

RENTAL MANAGEMENT PROGRAM

MAIN CONCEPTS AND CONDITIONS FOR THE OPERATION OF THE CONDO HOTEL

» 1.- ENTRY TO THE CONDO HOTEL SYSTEM.

Mandatory (only optional for the owners of penthouses and/or villas).

» 2.- MINIMUM PERCENTAGE OF UNITS TO GUARANTEE THE OPERATION.

Ideal 100%. Participation will be optional for the villas and the penthouses; once a decision is made to enter, withdrawal from the Condo-Hotel system is not possible until the completion of the agreement.

» 3.- MAXIMUM TIME OF USE OF THE UNIT ALLOWED TO THE OWNER.

12 weeks per year, divided in periods of no more than 3 consecutive weeks.

» 4.- DETERMINATION OF THE YEARLY PERIOD.

The years will be accounted per calendar year from the first of January to December 31, except for the first year in which the service will be in operation, which will be irregular since it will start on the day of closing and it will conclude on December 31 of that year.

During this first irregular period the weeks of usage in favor of each owner will be according to the period that results between the day of closing and the last day of week 52 of that year.

» 5.- DEFINITIONS OF PERIODS OR SEASONS.

The calendar year will be divided in two types of periods or seasons:

PREMIUM WEEKS: Corresponding to the weeks of Christmas and New Year's Eve, as well as Holy Week and Easter Week. The days that comprise these weeks will change annually since they shall be established under the sole discretion of the operator.

REGULAR SEASON:

This includes all weeks of the year that are not premium. Due to the operations schedule, during the premium weeks, reservations will only be offered and received for up to 50% of the total

of each type of unit. Reservations will be placed according to the order in which the operator receives them. However, subject to space availability and to the operator's discretion, it may be allowed to receive reservations for a percentage higher than 50%.

» 6.- ACCOUNTING OF THE PERIODS OR WEEKS OF USAGE OF THE UNITS.

The usage of the units will be counted by weeks of occupation considering the following adjustments: In low season the equivalence will be one to one. In premium season the equivalence will be two to one, which means that each week of occupation will count double.

» 7.- MOMENT TO MAKE RESERVATIONS AND OBTAIN A PARTICULAR TYPE OF UNIT.

With a minimum anticipation of 6 months the usage of the owner's unit is guaranteed. Reservations with up to 1 month of anticipation will be subject to availability and determination of the type of unit by the operator.

Reservations with less than 1 month of anticipation will be subject to the operator's discretion.

» 8.- MAXIMUM OCCUPANCY ACCORDING TO TYPE OF UNIT.

The maximum occupation of the units will be based on hotel standards:

1 bedroom: 5 (Max 4 adults)
2 bedrooms: 7 (Max 6 adults)
3 bedrooms: 9 (Max 8 adults)
4 bedrooms: 11 (Max 10 adults)

» PENTHOUSES

1 bedroom: 5 (Max 4 adults)
2 bedrooms: 7 (Max 6 adults)
3 bedrooms: 9 (Max 8 adults)
4 bedrooms: 11 (Max 10 adults)



» **VILLAS**

3 bedrooms: 9 (Max 8 adults)

*Villas don't have roof garden

*Penthouses have roof garden and a Plunge Pool

Due to the operations schedule, during the premium weeks, reservations would only be offered and received for up to 50% of the total of each type of unit. Reservations will be placed according to the order in which the operator receives them.

However, subject to space availability and to the operator's discretion, it may be allowed to receive reservations for a percentage higher than 50%.

» **9.- USE OF THE UNIT FOR MORE THAN THREE CONSECUTIVE WEEKS.**

The maximum consecutive occupation period will be three weeks. In case any owner wishes to use the assigned unit for more than three consecutive weeks he will have to pay the rack rate minus a 30% discount; therefore, in case of long stay periods, the owner will have to pay for the use of the unit during the fourth, eighth and twelfth consecutive weeks.

» **10.- WEEK DEFINITION.**

For the purposes of occupation, the weeks will be considered by periods of 7 nights and may start on any day of the calendar week. In premium seasons they will be determined by the operator due to the fact that dates are variable.

Check in will be at 16:00 hours and check out at 11:00 hours (in both cases it should be understood as Mexico's Central time).

The weeks used by an owner will be fully discounted even if his or her stay doesn't cover the whole 7 night's period, unless a discretionary exception is authorized by the operator.

» **11.- UPGRADE OR CHANGE OF UNIT FOR ONE OF LARGER SIZE OR CAPACITY.**

The owner will be able to request from the operator a reservation a unit with greater capacity than the one to which he is entitled. In this case the operator shall charge the number of

weeks corresponding to the unit upgrade. For each additional room the operator will discount a week from the owner's account, if it's in regular season. In premium season the operator will discount two weeks for each extra room.

» **12.- EXTENSION OF PERIODS GUARANTEED BY THE OWNERS RESERVATION.**

If an owner wants to stay at the unit for a period longer than that guaranteed by his reservation it will be the operator's right to reassign the unit where the owner may continue the remainder of the stay.

In this case the weeks of usage will be calculated according to the type of unit assigned to the owner. The policy of three consecutive weeks as maximum usage period shall also be observed.

» **13.- USE OF THE UNIT WHEN THE USAGE RIGHTS OF THE OWNER HAVE EXPIRED.**

Any owner will be able to use the unit or a similar unit if their occupation rights have expired. The operator will determine the unit. The rent will be rack rate minus 30% discount.

» **14.- RESERVATION CANCELLATION POLICIES.**

During premium season the cancellations that are made 120 days prior to arrival will be allowed without penalty.

Cancellations for the months of January, February, March, April, July and August can be made without penalty if they are made 90 days prior to arrival, unless it's a week of the premium season where the 120 days cancellation period will supercede.

Cancellations for the months of May, June, September, October, November and December can be made without penalty if they are made 30 days prior to arrival, unless it's a week of the premium season where the 120 days cancellation period will prevail.

Cancellations not made within such periods will be penalized deducting the period of reservation from the rights of usage that the owner is entitled.

» **15.- ACCRUED RIGHTS OF USAGE.**

There will be no accrued rights of usage by the owners. In the event that an owner doesn't use the weeks that he is entitled to during the year he will not be able to accrue them or claim them in successive years.



» **16.- RENT RATES OF UNITS.**

All rates will be determined by the operator at his criteria and discretion.

» **17.- ASSIGNMENT OF UNITS FOR GUESTS.**

The units will be assigned by the operator based upon the requirements of type of unit and preferences of the guest.

» **18.- ROTATION OF USAGE OR OCCUPATION OF THE UNITS.**

The units will be classified by the operator according to their type, capacity and/or description. The operator will use software to guaranty the rotation and balanced use of all units.

» **19.- YEARLY RESULTS.**

The operator will annually inform the owners about the results of the condo hotel operations

» **20.- HOUSEKEEPING SERVICE FOR GUESTS.**

Obligatory for all guests to the hotel, services included in the hotel rate.

» **21.- HOUSEKEEPING SERVICE FOR THE OWNERS DURING THEIR STAY.**

Cleaning services of the units would be provided by the operator and will not represent an additional cost for the owners during their stay. Furthermore, during their occupancy periods the owners will not have to pay for the water, gas or cable TV. Phone service will be subject to special rates that the operator will establish in favor of the owners.

The owners of villas or penthouses that are not part of the rental program will have to pay their own costs for water, gas, electricity, telephone or other services that may be available for the unit.

» **22.- OPERATION STANDARDS AND MAINTENANCE OF THE UNITS.**

The operator will maintain and operate the units within the hotel industry standards.

» **23.- INCLUSIVE SERVICE.**

The owners will be able to purchase during their stay an "inclusive" package which will include meals and beverages offered by the operator of the rental program, as well as the All Inclusive program at Marival Resort & Suites, which includes the items described in the document

attached to these operation policies. In the case of Marival Resort & Suites, the All Inclusive package can be acquired per day or night, or for the entire stay. The rental program Inclusive package can only be purchased for complete days. If one of the guests doesn't want the Inclusive package then he/she may purchase a day or night pass at the Marival Resort & Suites hotel.

Both packages (Inclusive of the rental program or All Inclusive at Marival Resort & Suites) have to be purchased at least one day in advance.

The owners will have access to the beach through a club in Nuevo Vallarta with which the operator will enter into a service agreement and if they purchase the All Inclusive of Marival Resort & Suites they will also have the right to use the VIP Beach Club.

» **24.- FURNITURE PACKAGE, ACCESSORIES AND EQUIPMENT OF THE UNITS.**

Each unit will be totally furnished and equipped according to its type. Maintenance and replacement of the furniture will be made by the operator and charged to the replacement fund that will be established with income from the unit's rental.

If the replacement costs cannot be covered with such fund then such costs will distributed among the owners Entrance to the rental program will be optional for penthouse or villa owners. They will be able to furnish the unit on their own or to purchase the furniture package determined by the operator.

However, if the owner of a penthouse or villa decides to enter the condo hotel after purchase, he will have to acquire the furniture package determined by the operator.

» **25.- ADDITIONAL HOTEL SERVICES PROVIDED BY THE OPERATOR.**

All of the owners may have access during their stay to the hotel services or complementary amenities that are offered by the operator to the guests and public in general, provided that in some cases there could be an extra charge.

» **26.- DISCOUNTS TO THE OWNERS.**

The owners will have a discount of 15% over the prices or rates of service that are established by the operator.



» **27.- DISCOUNTS TO OWNERS FOR THE USAGE OR RESERVATION OF MORE THAN ONE UNIT.**

The owners will receive a discount of 15% over the rate established by the operator when in the same period of usage they request additional units for their guests, in case they do not wish to deduct their stay from the occupation time available at that moment.

» **28.- SALE OF THE UNIT.**

The owner will be able to sell his unit when he decides to do so and must give at all times the right of preference to the developer and/or the operator. Simultaneously with the sale of the unit the owner shall also transfer the rights and obligations derived from the agreement with the operator. However, the owners may not rent their weeks to a third party.

» **29.- DISTRIBUTION OF INCOME TO THE RENT FUND.**

60% of the net rate that the operator charges to the guests under the "Inclusive" program will be applied to the rent fund. 100% of the net rate that the operator charges to guests under the European plan, which does not include meals, beverages, taxes, tips or other concepts apart from the rent of the room, will be destined to the rent fund.

The owners will be able to participate up to 100% of the economical benefits of the rent fund in the part that proportionally corresponds to their unit. Their minimum participation in the rent fund will be at 76%, as it may proportionally correspond to their unit.

The percentages of participation over the remaining 24% will be determined according to the usage and occupation each owner makes of the unit during the 12 weeks that he is entitled to it. Each regular season week will have a value of 2% while the premium season will be valued at 4%.

A lesser use or occupation of the unit represents a bigger percentage of participation in the rent fund. Net profit of the rental program will be distributed as follows: 50% for the operator and the other 50% among the owners according to the surface of their unit and the number of weeks used during the previous year.

Such net profit will be the result of deducting from the rent fund the rental program operation expenses, maintenance fees in favor of the condominium and contributions for the reserve and furniture replacement funds.

» **30.- MAINTENANCE FEES.**

The maintenance fees of the units will be the owner's responsibility; however, due to the Condo-Hotel system, such fees will be paid with the rent fund, provided that if during the first three years of operation the rent fund is not enough to pay such fees then the operator will pay them with the possibility to recover the amounts paid by charging them to the rent funds of the second or third year of rental program operation.

Contributions to the condominium reserve fund or to replace the furniture are not guaranteed and, if required, they will be under the owner's expense.

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