents listed on this form.

Property Address: 1091 Pinehurst Lane, Palm Desert, California 92260

Owner of Property:

Owner's Mailing Address (If known or different from property address.):

Provider of the Section 4525 Items:

Print Name: Matt Gardell

Position or Title: Director of Finance

Association or Agent: Desert Springs Villas Master Association

Date Form Completed:

Check or Complete Applicable Column or Columns Below:

| <u>Document:</u> | <u>Civil Code Section Included:</u> | <u>Fee for Document:</u> | <u>Not Available (N/A), Not Applicable (N/App) or Directly Provided by Seller and confirmed in writing by Seller as a current document (DP):</u> |
|---|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> Articles of Incorporation or statement that not incorporated | Section 4525(a)(1) | \$20.00 | |
| <input type="checkbox"/> CC&Rs | Section 4525(a)(1) | \$20.00 | |
| <input type="checkbox"/> Bylaws | Section 4525(a)(1) | \$20.00 | |
| <input type="checkbox"/> Operating Rules | Section 4525(a)(1) | \$20.00 | |
| <input type="checkbox"/> Age restrictions, if any | Section 4525(a)(2) | \$20.00 | |
| <input type="checkbox"/> Rental restrictions, if any | Section 4525(a)(9) | \$20.00 | |
| <input type="checkbox"/> Annual budget report or summary, including reserve study | Sections 5300 and 4525(a)(3) | \$20.00 | |
| <input type="checkbox"/> Assessment and reserve funding disclosure summary | Sections 5300 and 4525(a)(4) | \$20.00 | |
| <input type="checkbox"/> Financial statement review | Sections 5305 and 4525(a)(3) | \$20.00 | |
| <input type="checkbox"/> Assessment enforcement Policy | Sections 5310 and 4525(a)(4) | \$20.00 | |
| <input type="checkbox"/> Insurance summary | Sections 5300 and 4525(a)(3) | \$20.00 | |
| <input type="checkbox"/> Regular assessment | Section 4525(a)(4) | \$20.00 | |
| <input type="checkbox"/> Special assessment | Section 4525(a)(4) | \$20.00 | |
| <input type="checkbox"/> Emergency assessment | Section 4525(a)(4) | \$20.00 | |

| | | | |
|--------------------------|---|-------------------------------------|---------|
| <input type="checkbox"/> | Other unpaid obligations of seller | Sections 5675 and 4525(a)(4) | \$20.00 |
| <input type="checkbox"/> | Approved changes to assessments | Sections 5300 and 4525(a)(4), (8) | \$20.00 |
| <input type="checkbox"/> | Settlement notice Regarding common area defects | Sections 4525(a)(6), (7) and 6100 | \$20.00 |
| <input type="checkbox"/> | Preliminary list of defects | Sections 4525(a)(6), 6000, and 6100 | \$20.00 |
| <input type="checkbox"/> | Notice(s) of violation | Sections 5855 and 4525(a)(5) | \$20.00 |
| <input type="checkbox"/> | Required statement of fees | Section 4525 | |
| <input type="checkbox"/> | Minutes of regular board meetings conducted over the previous 12 months, if requested | Section 4525(a)(10) | \$20.00 |

Total fees for these documents: \$400.00

* The information provided by this form may not include all fees that may be imposed before the close of escrow. Additional fees that are not related to the requirements of Section 4525 shall be charged separately.

ANNUAL POLICY STATEMENT DISCLOSURES

Capitalized terms used herein without definition shall have the meaning given to such terms in the Master Declaration of Covenants, Conditions and Restrictions for Desert Springs Villas.

(1) Designated Contact Person for Association Communications.

Below is the name and contact information for the person designated to receive official communications on behalf of Desert Springs Villas Master Association (hereinafter, the "Association"), pursuant to Section 4035 of the California Civil Code. **Please submit all requests for copies of policies and meeting minutes in writing to the address below.**

Marriott's Desert Springs Villas
Attn: Mary Ann Chavez
1091 Pinehurst Lane
Palm Desert, California 92260

Email: maryann.chavez@vacationclub.com

(2) Request for Notices to Two Addresses.

A member may submit a request to the Association to have notices sent to up to two different specified addresses pursuant to subdivision (b) of Section 4040 of the California Civil Code.

(3) Location for Posting General Notices.

The following is the location for the posting of a general notice by the Association, pursuant to paragraph (3) of subdivision (a) of Section 4045 of the California Civil Code: Desert Springs Villas/Clubhouse Front Desk and Jasmine Court Clubhouse Front Desk.

(4) Right to Receive General Notices by Individual Delivery.

An Owner may request to receive general notices by individual delivery, pursuant to subdivision (b) of Section 4045 of the California Civil Code, by submitting a written request to the Association.

(5) Right to Receive Meeting Minutes.

An Owner is entitled to receive copies of meeting minutes, pursuant to subdivision (b) of Section 4045 of the California Civil Code. Any such request should be made in writing to the address provided above.

(6) Statement of Assessment Collection Policies.

NOTICE ASSESSMENTS AND FORECLOSURE

This notice outlines some of the rights and responsibilities of owners of property in common interest developments and the associations that manage them. Please refer to the sections of the Civil Code indicated for further information. A portion of the information in this notice applies only to liens recorded on or after January 1, 2003. You may wish to consult a lawyer if you dispute an assessment.

ASSESSMENTS AND FORECLOSURE

Assessments become delinquent 15 days after they are due, unless the governing documents provide for a longer time. The failure to pay Association assessments may result in the loss of an owner's property through foreclosure. Foreclosure may occur either as a result of a court action, known as judicial foreclosure, or without court action, often referred to as nonjudicial

foreclosure. For liens recorded on and after January 1, 2006, Association(s) may not use judicial or nonjudicial foreclosure to enforce that lien if the amount of the delinquent assessments or dues, exclusive of any accelerated assessments, late charges, fees, attorney's fees, interest, and costs of collection, is less than one thousand eight hundred dollars (\$1,800). For delinquent assessments or dues in excess of one thousand eight hundred dollars (\$1,800) or more than 12 months delinquent, an Association may use judicial or nonjudicial foreclosure subject to the conditions set forth in Article 3 (commencing with Section 5700) of Chapter 8 of Part 5 of Division 4 of the Civil Code. When using judicial or nonjudicial foreclosure, the association records a lien on the owner's property. The owner's property may be sold to satisfy the lien if the amounts secured by the lien are not paid. (Sections 5700 through 5720 of the Civil Code, inclusive)

In a judicial or nonjudicial foreclosure, the Association(s) may recover assessments, reasonable costs of collection, reasonable attorney's fees, late charges, and interest. The association may not use nonjudicial foreclosure to collect fines or penalties, except for costs to repair common area damaged by a member or a member's guests, if the governing documents provide for this. (Section 5725 of the Civil Code)

The association must comply with the requirements of Article 2 (commencing with Section 5650) of Chapter 8 of Part 5 of Division 4 of the Civil Code when collecting delinquent assessments. If the association fails to follow these requirements, it may not record a lien on the owner's property until it has satisfied those requirements. Any additional costs that result from satisfying the requirements are the responsibility of the association. (Section 5675 of the Civil Code)

At least 30 days prior to recording a lien on an owner's separate interest, the association must provide the owner of record with certain documents by certified mail, including a description of its collection and lien enforcement procedures and the method of calculating the amount. It must also provide an itemized statement of the charges owed by the owner. An owner has a right to review the association's records to verify the debt. (Section 5660 of the Civil Code) If a lien is recorded against an owner's property in error, the person who recorded the lien is required to record a lien release within 21 days, and to provide an owner certain documents in this regard. (Section 5685 of the Civil Code)

The collection practices of the association may be governed by state and federal laws regarding fair debt collection. Penalties can be imposed for debt collection practices that violate these laws.

PAYMENTS

When an owner makes a payment, the owner may request a receipt, and the association is required to provide it. On receipt, the association must indicate the date of payment and the person who received it. The association must inform owners of a mailing address for overnight payments. (Section 5655 of the Civil Code)

An owner may, but is not obligated to, pay under protest any disputed charge or sum levied by the association, including, but not limited to, an assessment, fine, penalty, late fee, collection cost, or monetary penalty imposed as a disciplinary measure, and by so doing, specifically reserve the right to contest the disputed charge or sum in court or otherwise.

An owner may dispute an assessment debt by submitting a written request for dispute resolution to the association as set forth in Article 2 (commencing with Section 5900) of Chapter 10 of Part

5 of Division 4 of the Civil Code. In addition, an association may not initiate a foreclosure without participating in alternative dispute resolution with a neutral third party as set forth in Article 3 (commencing with Section 5925) of Chapter 10 of Part 5 of Division 4 of the Civil Code, if so requested by the owner. Binding arbitration shall not be available if the association intends to initiate a judicial foreclosure.

An owner is not liable for charges, interest, and costs of collection, if it is established that the assessment was paid properly on time. (Section 5685 of the Civil Code)

MEETINGS AND PAYMENT PLANS

An owner of a separate interest that is not a time-share interest may request the association to consider a payment plan to satisfy a delinquent assessment. The association must inform owners of the standards for payment plans, if any exists. (Section 5665 of the Civil Code)

The board must meet with an owner who makes a proper written request for a meeting to discuss a payment plan when the owner has received a notice of a delinquent assessment. These payment plans must conform with the payment plan standards of the association, if they exist. (Section 5665 of the Civil Code)

(7) Statement of Policies and Practices in Enforcing Lien Rights and Other Legal Remedies.

California Civil Code Section 5310(a)(7) requires that each association describe its current policies and practices for enforcing lien rights or other legal remedies for default in payment of its assessments. We certainly encourage and appreciate prompt payment to avoid our valued Owners being subject to the actions described below.

Assessments and other amounts payable to the Association by the Owners are deemed delinquent if not paid within 15 days of the date due and shall bear interest at a rate of 12% per annum and be subject to a late fee equal to the greater of \$10 or 10% of the delinquent amount. The Association is also entitled to receive its costs of collection from the delinquent Owner. If such delinquency is not paid within 10 days of the delivery by the Association to the Owner of a written demand for payment of such delinquency, or within 100 days after the date of the delinquency if no written demand is made, the Association may elect to pursue recordation of a notice of delinquent assessment and claim of lien on behalf of the Association and thereafter seek foreclosure of the Association's lien, subject to the Association's compliance with the applicable statutory requirements, including providing at least 30 days' notice prior to such recordation. The Association also has the right to pursue other legal remedies, including, but not limited to, suspension of an owner's privileges to use Association property and/or the owner's right to participate in any vote in accordance with the terms and conditions set forth in the governing documents for the Association. For example, the governing documents of Desert Springs Villas Master Association provide that all Owners may be refused the right to use the Association's property if their assessments are delinquent.

Desert Springs Villas Master Association First Restated Bylaws. Article III Membership Assessments and Lien Rights. Section 3.02 ENFORCEMENT; LIEN RIGHTS. For the purpose of enforcing and collecting assessments, this Association shall have the lien rights set forth in Article IV of the Declaration, which lien rights shall be enforceable by the Board in the manner set forth in Article IV of the Declaration. The Board shall also have and be entitled to exercise all other rights and remedies set forth in the Declaration or otherwise provided for at law or in equity.

We encourage you to review the provisions of the Bylaws and Master Declaration noted above for further detail regarding the enforcement powers and remedies afforded to the Association.

(8) Statement of Association's Discipline Policy and Schedule of Penalties for Violations of Governing Documents.

The Board of the Association expects all owners and their guests to adhere to the covenants, agreements and requirements set forth in the governing documents, including the Rules and Regulations and Declaration. To assist the Board of Directors in the enforcement of the provisions of the governing documents, the Board has delegated enforcement authority to the Manager. Any owner or guest who has been advised by the Manager that they are in violation of the governing documents, including the Rules and Regulations and/or the Declaration, will be required to immediately cease and desist any prohibited activity or otherwise take such actions as may be needed to correct such violation. If an owner or his guest, after being notified by the Manager that they are in violation of the governing documents, fails to comply with the Manager's direction, the matter will be referred to the Board for consideration of the assessment of penalties by reason of such person's non-compliance. The owner against whom such action is proposed to be taken has the right to appear before the Board at its next regularly scheduled meeting to contest such action, all as more particularly provided in the Bylaws and the Declaration.

Furthermore, any assessments and other amounts payable to the Association by the Owners are deemed delinquent if not paid within 15 days of the date due and shall bear interest at a rate of 12% per annum and be subject to a late fee of the greater of \$10 or 10% of the delinquent amount.

Desert Springs Villas Master Association Rules and Regulations - NON-SMOKING Smoking is prohibited everywhere on the Master Association Property, except where designated by the Board, and may be changed from time to time. Failure to comply with this Non-Smoking Policy by an Owner or Authorized User may result in a cleaning fee in an amount equal to the lesser of \$250.00 or the maximum amount permitted by applicable law, which shall be a personal charge assessed to the Owner or Authorized User following any applicable procedural requirements.

First Amendment to the Rules and Regulations for Desert Springs Villas Master Association. Section 1 of the Rules and Regulations, "Non-Smoking", shall be amended to add the following new sentences to the end of such section as follows: "As used in these Rules and Regulations, the term 'smoking' or 'smoke' shall mean the carrying or using of a lighted pipe, lighted cigar, or lighted cigarette of any kind, or the lighting of a pipe, cigar, or cigarette of any kind, including, but not limited to, any use of a lighted pipe, lighted cigar or lighted cigarette containing tobacco, marijuana or any other weed, plant, chemical or substance, and includes the use of electronic cigarettes and devices. "Cigarette" includes but is not limited to the definition of "cigarette" as set forth in the California Health and Safety Code §104556, as may be amended, and specifically includes cigarettes containing marijuana and any other weeds, plants, substances or chemicals of any kind, regardless of whether they contain nicotine or tobacco. "Cigar" includes but is not limited to the definition of "cigar" as set forth in the California Health and Safety Code §104550, as may be amended, and specifically includes cigars containing marijuana and any other weeds, plants, substances or chemicals of any kind, regardless of whether they contain nicotine or tobacco. "Electronic cigarette" means an electronic or battery-operated device of any kind, which can be used to deliver nicotine or any other chemical or substance of any kind, whether used, manufactured, distributed, marketed, or sold as an electronic cigarette, an electronic cigar, an electronic cigarillo, an electronic pipe, or an electronic hookah, as well as any other similar device regardless of delivery mechanism, product name or descriptor."

Desert Springs Villas Master Association Rules and Regulations - VIOLATION OF RULES AND REGULATIONS. Violations of the Rules and Regulations should be reported in writing to the Manager or President of the Master Association. Violations needing follow-up action may be presented to the Board of the Master Association for appropriate action at its next regularly scheduled meeting or at a special meeting called for this purpose.

Desert Springs Villas Master Association Declaration. Article IV. Assessments. 4.8 REMEDIAL ASSESSMENTS. Pursuant to the Master Declaration, the Board may levy an assessment against any Subdivision Interest to reimburse the Master Association for costs incurred in bringing such Subdivision Interest and its Owner into compliance with provisions of the Master Declaration or the Master Association Rules. Remedial Assessments shall be due ten (10) days after the Board gives written notice thereof to the Owner subject thereto. The provisions of section 4.7 of the Master Declaration with respect to approval of Annual Assessments and Special Assessments shall not apply in the case of Remedial Assessments.

(9) Summary of Dispute Resolution Procedures.

Pursuant to Sections 5310(a)(9) and 5920 of the Davis-Stirling Common Interest Development Act:

(a) Either party to a dispute within the scope of Article 2 of the Davis-Stirling Common Interest Development Act (as described in Section 5900 of the Civil Code) may invoke the following procedure:

(1) The party may request the other party to meet and confer in an effort to resolve the dispute. The request shall be in writing.

(2) A member of an association may refuse a request to meet and confer. The association shall not refuse a request to meet and confer.

(3) The board shall designate a director to meet and confer.

(4) The parties shall meet promptly at a mutually convenient time and place, explain their positions to each other, and confer in good faith in an effort to resolve the dispute. The parties may be assisted by an attorney or another person at their own cost when conferring.

(5) A resolution of the dispute agreed to by the parties shall be memorialized in writing and signed by the parties, including the board designee on behalf of the association.

(b) A written agreement reached under this section binds the parties and is judicially enforceable if it is signed by both parties and both of the following conditions are satisfied:

(1) The agreement is not in conflict with law or the governing documents of the common interest development or association.

(2) The agreement is either consistent with the authority granted by the board to its designee or the agreement is ratified by the board.

(c) A member shall not be charged a fee to participate in the process.

Pursuant to Sections 5310(a)(9) and 5965 of the Davis-Stirling Common Interest Development Act, below is a summary of Article 3 of the Act with respect to alternative dispute resolution as a prerequisite to the filing of a civil action.

Neither an association nor a member may file an enforcement action in superior court for declaratory, injunctive or writ relief or for such relief in connection with a claim for monetary damages not in excess of the jurisdictional limits unless the parties have endeavored to submit their dispute to alternative dispute resolution pursuant to Article 3 of the Davis-Stirling Common Interest Development Act. The provisions of this Article do not apply to a small claims action or to an assessment dispute. Any party to a dispute may initiate the process by serving a Request for Resolution on the other party which includes the items described in Section 5935 of the Civil

Code including a brief description of the dispute and a request for alternative dispute resolution. If the party served fails to respond within 30 days of receipt, the request is deemed rejected. If the party served accepts the request, the parties must complete the alternative dispute resolution within 90 days of the initiating party's receipt of such acceptance, unless otherwise extended by written stipulation signed by the parties. At the time of commencement of an enforcement action, the party commencing the action is required to file a certificate with the initial pleading stating that (i) alternative dispute resolution has been completed in compliance with Article 3; (ii) one of the other parties did not accept the terms offered for alternative dispute resolution; and/or (iii) preliminary or temporary injunctive relief is necessary. After an enforcement action is commenced, the matter may still be referred to dispute resolution by written stipulation of the parties. If attorneys' fees may be awarded, the court may consider whether a party's refusal to participate in alternative dispute resolution before commencement of the action was reasonable.

Failure of a member of the association to comply with the alternative dispute resolution requirements of Section 5930 of the Civil Code may result in the loss of the member's right to sue the association or another member of the association regarding enforcement of the governing documents or the applicable law.

(10) Summary of Requirements for Association Approval of Physical Changes to the Property.

Desert Springs Villas Master Declaration, Article VI. Architectural Control. Section 6.3 DUTIES. It shall be the duty of the Architectural Control Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to insure that any Improvements constructed on the Master Project by anyone other than the Declarant conform to plans approved by the Architectural Control Committee, to adopt Architectural Control Committee Rules, to perform other duties delegated to it by the Declarant within the time periods set forth herein and thereafter by the Board, and to carry out all other duties imposed upon it by the Master Declaration. The Architectural Control Committee, in its own name or on behalf of the Master Association, may exercise all available legal and equitable remedies to prevent or remove any unauthorized and unapproved construction of Improvements on the Master Project or any portion thereof.

Desert Springs Villas Master Declaration, Article VI. Architectural Control. Section 6.4 OPERATION OF COMMITTEE. The Architectural Control Committee shall function as follows:

- (a) The Committee may require the submission to it of any or all of the following documents and such additional documents which it determines to be reasonably appropriate to the activity for which consent is requested:
- (1) a written description;
 - (2) plans and specifications;
 - (3) schematics;
 - (4) elevations; and
 - (5) a plot plan showing the location of the proposed structure or Improvements.

All submittals to the Architectural Control Committee shall be made in accordance with Section 6.4(b) of the Master Declaration. The Architectural Control Committee may require changes to the matters for which their approval is sought in accordance with Section 6.4(c) of the Master Declaration.

(11) Mailing Address for Overnight Payment of Assessments.

In accordance with Section 5655 of the California Civil Code, an Owner may direct overnight payments of Assessments to the following address:

Marriott Resorts Hospitality Corporation
Attn: 382056
500 Ross Street 154-0460
Pittsburgh, Pennsylvania 15250-8056

Note: This summary is not intended to contain all matters relating to California Civil Codes which are described herein, and care should be taken to review the entire California Civil Codes.

Assessment and Reserve Funding Disclosure Summary

Association name: **Desert Springs Villas Master Association**

For the Fiscal Year Ending: 1/1/2020 **# of Ownership Interests:** 32,538

- 1) The regular assessment per ownership interest is \$135 per Year.
- 2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

| Date Assessment will be due | Amt per Ownership Interest per month or year | Purpose of Assessment |
|-----------------------------|--|-----------------------|
| N/A | | |
| N/A | | |
| Total: | | \$0.00 |

- 3) Based on the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **Yes**
- 4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?

| Approximate date assessment will be due | Amt per Ownership Interest per month or year | |
|---|--|------------|
| N/A | | |
| N/A | | |
| N/A | | |
| N/A | | |
| Total: | | \$0 |

- 5) All major components are included in the reserve study and are included in its calculations.
- 6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of the current fiscal year is \$6,751,096, based in whole or in part on the last reserve study or update prepared by Armstrong Consulting, Inc. as of 4/1/2018. The projected reserve fund cash balance at the end of the current fiscal year is \$1,367,739, resulting in reserves being 20.3 percent funded at this date.
- 7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of the next five budget years is presented in column (b) 'Fully Funded Balance' in the table immediately below; and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funded as presented in column (d) 'Percent Funded' in each of the respective years.

| Fiscal Year (a) | Fully Funded Balance (b) | Reserve Ending Balance (c) | Percent Funded (d) |
|-----------------|--------------------------|----------------------------|--------------------|
| 2019 | \$6,751,096 | \$1,367,739 | 20.3% |
| 2020 | \$6,076,734 | \$1,214,961 | 20.0% |
| 2021 | \$6,006,852 | \$1,697,960 | 28.3% |
| 2022 | \$6,271,440 | \$2,572,976 | 41.0% |
| 2023 | \$6,737,544 | \$3,707,793 | 55.0% |

If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be the amounts presented in column (c) 'Reserve Ending Balance' in the table immediately above, leaving the reserve at percent funded as presented in column (d) 'Percent Funded' in each of the respective years.

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.3 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3 percent per year.

SCHEDULE OF INSURANCE



Prepared: October 16th, 2019

Page: 1 of 2

Insured: MARRIOTT OWNERSHIP RESORTS, INC. CALIFORNIA LOCATIONS

| Coverage | Perils/Hazards Insured | Limit or Amount | Policy Term Company/Policy No. | Deductibles |
|--|--|---|---|--|
| <u>COMMERCIAL PROPERTY</u> Real and Personal Property, Business Income Including Extra Expense | Maximum Limit of Liability – Any One Occurrence, Except as Sub-limited Sublimits Earthquake - Annual Aggregate Flood – Annual Aggregate Named Windstorm Perils: All Risk of Direct Physical Loss or Damage including Boiler & Machinery | \$ 600,000,000 \$ 250,000,000 \$ 250,000,000 \$ 250,000,000 | June 1, 2019 – June 1, 2020 Multiple carriers provide the coverage under a Layered Participation Program. A list of participating carriers is available upon request. | All perils - \$25,000, Except: <ul style="list-style-type: none"> ▪ \$100,000 Water Damage ▪ \$250,000 Non-Named Storm, Wind or Hail ▪ CA Earthquake: 5%, \$250,000 minimum ▪ All other Flood \$100,000 ▪ Flood Zones A or V, 3% \$500,000 minimum, |
| <u>GENERAL LIABILITY</u> | General Aggregate Products – Comp. Ops. Aggregate Personal & Adv. Injury Each Occurrence Fire Damage (Any one fire) Medical Expenses (Any one person) | \$ 25,000,000 \$ 4,000,000 \$ 2,000,000 \$ 2,000,000 \$ 100,000 \$ 2,500 | October 1, 2019 – October 1, 2020 Liberty Mutual Ins. Co. Policy No. TB2651283929129 | BI/PD Liability Combined - \$500 Per Occurrence |

Property coverage excludes unit owner’s and tenant’s personal property, improvements and betterments. Coverage applies to the condominium property, including common elements and limited common elements, as required under the condominium documents.

Liability coverage applies to the areas owned by the Condominium Association including the common elements and limited common elements (or similarly defined terms) as outlined in the condominium documents. Coverage does not apply under any circumstances for an individual Owner’s negligent or willful acts or the actions of the Owner’s renters, guests or invitees including but not limited to damage caused by the renters, guests or invitees.

Please refer to the condominium documents for detailed information on the areas covered.

All insurance coverage references and descriptions contained in this Account Summary are intended only to identify the types of coverages and generally describe specific coverage features of your insurance policies. Refer to policies for actual coverage terms and conditions. *This summary contains confidential and proprietary information. Do not copy or distribute this information without prior consent of the MVCI Insurance Department.*

SCHEDULE OF INSURANCE



Prepared: October 16th, 2019

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Insured: MARRIOTT OWNERSHIP RESORTS, INC. CALIFORNIA LOCATIONS

| Coverage | Perils/Hazards Insured | Limit or Amount | Policy Term Company/Policy No. | Deductibles |
|--------------------------------|---|--------------------------|---|-------------------------|
| <u>AUTO LIABILITY</u> | Combined Single Limit (BI/PD) Medical Payments | \$ 2,000,000 \$ 5,000 | October 1, 2019 – October 1, 2020 Liberty Mutual Ins. Co. Policy No. AS2651283929119 | Physical Damage - \$500 |
| <u>EXCESS LIABILITY</u> | Limit of Liability | \$ 25,000,000 | October 1, 2019 – October 1, 2020 American Guarantee & Liability Ins Co Policy No. AUC-9318982-08 | |

Property coverage excludes unit owner’s and tenant’s personal property, improvements and betterments. Coverage applies to the condominium property, including common elements and limited common elements, as required under the condominium documents.

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