

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
FIRST PIGGY LLC		08/31/2010	LIMITED LIABILITY COMPANY: ARIZONA
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	ILX ACQUISITION, INC.		
<b>Street Address:</b>	3745 LAS VEGAS BLVD., S.		
<b>City:</b>	LAS VEGAS		
<b>State/Country:</b>	NEVADA		
<b>Postal Code:</b>	89109		
<b>Entity Type:</b>	CORPORATION: DELAWARE		
<b>PROPERTY NUMBERS Total: 5</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
Registration Number:	2601595	ILX PREMIERE VACATION CLUB	
Registration Number:	2340961	ILX RESORTS INCORPORATED	
Registration Number:	3085529	SEDONA SPA	
Registration Number:	3167745		
Registration Number:	3579448	PREMIERE VACATION CLUB	
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**CH \$140.00 2601595**

**900199366**

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 REEL: 004601 FRAME: 0800**

NAME OF SUBMITTER:	GREGG A. PARADISE
Signature:	/GREGG A. PARADISE/
Date:	08/10/2011

**Total Attachments: 47**

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**REEL: 004601 FRAME: 0801**

**ASSET PURCHASE AGREEMENT**

**BETWEEN**

**ILX RESORTS INCORPORATED, ILE SEDONA INCORPORATED, ILX TOURIST  
STATION INCORPORATED, ILX-BRUNO LLC, LOS ABRIGADOS PARTNERS  
LIMITED PARTNERSHIP, GENESIS INVESTMENT GROUP INC., PUERTO  
PEÑASCO VACATION DESTINATIONS, S. DE R.L. DE CV., PREMIERE  
DEVELOPMENT INCORPORATED, SEA OF CORTEZ PREMIERE VACATION  
CLUB S. DE R.L. DE C.V., ROCKY POINT GENESIS INCORPORATED, VCA  
TUCSON INCORPORATED, VCA SOUTH BEND INCORPORATED, VCASB  
PARTNERS GENERAL PARTNERSHIP, FIRST PIGGY LLC, HARBOR SOUTHWEST  
DEVELOPMENT, INC., ILX BELL ROCK INCORPORATED,**

**AND**

**ILX ACQUISITION, INC.**

Dated as of August 31, 2010

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## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT, dated as of August 31, 2010 (the "Effective Date"), by and between ILX Resorts Incorporated, ILE Sedona Incorporated, ILX Tourist Station Incorporated, ILX-Bruno LLC, Los Abrigados Partners Limited Partnership, Genesis Investment Group, Inc., Puerto Peñasco Vacation Destinations, S. de R.L. de C.V., Premiere Development Incorporated, Sea of Cortez Premiere Vacation Club S. de R.L. de C.V., Rocky Point Genesis Incorporated, VCA Tucson Incorporated, VCA South Bend Incorporated, VCASB Partners General Partnership, First Piggy LLC, Harbor Southwest Development, Inc., ILX Bell Rock Incorporated (collectively referred to herein as "Sellers" and each individually as a "Seller") and ILX Acquisition, Inc., a corporation organized under the laws of Delaware ("Purchaser"). Sellers and Purchaser may be referred to herein as "Parties" or each a "Party."

### RECITALS

1. Sellers are engaged in the business of owning, developing, marketing and operating timeshare resorts in the United States and Mexico (the "Business").
2. On March 2, 2009, the Sellers filed petitions (the "Bankruptcy Case") under the Bankruptcy Code. The cases are pending in the United States Bankruptcy Court for the District of Arizona, and are being jointly administered under Case Number 2:09-bk-03594-RTB.
3. Sellers desire to sell certain assets and assign certain liabilities relating to the Business to Purchaser, and Purchaser desires to purchase such assets and assume such liabilities on the terms and subject to the conditions set forth in this Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants, conditions, and agreements hereinafter set forth, and the above recitals which are incorporated into this Agreement by this reference, the Parties agree as follows.

#### **ARTICLE 1. DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings set forth or referenced below.

"Accounts" means all "accounts" (as defined in the UCC) owned by any Seller and all of the following owned by any Seller: (a) accounts receivable, contract rights, book debts, notes, drafts and other obligations or indebtedness owing to any Seller arising from the sale, lease or exchange of goods or other property and/or the performance of services and arising from the Membership Plan and the Property Management Agreements; (b) any Seller's rights in, to and under all purchase orders for goods, services or other property; (c) any Seller's rights to any goods, services or other property represented by any of the foregoing (including returned or repossessed goods and unpaid sellers' rights of rescission, replevin, reclamation and rights to stoppage in transit); (d) monies due to or to become due to any Seller under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services including

the right to payment of any interest or finance charges with respect thereto (whether or not yet earned by performance on the part of any Seller); (e) any Seller's rights to payment from any consumer credit/charge card issuer or any entity which sponsors or administers such cards as the American Express Card, Visa Card, MasterCard, Diners Club Card or Discover Card; (f) all collateral security and guaranties of any kind given by any Person with respect to any of the foregoing; and (g) all Rents (as defined herein).

"Acquired Assets" is defined in Section 2.1.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, alone or through one or more intermediaries, controls, is controlled by, or is under common control with that Person. For purposes of this definition, "control" (including the terms "controlling" and "controlled") means the power to direct or cause the direction of the management and policies of a Person, directly or indirectly, whether through the ownership of securities or partnership or other ownership interests, by contract, or otherwise.

"Allocation Schedule" is defined in Section 2.8.

"Agreement" means this Asset Purchase Agreement and all Exhibits and Schedules hereto, as amended, supplemented, or otherwise modified from time to time in accordance with the terms hereof.

"Assumed Liabilities" is defined in Section 2.3.

"Auction" is defined in Section 9.3(e).

"Bankruptcy Case" is defined in the Recitals.

"Bankruptcy Code" means Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Arizona or any other court having jurisdiction over the Bankruptcy Case from time to time.

"Bidding Procedures" is defined in Section 9.3.

"Break-Up Fee" is defined in Section 9.4.

"Business" is defined in the Recitals.

"Business Day" means any day, other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open for business in Phoenix, Arizona.

"Closing" is defined in Section 2.6.

"Closing Date" is the date on which the Closing occurs.

"Closing Period" means the time period between the Effective Date and the Closing Date.

“Club” means, as the context may provide, that certain multi-located vacation ownership membership program known as the “Premiere Vacation Club” formed by Premiere Development Incorporated, an Arizona corporation, in accordance with the Membership Plan, and/or the not-for-profit Arizona corporation named “Premiere Vacation Club”.

“Commitment” means a current commitment for Title Insurance or Preliminary Title Insurance issued by Title Company setting forth the state of title to the unsold Timeshare Property, the Real Property and the unsold Timeshare Interests, together with all exceptions or conditions to such title and all other encumbrances affecting such property.

“Confidential Information” means any and all information regarding the Business, finances, operations, products, services, and customers of the Sellers and their Affiliates, specified in written or oral form or in any other medium.

“Consent” means all consents and approvals of Governmental Authorities or other third parties necessary to authorize, approve, or permit the Parties hereto to consummate the Transactions.

“Contracts” means (a) all contracts, agreements, assignable permits and licenses (including occupancy permits, business licenses, and liquor licenses) warranties, and representations to which any Seller is a party relating to or governing the use, occupancy, operation, management, repair, or service of the Business; (b) all agreements with credit card issuers, sponsors or administrators; (c) to the extent any Seller is a party thereto, all leases, occupancy agreements, registration and concession agreements, and commitments to provide rooms or facilities in the future to the extent that they are not solely interests in real estate; and (d) Property Management Agreements and any contracts and agreements described in the Membership Plan to which any Seller is a party. “Contracts” includes all amendments, modifications, and supplements to any of the foregoing.

“Copyright License” means any oral or written agreement now in existence, as may be amended, supplemented or otherwise modified from time to time, by which: (a) any Seller is granted any right to use one or more Copyrights; or (b) any Seller grants the right to use one or more of any Seller’s Copyrights to another party.

“Copyrights” means collectively all of the following now owned by or on behalf of any Seller: (a) all copyrights (whether or not registered with the U.S. Copyright Office), rights and interests in copyrights, works protectable by copyright, copyright registrations and copyright applications (including, but not limited to those listed on Schedule 1(a)); (b) all renewals of any of the foregoing; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with any of the foregoing.

“Cut-Off Date” means three (3) Business Days prior to the Closing Date.

“Declarants’ Rights” is defined in Section 2.1(e).

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"Deposit" is defined in Section 9.3(c)(ii).

"Designated Bid" is defined in Section 9.3(e).

"Documents" means all "documents" (as defined in the UCC) or other receipts covering, evidencing or representing goods now owned by any Seller including, without limitation, all bills of lading, dock warrants, dock receipts, warehouse receipts and orders for the delivery of goods, and any other document which in the regular course of business or financing is treated as adequately evidencing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers.

"Earnest Money Deposit" is defined in Section 2.5.

"Effective Date" is defined in the introductory paragraph.

"Equipment" means all "equipment" (as defined in the UCC) now owned by any Seller including, without limitation, all machinery, Vehicles, FF&E, irrigation and landscaping equipment, golf carts and all other tangible personal property (other than Inventory) and all parts thereof and all additions and accessions thereto and replacements therefor including equipment owned by any Seller and related to the operation and management of the Club.

"Excluded Assets" is defined in Section 2.2.

"FF&E" means furnishings, Fixtures and Equipment.

"Fixtures" means all "fixtures" (as defined in the UCC) now owned by any Seller including, without limitation, plant fixtures, trade fixtures and business fixtures, wherever located, and all additions and accessions thereto and replacements therefor including fixtures owned by any Seller and related to the operation and management of the Club.

"General Intangibles" means all "general intangibles" (as defined in the UCC) owned by or on behalf of any Seller including, without limitation: (a) all Contracts; (b) all obligations or indebtedness owing to any Seller (other than Accounts provided that General Intangibles shall include any of the property specifically described in the definition of Accounts which constitutes general intangibles under applicable law) or other rights to receive payments of money from whatever source arising and all collateral security therefor and arising from the Membership Plan; (c) all Intellectual Property, software licenses, and all receivables (including, but not limited to royalty income, damages awards and other payments) deriving from the Intellectual Property; (d) all Internet domain names (including all rights and interests in such domain names, domain registrations and reservations therefore) and all Internet websites as described in Schedule 1(b); (e) all telephone numbers; (f) all payment intangibles; (g) all letter of credit rights; and (h) all trade secrets and other Confidential Information relating to the business of any Seller including, without limitation: the names and addresses of, and credit and other business information concerning, any Seller's past, present, or future customers; the prices which any Seller obtains for its services or at which it sells its merchandise; policies and procedures pertaining to the marketing, sale, and design of goods and services furnished by any Seller; information concerning any Seller's suppliers and distributors; and information concerning the manner of operation, business plans, projections, methods, and all other information of any kind

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or character, whether or not reduced to writing, with respect to the conduct by any Seller of its business not generally known by the public and protected by any Seller as a trade secret.

"Governmental Authority" means a Federal, state, or local court, legislature, governmental agency (including the United States Department of Justice), commission, or regulatory or administrative authority or instrumentality.

"Homeowner Associations" means all homeowner associations relating to the Acquired Assets, including, inter alia, Sedona Vacation Club Incorporated, Premiere Vacation Club, The Inn at Los Abrigados Owners Association, Varsity Clubs of America – Tucson Chapter, Varsity Clubs of America – South Bend Chapter, Kohl's Ranch Owners Association, and Golden Eagle Resort Condominium Association, Inc..

"In-Transit Loan" means a Timeshare Loan (a) for which the applicable Timeshare Interest sale from which it arises has not been canceled by the applicable mortgagor or the Originator; (b) for which the Timeshare Interest purchased by the applicable mortgagor has not been surrendered in accordance with the terms of the relevant Purchase Contract; (c) for which the related Timeshare Interest sale fully complies with the terms, provisions, and conditions of this Agreement and all applicable law, including Timeshare Laws; (d) for which no scheduled monthly payment to be made by the related mortgagor thereunder is thirty (30) days or more past due; (e) for which the related Timeshare Loan Files are, to the Seller's best knowledge, materially complete and (f) is under the ownership and control of the applicable Seller.

"Instruments" means all "instruments", "chattel paper" (including electronic chattel paper) and "letters of credit", in which any Seller has any rights (each as defined in the UCC) including, without limitation, all checks, drafts, notes, bonds, debentures and certificates of deposit.

"Intellectual Property" means, collectively, all of the following: Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses.

"Inventory" means all "inventory" (as defined in the UCC) now owned by any Seller, wherever located, including, without limitation, finished goods, including embedded software, raw materials, work in process and other materials and supplies (including packaging and shipping materials) used or consumed in the manufacture or production thereof including inventory owned by any Seller and used or consumed in connection with the operation and management of the Club and goods which are returned to or repossessed by any Seller, and all snack bar, bar and restaurant inventory.

"Law" means applicable common law and any statute, ordinance, code, or other law, rule, permit, permit condition, regulation, order, decree, technical or other standard, requirement, or procedure enacted, adopted, promulgated, applied, or followed by any Governmental Authority, including, inter alia, all Timeshare Laws.

"Licenses" is defined in Section 3.5.

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“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest, right of first refusal or right of others therein, or encumbrance of any nature whatsoever in respect of such asset.

“Membership Plan” means that certain Membership Plan (Restated) of the Club dated as of February 14, 2008, as amended. For purposes of this Agreement, Membership Plan also means, with respect to a Timeshare Interest, collectively: the related Purchase Contract and the various other documents and instruments that among other things (a) in consideration of the payment of a purchase price, including the payment of any Obligor Note, if any, grants the Obligor the license or right to use and occupy one or more units in one or more Resorts pursuant to the Membership Plan, (b) imposes certain obligations on the Obligor regarding payment of the Obligor Note, if any, the Obligor’s use or occupancy of one or more units in one or more Resorts, and the payment of a maintenance fee, as such obligations are described in the Membership Plan and (c) grants the holder thereof certain rights, including the rights to payment of the related Obligor Note, if any, and to terminate the Membership Plan or revoke the Obligor’s rights under it, and thereafter to resell the Timeshare Interest to another Person.

“Mortgage” means, with respect to each Mortgage Loan, the mortgage, deed of trust or other instrument creating a first lien on a Timeshare Property securing such Timeshare Loan.

“Mortgage Loan” means a Timeshare Loan that is secured by a Mortgage on a Timeshare Property. The term “Mortgage Loan” shall include the related Obligor Note, Mortgage and other security documents contained in the related Timeshare Loan File.

“Obligor” means a Person obligated to make payments under a Timeshare Loan.

“Obligor Note” means the executed promissory note or other instrument of indebtedness evidencing the indebtedness of an Obligor under a Timeshare Loan, together with any rider, addendum or amendment thereto, or any renewal, substitution or replacement of such note or instrument.

“Originator” means any Seller or any other Person that entered into a Purchase Contract with an Obligor to finance the purchase of a Timeshare Interest.

“Party” or “Parties” is defined in the introductory paragraph.

“Patent License” means any oral or written agreement now in existence, as may be amended, supplemented or otherwise modified from time to time, by which: (a) any Seller is granted any right to use any invention on which a patent is in existence; or (b) any Seller grants the right to use any invention on which a patent is in existence.

“Patents” means collectively all of the following now owned by or on behalf of any Seller: (a) all patents and patent applications (including, without limitation, those listed on Schedule 1(c)) and the inventions and improvements described and claimed therein, and all patentable inventions (whether or not they are registered with the United States Patent Office); (b) the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without

limitation, damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with any of the foregoing.

"Permitted Exceptions" means the Permitted Liens and those exceptions or conditions that affect title to the Acquired Assets, but which are acceptable to Purchaser, pursuant to Section 2.7(b) below.

"Permitted Liens" means only those certain Liens related to the Textron Loans.

"Person" means any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, Governmental Authority, cooperative, association, individual, or other entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such person as the context may require.

"Procedures Hearing" is defined in Section 9.1.

"Procedures Order" is defined in Section 9.1.

"Property Management Agreement" means each management agreement entered into by and between a Seller and a Homeowner Association, pursuant to which the property manager is to provide management and other services with respect to the Club and Resorts as contemplated by the Membership Plan or any other applicable ownership or membership plan.

"Purchase Contract" means any purchase contract for a Timeshare Interest executed and delivered by an Obligor and pursuant to which such Obligor purchased a Timeshare Interest.

"Purchase Price" is defined in Section 2.5.

"Purchaser" is defined in the introductory paragraph.

"Qualifying Bid" means the offer to purchase submitted by Purchaser as set forth in this Agreement, as well as any other bid that seeks to effect an acquisition of all of the Acquired Assets by a party that has provided Sellers with reasonable evidence of its ability to close timely the purchase of Acquired Assets in accordance with the terms of this Agreement.

"Real Property" means all real property of the Sellers as more specifically set forth in Section 2.1(d) hereof, excluding the real property described in Schedules 2.2(iii) through 2.2(viii) hereto, together with (a) all improvements located thereon, but expressly excluding improvements and structures owned by any tenant or other third party, (b) all right, title and interest of Sellers, if any, in and to the rights, privileges, easements, tenements, hereditaments and appurtenances thereon or in any way appertaining thereto, and (c) all right, title and interest of Sellers, if any, in and to all strips and gores and any land lying in the bed of any street, road or alley, open or proposed, adjoining the land.

"Rents" means income, rents, issues, profits, revenues, deposits, fees, accounts and other benefits from the operation of the Business on or after the Closing Date, including, without

limitation, all license fees, golf club and membership initiation fees, green fees, driving range fees, golf cart fees, membership fees and dues, revenues and credit card receipts collected from restaurants, bars, concessions, meeting rooms, snack bar, clubhouse, banquet rooms and recreational and health club facilities and otherwise, all receivables, customer obligations, installment payment obligations and other obligations arising on or after the Closing Date or created out of sale, lease, sublease, license, concession or other grant of the right of the possession, use or occupancy of all or any portion of the Business, or personalty located thereon, or rendering of services by any Seller or from the rental of any office space, retail space, commercial space, or other space, halls, stores, facilities or offices, including any deposits received on or after the Closing Date securing reservations of such space, exhibits or sales space of every kind, license, lease, sublease and concession fees and rentals, food and beverage wholesale and retail sales, service charges, vending machine sales and proceeds, if any, from business interruption or other loss of income insurance relating to the use, enjoyment or occupancy of the Resort accruing on or after the Closing Date.

“Reservation System” means the reservation system operated by one or more of the Sellers in connection with the operation and management of the Club and as described in the Membership Plan, and any other system(s) of Seller’s pursuant to which reservations for particular locations, times, lengths of stay and unit types at Resorts are received, accepted, modified or canceled.

“Resort” means each of the timeshare resorts and/or properties within the Club and subject to the Membership Plan itemized on Schedule 1(d). The term “Resort” shall have the same meaning as “Timeshare Resort” as defined in the Membership Plan.

“Sale Hearing” is defined in Section 9.1.

“Sale Hearing Date” is defined in Section 9.1.

“Sale Motion” is defined in Section 9.1.

“Sale Notice” is defined in Section 9.3(a).

“Sale Order” means an order of the Bankruptcy Court, in form and substance acceptable to Purchaser and in substantially the form of Exhibit A attached hereto, that, among other things, (a) approves this Agreement and the transactions contemplated hereby in all respects, which transfers the Acquired Assets and Assumed Liabilities, and assigns all executory contracts and unexpired leases set forth on Schedule 2.1(i)(I), to Purchaser free and clear of all liens, claims, and encumbrances as provided in sections 363 and 365 of the Bankruptcy Code such that, after the Closing, non-debtor parties shall be barred and enjoined from asserting against Purchaser, among other things, claims, defaults, breaches, or claims of pecuniary losses existing as of the Closing or by reason of the Closing; (b) provides that the provisions of Rules 6004(g) and 6006(d) are waived and there will be no stay of execution under Rule 62(a) of the Federal Rules of Civil Procedure; (c) includes a finding that Purchaser is a good faith purchaser of pursuant to section 363(m) of the Bankruptcy Code and is entitled to all protections thereunder; (d) includes a finding that this Agreement was negotiated, proposed and entered into at arm’s length; (e) includes a finding that proper notice of the sale was given and that no further notice was

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required, and (f) includes a finding that the Transactions contemplated by this Agreement are fair and reasonable and in the best interest of the Sellers, their creditors, and their bankruptcy estates.

“Schedule” means each Schedule set forth on the attached “List of Schedules”, as each such Schedule may be amended by the Parties on or before seven (7) days prior to the Auction.

“Schedule of Timeshare Loans” means the list of Timeshare Loans attached to the Agreement as Schedule 1(e) hereto, as amended from time to time prior to Closing to reflect additional purchases, repurchases and substitutions during the Closing Period, shall set forth the following information with respect to each Timeshare Loan as of the Cut-Off Date in numbered columns:

- 1 Loan/Contract Number
- 2 Name of Obligor
- 3 Interest Rate Per Annum
- 4 Date of Origination
- 5 Original Loan Balance
- 6 Maturity Date
- 7 Monthly Payment Amount
- 8 Original Term (in months)
- 9 Outstanding Loan Balance
- 10 Name of Originator

“Seller” or “Sellers” are defined in the introductory paragraph.

“Settlement Statement” is defined in Section 6.4(a)(xv).

“Successful Bid” is defined in Section 9.3(e).

“Tax” or “Taxes” means any federal, state, local, or foreign taxes, assessment, duties, fees, levies, imposts, deductions, or withholdings, including income, gross receipts, ad valorem, value added, excise, real or personal property, asset, sales, use, license, payroll, transaction, capital, net worth, franchise taxes, estimated, withholding, employment, social security, workers compensation, environmental, utility, severance, production, unemployment compensation, occupation, premium, windfall profits, transfer, filing, documentary, recording, mortgage, gains, or other tax or governmental charge of any nature whatsoever, imposed by any Taxing Authority of any government or country or political subdivision of any country, and any liabilities with respect thereto, including any penalties, additions to tax, fines, or interest thereon and includes any liability for Taxes of another person by contract, as a transferee or successor, under Treasury Regulation Section 1.1502-6 or analogous state, local, or foreign law provision or otherwise.

“Tax Return” means any return (including any information return), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Taxing Authority in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any law relating to any Tax, including any schedule or attachment thereto and any amendment thereof.

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“Taxing Authority” means the Internal Revenue Service and any other federal, state, local, or foreign governmental authority, agency, or instrumentality responsible for the administration or imposition of any Tax.

“Textron” means Textron Financial Corporation or any Affiliate thereof.

“Textron Loans” means the existing Secured Construction and Mortgage Loan and the TFC Hypothecation Line of Credit made by Textron to the Sellers at a balance not to exceed Twenty-Three Million Eight Hundred Fifteen Thousand Three Hundred Thirty Nine Dollars (\$23,815,339) as of the Closing Date.

“Timeshare Documents” means all documents executed by a purchaser of a Timeshare Interest.

“Timeshare Interest” means any timeshare interest or individual membership in the Club and currently owned by the Club, subject to Premiere Development Incorporated’s exclusive right to sell, assign, transfer or otherwise convey such Timeshare Interests in accordance with the Membership Plan, whether or not coupled with a fee simple interest in real estate, together with all rights, benefits, privileges and interest appurtenant thereto, including the right to use and occupy one or more residential units within an applicable Resort and the common areas and common furnishings appurtenant to such unit for a specified period of time, on an annual or biennial basis, as more specifically described in the Membership Plan and any applicable document or instrument governing the Club.

“Timeshare Laws” means the provisions of any applicable laws, statutes or regulations and all amendments, modifications, or replacements thereof and successors thereto, and all regulations and guidelines promulgated thereunder or with respect thereto, currently in effect, with respect to Timeshare Interests, including, but not limited to, the Arizona “Timeshare Act”, ARIZ. REV. STAT. §§ 32-2197 *et seq.*

“Timeshare Loan Documents” means, with respect to a Timeshare Loan and each Obligor, the related (a) Timeshare Loan Files and (b) Timeshare Loan Servicing Files.

“Timeshare Loan File” means, for each Timeshare Loan, the following documents executed by Obligor or delivered in connection with such Timeshare Loan:

i. the original Obligor Note bearing all intervening endorsements showing a complete chain of endorsements from the originator of such Timeshare Loan to the last endorsee, endorsed by the last endorsee, without recourse, in the following form: “Pay to the order of \_\_\_\_\_, without recourse” and signed in the name of the last endorsee by an authorized officer;

ii. if such Timeshare Loan is a Mortgage Loan, the original Mortgage or deed of trust containing the original signatures of all persons named as the maker, the mortgagor or trustor with evidence of recording indicated; provided, however, that no such original Mortgage shall be required if included among the applicable Timeshare Loan File is a certified copy of the recorded Mortgage;

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iii. if such Timeshare Loan is a Mortgage Loan, an original individual or bulk assignment of Mortgage in blank and signed in the name of the last endorsee by an authorized officer;

iv. if such Timeshare Loan is a Mortgage Loan, the originals of all intervening assignments (or a copy certified to the custodian of the Timeshare Loan File) of the Mortgage (if applicable) showing a complete chain of assignments from the originator of such Mortgage Loan to the Last Endorsee;

v. if such Timeshare Loan is a Mortgage Loan, an original or a copy of any assumption or modification of the Obligor Note or Mortgage with evidence of recording thereon;

vi. the original or a copy of the Purchase Contract that relates to each Obligor Note, including any addenda thereto;

vii. the original (or copies) of the truth-in-lending disclosure statement and RESPA statements for the jurisdictions in which the Resorts or Club are located, guaranties, addenda, riders, indemnity agreements, and other documents, instruments and correspondence, together with credit reports, current automated payment information (including credit card, bank draft and check by facsimile) and computer records of every type whether in hard copy or electronic format relating to each Timeshare Loan.

“Timeshare Loan Servicing File” means, with respect to each Timeshare Loan and each Obligor a copy of such portions of the related Timeshare Loan File held by the Timeshare Loan servicer and all other papers and computerized records maintained by the applicable Timeshare Loan servicer in servicing the Timeshare Loans.

“Timeshare Loans” means all of the Mortgage Loans, loans that are secured by a Timeshare Interest sold on or before the Effective Date, and In-Transit Loans originated and held by the Sellers. “Timeshare Loan” means any one of the same.

“Timeshare Property” means a “stand alone” timeshare fee simple interest in real estate regarding a unit or Resort which is not subject to the Membership Plan and which is not owned by the Club, however denominated or defined in the applicable condominium or timeshare declaration, pursuant to which such fee simple interest in real estate is created, together with all rights, benefits, privileges and interests appurtenant thereto, including the common areas and common furnishings appurtenant to such unit.

“Title Company” means First American Title Insurance Company located at 1160 North Town Center Drive, Suite 190, Las Vegas, Nevada 89144.

“Title Policies” means the following title policies to be obtained by Purchaser in accordance with Section 2.7 below: (1) an ALTA standard Owner’s Policy of Title Insurance for the Timeshare Property and the Real Property and (2) an Eagle 9 UCC Vacation Interest Policy for the unsold Timeshare Interests.

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"Trademark License" means any oral or written agreement now in existence, as may be amended, supplemented or otherwise modified from time to time, by which: (a) any Seller is granted any right to use any trademark, service mark, trade name, corporate name, company name, business name, fictitious business name, trade style, trade dress or logo; or (b) any Seller grants the right to use any trademark, service mark, trade name, corporate name, company name, business name, fictitious business name, trade style, trade dress or logo.

"Trademarks" means collectively all of the following now owned by or on behalf of any Seller: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, as listed on Schedule 1(f); (b) all registrations and recordings thereof, and all applications in connection therewith; (c) all renewals thereof; (d) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (e) the right to sue for past, present and future infringements of any of the foregoing; (f) all rights corresponding to any of the foregoing throughout the world; and (g) all goodwill associated with and symbolized by any of the foregoing.

"Transactions" means the transactions contemplated by this Agreement.

"UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of Arizona.

"Vehicles" means all cars, trucks, trailers, golf carts, landscaping equipment, construction equipment and earth moving equipment and other vehicles covered by a certificate of title law of any state and, in any event, shall include, without limitation, the vehicles listed on Schedule 1(g) hereto and all tires and other appurtenances to any of the foregoing.

"Water Company" means Kohl's Ranch Water Company, an Arizona corporation and a wholly-owned subsidiary of ILX Resorts Incorporated.

"Water Company Assets" is defined in Section 2.2(t).

## ARTICLE 2. PURCHASE AND SALE OF ACQUIRED ASSETS

2.1 Purchase and Sale. Upon the terms and subject to the conditions contained herein, at the Closing, Sellers shall sell, transfer, assign, convey, and deliver to Purchaser, and Purchaser shall purchase, accept, and acquire from Sellers, good and marketable title, free and clear from all Liens (other than Permitted Exceptions), to all assets of Sellers as of the Closing Date, including but not limited to the following listed assets, properties, and rights, all of which shall be sold "as is" and "where is", with no representations or warranties from Sellers except as set forth herein, but subject to any assignable warranties or other rights Sellers may have against any third party with respect thereto, other than the Excluded Assets (all of the assets and rights to be sold and purchased hereunder are referred to herein collectively as the "Acquired Assets"): NS

- (a) all of Sellers' rights under all Contracts, including, inter alia:

(i) all those executory Contracts, if assignable, relating to the Acquired Assets or Assumed Liabilities that relate to the Business, as set forth in Schedule 2.1(i)(1), that are assumed and assigned in accordance with Section 365 of the Bankruptcy Code by order of the Court; and

(ii) all Property Management Agreements, including agreements between Sellers and: (a) Kohl's Ranch Owners' Association; (b) The Inn at Los Abridados Owners Association; (c) Premiere Vacation Club; (d) ILX Bell Rock Incorporated; (e) Golden Eagle Resort, Inc.; (f) Varsity Clubs of America – South Bend Chapter; (g) Varsity Clubs of America – Tucson Chapter; (h) Sedona Vacation Club; and (i) any other management contracts or similar contracts to provide management services for a fee, all as set forth on Schedule 2.1(i)(2).

(b) all of Sellers' Accounts, including, inter alia, all Timeshare Loans as set forth on the Schedule of Timeshare Loans attached hereto as Schedule 1(e), including Timeshare Loans in default or in process of foreclosure, together with inter alia, all Timeshare Loan Files, or certified copies thereof (or copies of custodial receipts evidencing the custody and contents thereof), exclusive of Resort Funding LLC's holdbacks and Timeshare Loans and the M&I Timeshare Loans, as set forth on Schedule 2.1(ii)(1); provided, however, that all proceeds in excess of Five Hundred Thousand Dollars (\$500,000), of the pre-petition ineligible receivables that are ninety (90) days or less delinquent, as set forth on Schedule 2.1(ii)(2), will be remitted to the unsecured creditor pool (the \$500,000 is inclusive of forgiveness of bad debt and upgrades);

(c) One Hundred Percent (100%) of Sellers' unsold Timeshare Interests wherever located and however held, including (i) Declarants' Rights with respect to Club memberships, including those that are in default, (ii) all unsold Timeshare Interests in the Club immediately prior to the Closing Date as set forth on Schedule 2.1(iii), it being understood and for the purpose of clarity, Premiere Development Incorporated shall cause Club to transfer all unsold Timeshare Interests the Club holds to Purchaser on the Closing Date;

(d) all Real Property of the Sellers, as more particularly described in Schedule 2.1(iv), all unsold Timeshare Property and FF&E owned by the Sellers, including, inter alia, (i) all sales and marketing centers; (ii) the lease with Indian Wells Partners for 91 Portal Lane in Sedona, Arizona; and (iii) all other leases assumed by Purchaser as set forth on Schedule 2.1(iv);

(e) all rights of Sellers as declarant, developer, or seller under the Membership Plan and any other Resort-related, Timeshare Property-related, Club-related or other Real Property-related document or instrument listed on Schedule 2.1(v) (collectively, the "Declarants' Rights"), including, inter alia, all rights of any of the Seller, including Premiere Development Incorporated, as seller under the Membership Plan;

(f) all other Seller's assets, including, but not limited to: (i) pre-paid marketing certificates; (ii) all books and records related to sold Timeshare Interests and sold Timeshare Property, including Purchase Contracts, which books and records

constitute all Purchase Contracts and records related to the sale of Timeshare Interests and Timeshare Property held by Sellers; (iii) all Reservation Systems, including the Gipsy Software system; and (iv) to the extent not included above, all Intellectual Property, Documents, Instruments and General Intangibles.

2.2 Excluded Assets. Notwithstanding Section 2.1 hereof, the Acquired Assets will not include the following (the "Excluded Assets"):

(a) merchant deposits made by or received by Sellers, including inter alia, those as set forth on Schedule 2.2(i);

(b) income tax refunds from any Taxing Authority accrued with respect to the conduct of the Business of Sellers or their affiliates;

(c) the 14.174 acre parcel known as U S Forest Service Parcel A located in the SE ¼ Section 7, T.17N, R.6E., G. & S.R.M., Coconino County, Arizona; as legally described in Schedule 2.2(iii) hereto, including all plants, buildings, fixtures, and other improvements located thereon, and all easements, licenses, rights of way, permits, and all appurtenances to such property;

(d) the approximate three (3) acre parcel of land known as a portion of U.S. Forest Service Parcel B located in Sedona, AZ as legally described in Schedule 2.2(iv) hereto, that is subject to a mortgage in favor of Resort Funding LLC;

(e) the approximate five (5) acres of real property (zoned multi-family) located in Bullhead City Arizona as legally described in Schedule 2.2(v) hereto, including all plants, buildings, fixtures, and other improvements located thereon, and all easements, licenses, rights of way, permits, and all appurtenances to such property;

(f) the 2.1 acres of real property located in Puerto Peñasco (Rocky Point), Sonora, Mexico as legally described in Schedule 2.2(vi) hereto, including all plants, buildings, fixtures, and other improvements located thereon, and all easements, licenses, rights of way, permits, and all appurtenances to such property;

(g) the approximate three (3) acre parcel of land known as a portion of U.S. Forest Service Parcel B located in Sedona, AZ as legally described in Schedule 2.2(vii) hereto, including all plants, buildings, fixtures, and other improvements located thereon, and all easements, licenses, rights of way, permits, and all appurtenances to such property, subject to a replacement lien held by M&I Bank;

(h) the real property located at 41 Mormon Hill Road as legally described in Schedule 2.2(viii) hereto, including all plants, buildings, fixtures, and other improvements located thereon, and all easements, licenses, rights of way, permits, and all appurtenances to such property, subject to a mortgage in favor of Irwin Union Bank;

(i) Equipment leased by Sellers on long-term operating leases, except as expressly assumed in Section 2.1(a)(i) of this Agreement;

- (j) Timeshare Loans owned by Resort Funding, LLC;
- (k) holdbacks held by Resort Funding, LLC and owed to Sellers, as set forth on Schedule 2.2(x);
- (l) the M&I Timeshare Loans set forth in Schedule 2.1(ii)(1);
- (m) any assets that may not be acquired or assigned by Law;
- (n) employee advances;
- (o) utility and other deposits made by Sellers on or before the Closing Date;
- (p) all cash and cash equivalents, including cash on hand or in bank accounts, certificates of deposit, and commercial paper;
- (q) all equity interests of Sellers and any of Sellers' subsidiaries or stock or other ownership interests owned by Sellers in any other person;
- (r) executory contracts of Sellers that are not expressly assumed in Section 2.1(a)(i) of this Agreement;
- (s) the corporate seals, Articles of Incorporation, minute books, stock books, Tax Returns, or all other records having to do with the corporate organization or operations of Sellers or their subsidiaries; and
- (t) all assets owned by the Water Company and any and all assets owned by any Seller that are used by Kohl's Ranch Water Company in connection with the delivery of water including inter alia, those as set forth on Schedule 2.2(xi) (collectively, the "Water Company Assets").

2.3 Assumption of Liabilities. Subject to the terms and conditions set forth in this Agreement, at the Closing, in consideration for the sale, assignment, conveyance, transfer, and delivery of the Acquired Assets to Purchaser, Purchaser will assume and pay, perform, and discharge when due and otherwise in accordance with the terms of this Agreement, only the following liabilities (collectively, the "Assumed Liabilities"):

- (a) the Textron Loans, except to the extent that they have been paid at Closing;
- (b) liabilities accruing from and after the Closing Date with respect to Contracts assumed or acquired as provided by Section 365 of the Bankruptcy Code;
- (c) all obligations of Sellers as declarant, developer or seller under the Membership Plan and any other Resort-related, Timeshare Property-related, or Club-related document or instrument accruing from and after the Closing Date, all as set forth on Schedule 2.3(iii), including obligations to subsidize or pay dues with respect to Homeowner Associations;

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(d) obligations accruing from and after the Closing Date to honor all existing owner reservations and Interval International bankings and/or reservations and all other guest reservations for accommodations and facilities as set forth on Schedule 2.3(iv) or reflected in Sellers' Reservation System;

(e) liabilities with respect to loans made by M&I Bank to Sedona Vacation Club and Premiere Vacation Club, respectively, as set forth on Schedule 2.3(v);

(f) unpaid property taxes on the Acquired Assets and of the Homeowner Associations; and

(g) the lease obligation with Indian Wells Partners for 91 Portal Lane in Sedona, Arizona and payments relating thereto accruing from and after the Closing Date.

2.4 Excluded Liabilities. Sellers shall retain all liabilities and obligations that are not Assumed Liabilities.

2.5 Purchase Price. The purchase price (the "Purchase Price") for the Acquired Assets shall be an amount equal to Twenty-Nine Million Six Hundred Seventy-Two Thousand Two Hundred Fifty-One Dollars (\$29,672,251), payable as follows: (a) One Hundred Thousand Dollars (\$100,000) in earnest money (the "Earnest Money Deposit") deposited by check or wire transfer to Sellers on or before the date for submission of bids under the Bidding Procedures as established in the Procedures Order; (b) cash in the amount of Five Million Eight Hundred Fifty-Six Thousand Nine Hundred Thirteen Dollars (\$5,856,913); and (c) assumption of the outstanding obligations evidenced by the Textron Loans.

2.6 Closing. Upon the terms and subject to the conditions hereof, the closing of the sale of the Acquired Assets (the "Closing") shall take place at the offices of Sellers within ten (10) Business Days following the date on which the last condition under Article 6 has been satisfied or waived, or at such other time and place as the Parties may mutually agree. If appropriate under the circumstances, the Parties will exchange copies of the documents necessary to consummate the Transaction by facsimile (or other appropriate electronic means), the receipt of which will be confirmed by telephone.

2.7 Title and Purchaser's Conditions Precedent.

(a) Commitment for Title Insurance. Purchaser shall order from Title Company on or before the Effective Date, the Commitment.

(b) Title Insurance. At Closing, the Title Policies shall be issued through Title Company to Purchaser in the face amount of the Purchase Price, and shall insure fee simple title to the Real Property and the Timeshare Property in Purchaser, and shall insure use and occupancy rights to the unsold Timeshare Interests in Purchaser. Purchaser shall pay the title insurance premium for the Title Policies. Purchaser shall have the right to obtain extended coverage for the Title Policies at its expense. Purchaser hereby disapproves the title exceptions set forth in Schedule 2.7(ii), which shall not be changed after the Effective Date, and Seller hereby agrees to remove all such disapproved exceptions that can be removed by payment of a liquidated monetary amount, and to

remove or remedy all such non monetary exceptions, prior to Closing. Purchaser hereby approves all of the other exceptions set forth in the Commitment and such exceptions are deemed to be "Permitted Exceptions." Seller agrees to execute at Closing all forms and reports required for tax reporting purposes, including federal and state income tax reporting and a declaration of value required by the county assessor's office. Seller further agrees to deliver all other documents, instruments, or affidavits which are customary in a real estate closing in the county where the closing is held, or which reasonably may be required by the Title Company to effect the Closing hereunder and the issuance of the Title Policies.

(c) License. Seller hereby grants to Purchaser a limited license to enter and inspect the Resorts and the Real Property escorted by a representative of Seller at reasonable, pre-approved times and in a manner reasonably acceptable to Seller. Such inspection shall be conducted in a manner that does not damage the Resort and the Real Property or any improvements or other property thereon, or interfere with the business operations conducted at the Resorts and the Real Property, if any. Purchaser agrees to indemnify and hold Seller harmless from and against any and all claims, costs, damages, liabilities or losses arising as a result of or in any way connected with Purchaser's inspection of the Resorts and the Real Property.

2.8 Allocation of Purchase Price. Sellers and Purchaser shall cooperate in the preparation of a joint schedule (the "Allocation Schedule"), allocating the Purchase Price (including, for purposes of this Section, any other consideration paid by Purchaser) among the Acquired Assets. Sellers and Purchaser each agree to file Internal Revenue Service Form 8594 and any required attachments thereto, together with all Tax Returns, in accordance with the Allocation Schedule. Sellers and Purchaser each agree to promptly provide the other with any other information required to complete the Allocation Schedule. If, however, Sellers and Purchaser are unable to complete such schedule within one hundred twenty (120) days following the Closing, or by such later date as agreed to in writing by the Parties, each of Sellers and Purchaser may file Form 8594, and any Tax Returns, allocating the Purchase Price in the manner each believes appropriate, provided such allocation is reasonable and in accordance with Section 1060 of the Internal Revenue Code and the regulations thereunder.

2.9 Closing Period Issues. It is the current intention of Purchaser to engage many of Sellers' employees after Closing. During the Closing Period, Purchaser shall notify Sellers of the names of all current Resort-related and Club-related employees and independent contractors whom Purchaser, in its sole discretion, may elect to engage upon Closing. Sellers shall promptly provide Purchaser with copies of any existing employment or independent contractor agreements to which any such named individuals are parties. Sellers expressly acknowledge that Purchaser shall have no obligation whatsoever to hire any current Resort-related or Club-related employees or independent contractors, even those so named during the Closing Period.

### ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller, jointly and severally, represents and warrants to Purchaser as follows.

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3.1 Existence; Authorization. Each Seller is lawfully existing and in good standing under the laws of the state of its organization and has all requisite power and authority to enter into this Agreement and to perform the obligations to be performed by it under this Agreement. The execution and delivery of this Agreement, and the performance by each Seller of its obligations hereunder, have been duly authorized by all necessary action on the part of such Seller. To the extent required, each of the Sellers, including, without limitation, Premiere Development Incorporated, are authorized to take actions related to such Seller as necessary to consummate any of the transactions contemplated by this Agreement.

3.2 Enforceability. This Agreement and each other agreement, document or instrument, or certificate contemplated by this Agreement has been duly executed and delivered by Sellers and are legal, valid, and binding obligations of each Seller, enforceable against Sellers in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.3 No Conflicts or Consents. To the best of Sellers' knowledge, neither the execution, delivery, and performance by Sellers of this Agreement, nor the consummation of the Transactions by Sellers, will (a) constitute, with or without the giving of notice or passage of time or both, a breach, violation, or default by Sellers or any of their Affiliates, create a Lien, or give rise to any right of termination, modification, cancellation, prepayment, or acceleration, under (i) any Law or license, subject to the provisions of any such Law, or (ii) any note, bond, mortgage, indenture, lease, agreement, or other instrument, in each case that is applicable to or binding upon Sellers or any of their assets except as may arise from rejection of executory contracts or non-assignability of contracts, permits, or leases; (b) require any Consent, other than from Textron; or (c) violate any Law by which Sellers are bound.

3.4 Ownership. Sellers, to the best of their knowledge, are the sole and exclusive owners of (a) fee simple or other legal title to the unsold Timeshare Property acquired by Purchaser and all other acquired Real Property; and (b) Declarants' Rights with respect to the Timeshare Interests; and (c) holder of all of the Timeshare Loans acquired by Purchaser, with the right to enforce all Timeshare Loan Documents evidencing or securing the Timeshare Loans; and (d) the remainder of the Acquired Assets, with full right and authority to convey said real and personal property without the consent, approval, or waiver of any party other than as set forth in Schedule 3.4. The Acquired Assets, together with the Excluded Assets, comprise one hundred percent (100%) of the assets owned by the Sellers. Except as otherwise expressly provided herein to the contrary or as otherwise set forth on Schedule 3.4, all of the Acquired Assets will be conveyed, assigned, and transferred to Purchaser on the Closing Date, free and clear of any liens, charges, pledges, security interests, or other encumbrances of any type other than the Permitted Exceptions.

3.5 Licenses and Permits. Sellers, to the best of their knowledge, have obtained all material licenses, permits, consents, authorizations, approvals, franchises, waivers, exemptions, and orders as are reasonably necessary or appropriate in order for Sellers legally to carry on their businesses as they are now being conducted in connection with the Resorts, the Club, and the Acquired Assets (hereinafter collectively referred to as "Licenses"). To the best of Sellers' knowledge, all such Licenses are in full force and effect, no material violations have occurred

with respect thereto, and no proceeding is currently pending or, to the best of Seller's knowledge, threatened to revoke, suspend, or terminate any License. To the best of Sellers' knowledge, no condition exists or event has occurred other than the Bankruptcy Case or any change in management or control as a result of the Transaction which, by itself or with the giving of notice, the lapse of time, or both, may result in the suspension, revocation, impairment, forfeiture, or non-renewal of any License.

3.6 Assessments. Except as set forth on Schedule 3.6, Sellers have paid and will continue to pay through and including the Closing Date and in accordance with Sellers' past practices all condominium, timeshare, and other owners' association assessments, maintenance fees, Club dues, and subsidy amounts for which any Seller, as developer or otherwise is obligated, whether by law or pursuant to any documents or instruments related to the Club or any of the Resorts, in connection with the unsold Timeshare Interests and unsold Timeshare Property.

3.7 Compliance with Settlement Agreement. Sellers, to the best of their knowledge, are in material compliance with the terms and conditions of the settlement agreement entered into on March 30, 2005 resolving the class action lawsuit captioned *Reed v. ILX Resorts Incorporated*, No. CV2003-0491.

3.8 No Material Misrepresentations or Omissions. To Sellers' knowledge, none of the representations or warranties of Sellers contained herein are untrue or misleading in any material respect, and all such representations and warranties shall remain true and correct in all respects through and including the Closing Date. Except as set forth on Schedule 3.8, Sellers know of no fact that does or could materially and adversely affect the operation of the Acquired Assets.

3.9 Timeshare Laws. Except as set forth on Schedule 3.9, Sellers do not know of any matters relating to their compliance with Timeshare Laws that would cause a material adverse impact on the Business.

#### ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF PURCHASER

4.1 Existence; Authorization. Purchaser is lawfully existing and in good standing under the laws of the state of its organization, has all requisite power and authority to enter into this Agreement and to perform the obligations to be performed by it under this Agreement. The execution and delivery of this Agreement, and the performance by Purchaser of its obligations hereunder, have been duly authorized by all necessary action on the part of Purchaser.

4.2 Enforceability. This Agreement has been duly executed and delivered by Purchaser and is a legal, valid, and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.3 No Conflicts or Consents. Neither the execution, delivery, and performance by Purchaser of this Agreement, nor the consummation of the Transactions by Purchaser, will (a)



constitute, with or without the giving of notice or passage of time or both, a breach, violation, or default by Purchaser or any of its Affiliates, create a Lien, or give rise to any right of termination, modification, cancellation, prepayment, or acceleration, under (i) any Law or license or (ii) any note, bond, mortgage, indenture, lease, agreement, or other instrument, in each case that is applicable to or binding upon Purchaser; (b) require any Consent; or (c) violate any Law by which Purchaser is bound.

**ARTICLE 5.  
COVENANTS AND OTHER AGREEMENTS**

5.1 Consummation of Transactions. From and after the date of this Agreement, each Party shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable and consistent with applicable Law to perform its obligations under this Agreement and to consummate the Transactions as soon as reasonably practicable.

5.2 Compliance with Law. Prior to Closing, Sellers shall comply in all material respects with Law applicable to the Acquired Assets.

5.3 Certain Notices. Each Party shall promptly notify the other Party in reasonable detail:

(a) upon the commencement of, or the impending or threatened commencement of, or upon obtaining knowledge of any facts that would give rise to, any claim, action, or proceeding brought to enjoin the consummation of the Transactions, or against or relating to the notifying Party or its properties or assets, that could materially adversely affect the Transactions or such Party's ability to perform its obligations hereunder;

(b) upon the occurrence of, or the impending or threatened occurrence of, or upon obtaining knowledge of any facts that would give rise to, any event that could cause or constitute a material breach of any of its representations, warranties, covenants, or agreements contained in this Agreement, and shall use commercially reasonable efforts to prevent or promptly remedy such breach; and

(c) upon the occurrence or existence of any event, condition, circumstance, or state of facts known to the notifying Party that has had or could have a material adverse effect on the Transactions or such Party's ability to perform its obligations hereunder.

5.4 Confidentiality.

(a) Pursuant to this Agreement and the performance thereof, Purchaser may receive certain Confidential Information. Except as otherwise provided in Section 5.4(b) below, Purchaser shall not use for itself, except in performance of the Agreement, or disclose to any Person, this Agreement or any Confidential Information except (a) information that was gained independent of Purchaser's relationship with the Sellers and became publicly available through no breach of any obligation of confidentiality by Purchaser; (b) information that is communicated to a third party with the prior written

consent of Sellers; or (c) information that is required to be disclosed pursuant to the lawful order of a government agency or a court of competent jurisdiction or disclosure that is required by operation of law, but in such event, only to the extent such disclosure is required and, to the extent reasonably practicable, prior written notice must be given to allow Sellers, in their sole discretion, to seek a protective order or other appropriate remedy. In the event of a breach or threatened breach of the terms of this section, Sellers shall be entitled to seek an injunction prohibiting any such breach. Any such injunctive relief shall be in addition to, and not in lieu of, any appropriate relief in the way of money damages or any other remedies available at law or in equity. In the event that the Transaction is not consummated, this Agreement is terminated for any reason, or Purchaser's bid is not the Successful Bid at an Auction, Purchaser shall return or destroy all Confidential Information of Sellers received by Purchaser.

(b) From and after the Closing Date, the provisions of Section 5.4(a) above shall not apply to or restrict in any manner Purchaser's use of any Confidential Information of the Sellers relating to any of the Acquired Assets or the Assumed Liabilities.

5.5 Affirmative Covenants. Between the Effective Date and the Closing Date:

(a) Continuation of Business. Sellers shall: (i) use their best efforts to conduct the operations of each Resort and Club in accordance with its past practices and in a commercially reasonable manner; (ii) maintain the present physical and operating conditions, reasonable wear and tear excepted, and the present legal status of each Resort, Club and all Acquired Assets; (iii) use their reasonable commercial efforts to preserve intact its current business organization, maintain the services of its employees and independent contractors, and maintain its relations and good will with suppliers, customers, creditors, and others having business relationships with Sellers; (iv) provide reasonable access to Purchaser to Seller's management during normal business hours for the purpose of staying informed concerning the business, operations, and finances of Sellers, each Resort, the Club and all Acquired Assets; and (v) maintain all Timeshare Documents and Timeshare Loan Documents in accordance with past practices.

(b) Compliance with Law. Sellers shall use their best efforts to comply with all Laws and notify Purchaser immediately in the event that Sellers become aware of a material violation of any Law to which Sellers and/or all or any portion of any Resort, Club, or any of the Acquired Assets is subject.

(c) Timeshare Loan Collections Following the Cut-Off Date. All payments, if any, received by Sellers or on Sellers' behalf in respect of any of the acquired Timeshare Loans after the Closing Date shall be held in trust by such receiving party for the benefit of Purchaser and remitted to or for the benefit of Purchaser within five (5) days calendar following the receipt thereof.

5.6 Negative Covenants. Between the Effective Date and the Closing Date, Sellers shall not, without the prior written consent of Purchaser:

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(a) sell, lease, offer for sale or lease, convey, assign, encumber, or otherwise transfer in any manner whatsoever all or any portion of any Resort, Club, or any of the Acquired Assets other than in the ordinary course of business;

(b) amend, modify, restate, terminate, or otherwise alter in any manner whatsoever, other than non-renewal or termination in accordance with its terms, or breach the terms of, any contract, instrument, agreement, or document of any type that relates, directly or indirectly, to any of the Resorts, Club, or any of the Acquired Assets other than in the ordinary course of business;

(c) engage in any extraordinary transactions related, directly or indirectly, to any Resort, Club, or any of the Acquired Assets;

(d) enter into any leasing or licensing agreements, take-or-pay arrangements, or other affiliations, alignments, or any agreements with respect to, or that encumber, any Resort, Club, or any of the Acquired Assets, other than in the ordinary course of business;

(e) take any action that would have the effect of materially diminishing the value of any Resort, Club, or any of the Acquired Assets, excluding reductions in Inventory, Timeshare Interests, and Timeshare Loans in the ordinary course of business;

(f) take any action that would make Sellers' representations and warranties set forth in Article 3 not true and correct in all material respects;

(g) take any action that would, or could reasonably be expected to, result in any of the conditions set forth in Article 6 not being satisfied; or

(h) take any action that may in any way materially impair or restrict Purchaser's ability to utilize the Acquired Assets as contemplated by this Agreement.

5.7 Room Reservations. On the Closing Date, all room reservations within Sellers' electronic systems shall be delivered to Purchaser, in a format agreed upon by Sellers and Purchaser.

5.8 Employees. Sellers shall provide Purchaser reasonable access to Sellers' employees involved with the Business, and Purchaser may in its sole discretion, but is under no obligation to, interview and offer employment to any or all of such employees.

5.9 Publicity. On or before the Closing Date, neither Party shall issue any press release or public announcement concerning this Agreement or the Transactions without obtaining the prior written approval of the other Party hereto, which approval will not be unreasonably withheld or delayed, unless disclosure is otherwise required by applicable Law; provided that, to the extent required by applicable Law, the Party intending to make such release shall use its commercially reasonable efforts consistent with such applicable Law to consult with the other Party with respect to the text thereof. Purchaser acknowledges that ILX Resorts Incorporated is a public company and is required to make certain public filings. Purchaser agrees that it will make no public disclosure without prior approval from Sellers.

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5.10 Non-Disparagement. The Parties agree that they shall not make any disparaging remarks about any other Party or its Affiliates to any third party including to financing entities, trade vendors, employees, shareholders, or journalists; and the Parties further agree that this provision shall remain in effect following the Closing Date or after termination of this Agreement.

5.11 Kohl's Ranch Resort. After the Closing Date and during such time as the Water Company and the Water Company Assets are owned or controlled by Sellers, Sellers will (a) take reasonable steps to cause the Water Company to continue to provide water to the Kohl's Ranch Resort and (b) will not cause the Water Company to cease providing water to the Kohl's Ranch Resort without providing reasonable, prior written notice to Purchaser.

#### ARTICLE 6. CONDITIONS TO CLOSING; CLOSING DELIVERIES; POST-CLOSING

6.1 Conditions to the Obligations of Both Parties. Each Party's obligation to consummate the Transactions contemplated by this Agreement are subject to the satisfaction or waiver, on or prior to the Closing Date, of each of the following conditions:

(a) no temporary restraining order, preliminary or permanent injunction, or other order, decree, or ruling issued by a Governmental Authority, nor any Law promulgated or enacted by any Governmental Authority, shall be in effect that would impose material limitations on the ability of either Party to consummate the Transactions; and

(b) the Bankruptcy Court shall have entered the Sale Order and any stay period applicable to the Sale Order shall have expired or shall have been waived by the Bankruptcy Court.

6.2 Conditions to the Obligations of Sellers. Sellers' obligation to consummate the Transactions contemplated by this Agreement are subject to Purchaser having delivered to Sellers the Purchase Price for the Acquired Assets pursuant to Section 2.5.

6.3 Conditions to the Obligations of Purchaser. Purchaser's obligation to consummate the Transactions contemplated by this Agreement is subject to the satisfaction or waiver on or prior to the Closing Date of each of the following conditions:

(a) there shall not be in effect a final, non-appealable Order of a Governmental Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting consummation of the Transactions;

(b) the representations and warranties of Sellers contained herein shall be true and correct in all material respects as of the Closing as if made on and as of the Closing Date (except that representations and warranties that are made as of a specific date need be so true and correct only as of such date);

(c) the covenants, conveyances, transfers, assignments, and agreements of Sellers to be performed under this Agreement on or prior to the Closing shall have been duly performed in all material respects;

(d) the Bankruptcy Court shall have entered the Procedures Order in form and substance reasonably satisfactory to the Purchaser, which Procedures Order shall have remained in full and force and effect and shall not have been stayed, vacated, modified or supplemented without the Purchaser's prior written consent; and

(e) the Bankruptcy Court shall have entered the Sale Order in form and substance reasonably satisfactory to the Purchaser, which Sale Order shall have remained in full and force and effect and shall not have been stayed, vacated, modified or supplemented without the Purchaser's prior written consent, and that, without limitation, (i) authorizes the sale to Purchaser of the Acquired Assets free and clear of all liens, claims, and encumbrances other than Permitted Exceptions and as set forth on Schedule 3.4, (ii) authorizes the assumption and assignment to Purchaser of those executory contracts and unexpired leases set forth on Schedule 2.1(i)(I) hereof, (iii) approves the assumption of the Assumed Liabilities, (iv) makes a finding that the Purchaser purchased the Acquired Assets in good faith and is not a successor to the Sellers, and (v) is effective immediately upon entry on the docket of the Bankruptcy Case.

6.4 Closing Deliveries. Each Party's obligation to consummate the Transactions is conditioned on the delivery to such Party of each of the documents listed in this Section 6.4, unless such delivery is expressly waived by such Party in writing.

(a) Documents Delivered by Seller at Closing. Sellers shall deliver, or as to (vii) below shall cause Textron to deliver, the following documents to Purchaser or its designated representative on the Closing Date, each in form and substance satisfactory to Purchaser:

(i) Deeds. Special warranty deeds in substantially the form of Exhibit B hereto, in recordable form in each applicable jurisdiction pursuant to which fee simple title to all unsold Timeshare Property and other acquired Real Property, free and clear of any liens or encumbrances except for the Permitted Exceptions and the rights and obligations of an owner or member under any applicable ownership or membership plan, is conveyed from Sellers to Purchaser or its designee.

(ii) Bills of Sale. Bills of sale in substantially the form of Exhibit C hereto, pursuant to which all of Seller's rights, title, and interest in and to the Miscellaneous Personal Property as defined therein and other personal property comprising the Acquired Assets are transferred to Purchaser or its designee, free and clear of any liens or encumbrances.

(iii) Conveyance of Unsold Timeshare Interest. Special warranty deed(s) in substantially the form of Exhibit D hereto, in recordable form to be recorded in Maricopa County and Coconino County, pursuant to which the unsold

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Timeshare Interests and all use and occupancy rights associated with the same, free and clear of all Liens except for the Permitted Exceptions and any rights and obligations of a Member as set forth in the Membership Plan, is conveyed by the Club to Purchaser or its designee.

(iv) Assignments and Assumptions of Management Agreements; Execution of New Management Agreements. An Assignment and Assumption of Management Agreements in substantially the form of Exhibit E hereto, pursuant to which all of Sellers' rights, title, and interest in and to each Property Management Agreement are transferred and assigned to Purchaser or its designee, and Purchaser or its designee assumes Seller's duties and obligations thereunder.

(v) Intentionally omitted.

(vi) Master Assignment of Timeshare Loans. A Master Assignment of Timeshare Loans in substantially the form of Exhibit F hereto, or such other conveyance documents sufficient to cause all of Seller's rights, title, and interest in and to the acquired Timeshare Loans are transferred to Purchaser. The original of each Obligor Note that evidences a Timeshare Loan shall be endorsed by an endorsement stamp or through an allonge to Purchaser or its designee, in the following manner: "Pay to the order of \_\_\_\_\_, without recourse, except as otherwise provided in that certain Asset Purchase Agreement dated as of \_\_\_\_\_, 2010, by and between \_\_\_\_\_ and \_\_\_\_\_."

(vii) Timeshare Loan Files. All Timeshare Loan Files on the acquired Timeshare Loans.

(viii) Characterization of Timeshare Loans. A Certificate in the form of Exhibit G hereto, pursuant to which Sellers represent and warrant that the schedules of non-delinquent Timeshare Loans and delinquent Timeshare Loans acquired by Purchaser attached thereto accurately characterizes to the best of Sellers' knowledge each Timeshare Loan as such as of the Cut-Off Date and that such schedules are otherwise true and correct in all material respects as of the Cut-Off Date.

(ix) Assignments of Declarants' Rights. Assignments of Declarants' Rights in substantially the form of Exhibit H hereto, pursuant to which all of Seller's rights, title, and interest in and to the Declarants' Rights are transferred to Purchaser or its designee.

(x) Assignment of Intellectual Property. An Assignment of Intellectual Property in substantially the form of Exhibit I hereto, pursuant to which all of Seller's rights, title, and interest in and to the Intellectual Property are transferred to Purchaser or its designee.

(xi) Miscellaneous Assignments. Any miscellaneous requirements required by Purchaser to convey and assign the Acquired Assets.

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(xii) Resolutions. Certified resolutions and such other documents, instruments, and affidavits as may reasonably be required by the Title Company as a precondition to issuing the Title Policies, evidencing the authority of Sellers to enter into and perform this Agreement and to perform Sellers' obligations hereunder.

(xiii) Keys. All keys to all locks related to any of the unsold Timeshare Interests and unsold Timeshare Property and the other acquired Real Property, together with an accounting, to the best of Sellers' knowledge, of all such keys in the possession, custody, or control of any other person or entity shall be made available to Purchaser at Sellers' premises.

(xiv) Club Estoppel Certificate. An Estoppel Certificate from the Club related to the payment of Assessments as described in the Membership Plan substantially in the form of Exhibit J hereto

(xv) Settlement Statement and Closing Documents. A counterpart, executed by each Seller, of a statement describing in detail the consideration, prorations, adjustments, costs, and expenses associated with the transaction contemplated hereby (the "Settlement Statement").

(xvi) Notice of Resignation. A notice of resignation from each respective board member of the Club and the Homeowner Associations in substantially the form of Exhibit K hereto, which form may be modified upon mutual agreement of the Parties to comply with controlling documents and state law.

(xvii) Declaration of Deannexation. A Declaration of Deannexation in substantially the form of Exhibit L shall have been recorded in Maricopa County and a copy delivered to the Arizona Department of Real Estate concerning those certain units within the Club located in Varsity Clubs of America – South Bend Chapter to clarify certain inventory matters.

(xviii) Other Documents. Such other documents and instruments as are contemplated hereunder or as may be reasonably required by Purchaser, its counsel, its lender, or the Title Company as reasonably necessary or appropriate to consummate the Transactions, to issue the Title Policies and otherwise to effectuate the agreements of the parties hereto.

(b) Documents Delivered by Purchaser. Purchaser shall deliver the following to Sellers on the Closing Date, each in form and substance satisfactory to Sellers:

(i) Purchase Price. The Purchase Price, pursuant to Section 2.5 hereof, less the amount of the Earnest Money Deposit, together with any interest accrued thereon.

(ii) Settlement Statement. A counterpart, executed by Purchaser, of the Settlement Statement.

(iii) Resolutions. Certified resolutions and such other documents, instruments, and affidavits as may be required by the Title Company, evidencing the authority of Purchaser to enter into and perform this Agreement and to perform Purchaser's obligations hereunder.

(iv) Other Documents. Such other documents and instruments as are contemplated hereunder or as may be reasonably required by Seller, its counsel, or the Title Company, as applicable, and reasonably necessary or appropriate to consummate the Transaction and to otherwise effectuate the agreements of the parties hereto.

6.5 Post-Closing Covenants and Transactions Simultaneously with the Closing or immediately thereafter, Purchaser may take the following actions in its sole and subjective discretion.

(i) Execute and deliver an Amendment to the Membership Plan converting the Club into a points based program in accordance with Section 7.02 of the Membership Plan.

(ii) Execute and deliver an Affiliation Agreement with THE Club® whereby the Club and/or its Members become affiliated with the exchange company commonly known as THE Club®.

(iii) Prepare and send a Notice of Seller and Occupancy Rights concerning the Club concerning the Purchaser's use and occupancy rights associated with the unsold Timeshare Interests, Assignment of Seller's Rights, future deannexation rights of the Purchaser concerning the Club and the unsold Timeshare Interests and such related provisions as Purchaser shall determine are necessary to manage and operate the Club, which Notice may be recorded by Purchaser in every county where a Resort is located.

(iv) Prepare and have executed resolutions of the appropriate boards of directors of the Club and the Homeowner Associations appointing new directors as Purchaser shall determine in its sole and subjective discretion.

(v) Prepare such additional documents, notices and agreements and do such other acts as may be reasonably necessary to fully implement the intent of this Agreement and to perfect and preserve the rights and interests of Purchaser under the Membership Plan and the priority thereof.

(vi) Record all Assignments of Declarants' Rights set forth in Section 6.4(a)(ix) in the applicable counties where the Resorts are located.

(vii) Prepare and have executed a Declaration of Annexation to Membership Plan annexing the Timeshare Property into the Club, if necessary or desirable.

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(b) Purchaser and Sellers agree that the Water Company Assets are Excluded Assets hereunder. In order to provide for continued operation of the Water Company and delivery of water by the Water Company, Sellers, or their successors or assigns after the Closing, Purchaser covenants and agrees as follows:

(i) that Purchaser will, and shall cause its Affiliates to, reasonably cooperate with Sellers, the Water Company, and their successors or assigns as necessary, including but not limited to the grant of easements for ingress and egress, to provide Sellers, the Water Company, and their successors or assigns with access to the Water Company Assets and the facilities of the Water Company located on or near the Acquired Assets as necessary for the continued operation of the Water Company and repair of any of the Water Company Assets; and

(ii) Purchaser will, and shall cause its Affiliates to, reasonably cooperate with Sellers and the Water Company and to execute such documents as necessary to facilitate the sale of the assets or stock of the Water Company or the Sellers to any purchaser of such assets or stock and to ensure that the Water Company has fee title to the Water Company assets including any well sites.

(c) After the Effective Date, Purchaser shall provide Sellers and their representatives reasonable access to the books and records of Sellers transferred to Buyer in accordance with the Agreement to enable Sellers to prepare tax returns or financial statements, to respond to customer inquiries or litigation, or for any other reasonable business purpose.

#### ARTICLE 7. TERMINATION

7.1 Termination. This Agreement may be terminated at any time:

(a) by mutual written consent of the Parties;

(b) by either Party if (i) there shall be any Law that makes consummation of the Transactions illegal or otherwise prohibited or (ii) any judgment, injunction, order, or decree of any Governmental Authority having competent jurisdiction enjoining Purchaser and Sellers from consummating the Transaction is entered and such judgment, injunction, or order shall have become final and non-appealable;

(c) by either Party upon the occurrence of a material breach of any representation, warranty, or covenant in this Agreement by the other Party if such breach is not cured within thirty (30) days following written notice by the non-breaching Party which notice shall describe the breach; provided, however, such thirty (30) day period shall be extended to ninety (90) days if the breach by its nature cannot be cured within such thirty (30) day period and if the breaching Party promptly commences to cure the breach within such thirty (30) day period and continues to proceed thereafter with reasonable diligence; and

(d) by either Sellers or Purchaser, if Purchaser's bid is not the Successful Bid at any Auction.

7.2 Effect of Termination. In the event of a termination of this Agreement, neither Party shall have any liability or further obligation to the other, except that:

(a) nothing herein will relieve a Party from liability for any breach by such Party of this Agreement; and

(b) Sellers will, within ten (10) business days immediately following the termination of this Agreement, refund to Purchaser an amount equal to the Earnest Money Deposit; provided, however, that in the event that such termination is the result of Purchaser's willful misconduct, such Earnest Money Deposit will be retained by Sellers.

#### ARTICLE 8. SURVIVAL AND REMEDIES

8.1 Survival. With the exception of those representations and warranties set forth in Sections 3.1, 3.2, 3.3, and 4, the representations and warranties contained in this Agreement or in any certificate or other document delivered hereto or in connection herewith and the covenants and agreements contained herein to be performed or complied with prior to Closing shall expire upon the Closing. The provisions of Articles 7, 8, and 10 shall survive the termination of this Agreement. Whether or not Closing occurs, all costs and expenses incurred in connection with this Agreement and the Transactions shall be paid by the Party that incurred such costs, other than as specified in Section 10.7.

8.2 Brokers; Finders. Seller and Purchaser represent and warrant to each other that neither has contacted any real estate broker, finder, or other party in connection with this transaction, to whom any real estate brokerage, finder, or other fees may be due or payable with respect to the transaction contemplated hereby. Seller and Purchaser hereby indemnify and agree to hold each other harmless from any loss, liability, damage, cost, or expenses (including reasonable attorney's fees) related to anyone claiming a commission or fee with respect to the sale of the Acquired Assets as a result of any statement, agreement, or other alleged act of the other.

8.3 Remedies. IN NO EVENT SHALL ANY PARTY BE LIABLE FOR INDIRECT, SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF A BREACH OF THIS AGREEMENT, EVEN IF ADVISED AT THE TIME OF BREACH OF THE POSSIBILITY OF SUCH.

8.4 Prior Knowledge. Neither Party may assert a claim based on a breach of a representation or warranty or covenant if the Party to asserting such claim had knowledge of such breach prior to the Effective Date hereof.

#### ARTICLE 9. BANKRUPTCY COURT APPROVAL; SALE SUBJECT TO HIGHER AND BETTER OFFERS; OTHER

This Agreement and the Transactions are subject to the approval of the Bankruptcy Court as provided in this Agreement, the entry of the Sale Order, and an order confirming the joint plan of reorganization by the Bankruptcy Court.

9.1 Interim Procedures and Sale Order; Hearing Dates. Concurrently with, or shortly after, the filing of the joint disclosure statement proposed by Textron and Sellers, Sellers shall file a motion with the Bankruptcy Court (the "Sale Motion"), and shall use all commercially reasonable efforts to obtain, the entry of an order (the "Procedures Order"), in form and substance acceptable to Purchaser and in substantially the form of Exhibit M attached hereto: (a) approving, at an interim hearing (the "Procedures Hearing") held concurrently with the hearing on the adequacy of the disclosure statement set by the Bankruptcy Court, the Bidding Procedures described in Section 9.3 of this Agreement; (b) designating the time, date and location of the Auction; (c) approving the Break-Up Fee; (d) requesting a hearing to be held (the "Sale Hearing") on a date (the "Sale Hearing Date") concurrent with the final hearing on confirmation of the joint plan of reorganization proposed by Textron and Sellers, at which Sellers shall seek the approval of the terms of this Agreement and the sale of the Acquired Assets to, and the purchase of the Acquired Assets by, Purchaser, together with any and all related relief (including, without limitation, the authority to assume and assign to Purchaser executory contracts and unexpired leases), subject to (i) further notice of the sale to interested parties as described in the Bidding Procedures, and (ii) if necessary, the Auction described in the Bidding Procedures. The approval of the Bidding Procedures substantially in the form as outlined in this Agreement shall be a condition precedent to the Purchaser's obligation to consummate the Transactions. On the Sale Hearing Date, the Bankruptcy Court shall preside over the hearing to approve this Agreement, subject to the conduct of the competitive bidding process as described in and approved by the Procedures Order. In the event that Purchaser's bid is the Successful Bid at such hearing or there are no other Qualifying Bids, then Sellers shall request the Bankruptcy Court enter the Sale Order.

9.2 Omitted.

9.3 Bidding Procedures. The Parties agree that they will use commercially reasonable efforts to seek entry of the Procedures Order that provides the following (the "Bidding Procedures"):

(a) After the entry of the Procedures Order, the Sellers shall serve a notice acceptable to Sellers, Textron, and Purchaser (the "Sale Notice"), by first-class mail, postage prepaid, upon (i) all counterparties to executory contracts and unexpired leases that will be assumed in connection with the Transactions; (ii) all parties that have requested notice in the Bankruptcy Case pursuant to Federal Rule of Bankruptcy Procedure 2002; (iii) the Office of the United States Trustee for the District of Arizona; (iv) counsel to Textron; (v) counsel to the Purchaser; (vi) all entities known to have expressed an interest in a transaction with respect to all or substantially all of the Acquired Assets during the past year from the date of this Agreement; (vii) all Taxing Authorities in which Sellers have filed Tax Returns during the past two (2) years from the date of this Agreement; (viii) all parties asserting a Lien on any of the Acquired Assets; (ix) all creditors with filed or scheduled claims against the Sellers in the Bankruptcy Case; (x) the Arizona Department of Real Estate; and (xi) all members of the Club and

parties otherwise owning a Timeshare Property in which a Seller is declarant; which Sale Notice may include the following as mutually agreed by the Parties or by order of the Bankruptcy Court: (a) this Agreement or information giving recipients access to this Agreement; (b) the Sale Motion; (c) the Procedures Order; (d) notice of any cure amounts payable by Sellers pursuant to the assumption and assignment of executory contracts and unexpired leases in connection with the Transactions; and (e) notice that counterparties to executory contracts and unexpired leases to be assumed and assigned must file an objection to the assumption and assignment of such executory contracts and unexpired leases or cure amounts by no less than five (5) Business Days prior to the Sale Hearing or be estopped from objecting to such assumption and assignment and any cure amounts to be paid in connection therewith.

(b) Any person wishing to participate in the Auction must submit a Qualifying Bid. This Agreement constitutes a Qualifying Bid from Purchaser.

(c) All Qualifying Bids must be submitted no later than 4:00 p.m. prevailing Phoenix time on a date that is not less than five (5) Business Days prior to the Sale Hearing to Sellers' counsel, Polsinelli Shughart PC, Security Title Plaza, Suite 1200, 3636 N. Central Avenue, Phoenix, AZ 85012, Attention: John J. Hebert, Esq. (Fax no.: (602) 264-7033 or email: jhebert@polsinelli.com), and counsel to Textron, Fennemore Craig PC, 3003 N. Central Ave., Suite 3600, Phoenix, AZ 85012, Attention: Cathy L. Reece, Esq., (Fax no: (602) 916-5543 or email: creece@fclaw.com) and must:

(i) submit a signed asset purchase agreement (together with a copy that is marked to show changes from this Agreement) with, at a minimum, the following requirements: (a) having substantially identical terms and conditions as this Agreement, except that the purchase price shall be at least Three Hundred Thousand Dollars (\$300,000) higher than aggregate of the Purchase Price and the Break-Up Fee; (b) containing terms and conditions no less favorable to the Sellers' estates than the terms and conditions in this Agreement; (c) the agreement shall not be subject to any contingency, other than approval of the Bankruptcy Court; (d) a written statement by the bidder stating that it agrees to be bound by the terms and conditions of this Agreement and close on the sale within the time periods set forth in this Agreement; (e) designating the executory contracts and unexpired leases as to which the bidder seeks assumption by the Sellers and assignment to the bidder and any other assets of the Sellers that are subject to the bid; and (f) be accompanied by the Deposit defined below;

(ii) include an amount equal to one million dollars (\$1,000,000) as a deposit ("Deposit"). The Deposit shall be delivered to the Sellers' counsel in certified funds, and shall be accompanied by a written acknowledgement that if such bid is the Successful Bid, then the Deposit shall immediately become non-refundable; and

(iii) include information reasonably sufficient to confirm the bidder's financial wherewithal to close, including proof of financing and ability to close.

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(d) Sellers shall promptly provide Purchaser copies of all Qualifying Bids received by Sellers.

(e) In the event that Sellers receive any Qualifying Bids in addition to that from Purchaser, Sellers, in consultation with Textron, shall designate a Qualifying Bid that is highest and best (the "Designated Bid"). The Sellers shall conduct an auction (the "Auction") at the Bankruptcy Court or such other location as Sellers may reasonably designate on the Sale Hearing Date for all of the Acquired Assets, using the Designated Bid as the starting bid. All parties submitting Qualifying Bids, including Purchaser, shall be entitled to make higher and better bids at the Auction, provided that all subsequent bids shall be made in aggregated increments of at least Two Hundred Thousand Dollars (\$200,000) in net value to Sellers, and on such terms as may be ordered by the Bankruptcy Court. The Auction will be conducted openly and each bidder will have full knowledge of the terms of all prior bids. The Auction shall continue until such time as there is only one offer determined by Sellers to be the highest and best offer for the Acquired Assets (the "Successful Bid"). In determining the Successful Bid, Sellers, in consultation with Textron, shall analyze and consider, without limitation, the amount and form of consideration being offered, the certainty and timing of closing, and any material modifications to the terms and conditions of this Agreement. If a dispute arises at the Auction, the Bankruptcy Court shall determine the highest and best offer.

9.4 Break-up Fee. In the event that on the Sale Hearing Date, a purchaser other than the Purchaser is approved by the Bankruptcy Court as the purchaser for the Acquired Assets, and the Acquired Assets are subsequently sold to such other purchaser, Purchaser shall, upon Bankruptcy Court approval, be paid at Closing from the proceeds of such sale of the Acquired Assets, an amount equal to One Percent (1%) of the Purchase Price as an incentive to serve as the stalking horse bidder as to the Acquired Assets and as reimbursement for all of Purchaser's expenses incurred in pursuing the acquisition (the "Break-Up Fee"). The Sellers shall use reasonable efforts to cause the Break-up Fee to be granted administrative expense status in the Bankruptcy Case, subordinate only to (i) any debtor-in-possession financing and (ii) adequate protection provided to the Sellers' prepetition secured lenders and secured by assets of the Sellers with such claims and liens to be senior on all unencumbered assets but junior on all encumbered assets. The Bankruptcy Court's approval of the Break-Up Fee shall be a condition to the Purchaser's obligation to consummate the Transactions. If a Sale Order is entered approving the sale to any purchaser other than the Purchaser, each Party shall be fully released and discharged by the other Party from any liability or obligations arising under or relating to this Agreement, and neither Party shall have any other remedy or cause of action under, or relating to, this Agreement or any applicable Law.

9.5 Disclosure Statement; Confirmation Order. The Sellers and Textron shall consult with Purchaser concerning the disclosure statement, joint plan of reorganization and confirmation order and provide Purchaser with copies of such documents as soon as reasonably practicable prior to any submission thereof to the Bankruptcy Court. The confirmation order submitted to the Bankruptcy Court shall specifically find that the sale of the Acquired Assets is free and clear of any stamp or similar Taxes under section 1146(c) of the Bankruptcy Code.

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**ARTICLE 10.  
MISCELLANEOUS**

10.1 Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and thereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, of the Parties with respect to the subject matter hereof and thereof.

10.2 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed (in the case of an amendment) by all of the Parties hereto or (in the case of a waiver) by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power, or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.

10.3 Remedies Cumulative. Except as otherwise provided herein, all rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by a Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party.

10.4 Assignment. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement may not be assigned by either Party without the prior written consent of the other Party.

10.5 Notices. All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given or made (a) upon delivery if delivered personally (by courier service or otherwise), as evidenced by written receipt or other written proof of delivery (that may be a printout of the tracking information of a courier service that made such delivery), or (b) upon confirmation of dispatch if sent by facsimile transmission (which confirmation shall be sufficient if shown by evidence produced by the facsimile machine used for such transmission), in each case to the applicable addresses set forth below (or such other address that either Party may from time to time specify):

If to Sellers:                   ILX Resorts Incorporated  
2111 E. Highland Avenue, Suite 200  
Phoenix, AZ 85016  
Attention: Nancy J. Stone  
Fax: (602) 957-2780

With a copy to:               Polsinelli Shughart PC  
3636 North Central Avenue, Suite 1200  
Phoenix, AZ 85012  
Attn. John J. Hebert  
Fax: (602) 264-7033

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If to Purchaser: ILX Acquisition, Inc.  
10600 West Charleston Boulevard  
Las Vegas, NV 89135  
Attn: David Palmer  
Fax: (702) 765-8794

With a copy to: Katten Muchin Rosenman LLP  
525 W. Monroe St.  
Chicago, IL 60661-3693  
Attn: Peter A. Siddiqui  
Fax: (312) 577-4628

And Ballard Spahr LLP  
201 S. Main Street, Suite 600  
Salt Lake City, Utah 84111  
Attn: Steven D. Peterson  
Fax: (801) 531-3001

10.6 Governing Law; Jurisdiction; Forum; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona, without reference to the choice of law principles thereof. Each Party hereto irrevocably consents to the exclusive jurisdiction and venue of any court within Maricopa County, Arizona, in connection with any matter based upon or arising out of this Agreement or the matters contemplated herein, agrees that process may be served upon them in any manner authorized by the laws of the State of Arizona for such persons and waives and covenants not to assert or plead any objection that they might otherwise have to such jurisdiction, venue or process. THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS.

10.7 Expenses. Except as otherwise expressly provided in this Agreement, whether or not the Transactions are consummated, each Party shall bear its own expenses (including, but not limited to, all compensation and expenses of counsel, financial advisors, consultants, actuaries, and independent accountants) incurred in connection with this Agreement and the Transactions; provided, however, that Sellers shall be responsible for all closing costs and Tax obligations incurred by Sellers on or before the Closing Date (including, but not limited to transfer Taxes, sales Tax and income Taxes but excluding real and personal property Taxes due in calendar year 2010 and thereafter).

10.8 Sale, Not Assignment of Acquired Assets. Sellers and Purchaser intend that the Transactions shall be the purchase and sale of Acquired Assets and not the assignment thereof as security. Each party hereby agrees to take actions necessary to cause the Transactions to be treated as a sale.

10.9 Invalidity. In the event that any of the provisions contained in this Agreement or in any other instrument referred to herein, shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any

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other provision of this Agreement or such other instrument and such provision will be ineffective only to the extent of such invalidity, illegality, or unenforceability, unless the consummation of the Transactions is impaired thereby.

10.10 Conflicts. To the extent that any terms or provisions of this Agreement modify or conflict with any provisions of governing state law, the terms of this Agreement shall control.

10.11 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.12 Headings. The headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

[SIGNATURE PAGES FOLLOW]

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IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

**SELLERS:**

ILX Resorts Incorporated, an Arizona corporation

By: Nancy J. Stone  
Name: Nancy J. Stone  
Title: President

ILE Sedona Incorporated, an Arizona corporation

By: Nancy J. Stone  
Name: Nancy J. Stone  
Title: Vice President

ILX Tourist Station Incorporated, an Arizona corporation

By: Nancy J. Stone  
Name: Nancy J. Stone  
Title: President

ILX Bruno LLC, an Arizona limited liability company

By: ILX Resorts Incorporated, an Arizona corporation  
Its: Manager

By: Nancy J. Stone  
Name: Nancy J. Stone  
Its: President

Los Abrigados Partners Limited Partnership, an Arizona limited partnership

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

By: ILE Sedona Incorporated, an Arizona corporation

Its: General Partner

By: Nancy J. Stone

Name: Nancy J. Stone

Its: Vice President

Genesis Investment Group, Inc., an Arizona corporation

By: Nancy J. Stone

Name: Nancy J. Stone

Title: Vice President

Puerto Peñasco Vacation Destinations, S. de R.L. de C.V., a Mexican S de RL de CV

By: Joseph P. Martori

Name: Joseph P. Martori

Title: General Manager

Premiere Development Incorporated, an Arizona corporation

By: Nancy J. Stone

Name: Nancy J. Stone

Title: President

Sea of Cortez Premiere Vacation Club S. de R.L. de C.V., a Mexican S de RL de CV

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

By: Joseph P. Martori  
Name: Joseph P. Martori  
Title: President

Rocky Point Genesis Incorporated, an Arizona corporation

By: Nancy J. Stone  
Name: Nancy J. Stone  
Title: Vice President

VCA Tucson Incorporated, an Arizona corporation

By: Nancy J. Stone  
Name: Nancy J. Stone  
Title: Vice President

VCA South Bend Incorporated, an Arizona corporation

By: Nancy J. Stone  
Name: Nancy J. Stone  
Title: Vice President

VCASB Partners General Partnership, an Arizona general partnership

By: ILX Resorts Incorporated, an Arizona corporation  
Its: General Partner

By: Nancy J. Stone  
Name: Nancy J. Stone  
Its: President

First Piggy LLC, an Arizona limited liability company

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

By: ILX Resorts Incorporated, an Arizona  
corporation

Its: Manager

By: Nancy J. Stone

Name: Nancy J. Stone

Title: President

Harbor Southwest Development, Inc., an  
Arizona corporation

By: Nancy J. Stone

Name: Nancy J. Stone

Title: Vice President

ILX Bell Rock Incorporated., an Arizona  
corporation

By: Nancy J. Stone

Name: Nancy J. Stone

Title: President

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

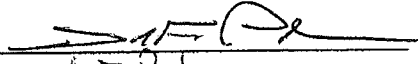
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TRADEMARK

REEL: 004601 FRAME: 0843

**PURCHASER:**

ILX Acquisition, Inc.

By: 

Name: David F. Palmer

Title: Exec VP & CFO

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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**TRADEMARK**  
**REEL: 004601 FRAME: 0844**

**Schedule 1(f)**  
**Trade Names and Trademarks**

Any of Seller's rights and interests in:

- The trade names and marks more fully described on the attached schedule
- The U.S. Service Mark applications (all of which have expired) for:

Mark	Serial Number
○ TROLLEYWONGER	78/932,820
○ FLAPDDOODLE	78/932,841
○ HYDROPOTAMUS	78/932,832
○ PIGAROO	78/932,828
○ POOPENATZ	78/932,825
○ CHESS-TER-FIELD	78/932,870

Any of Seller's rights and interests, to the extent they exist and including non-exclusive rights, in the following names Seller has used in the course of its business:

- Los Abrigados Resort & Spa
- The Inn at Los Abrigados
- Kohl's Ranch Lodge
- Varsity Clubs of America
- Varsity Clubs – South Bend
- Varsity Clubs – Tucson
- The Stadium Bar and Grill
- Club Pet
- Sedona Vacation Club
- Kohl's Ranch Vacation Club
- Premiere Vacation Club at the Roundhouse
- The View Restaurant
- Zane Grey Steakhouse (and Saloon)
- On the Rocks Bar and Grill
- The Celebrity Room
- First Piggy
- Celebrity House
- Winner's Circle

The following names are owned by third parties and Sellers do not purport to transfer any interest in such names owned by such third parties. Sellers do not believe that they have any rights in such names.

- Premiere Vacation Club
- PVC
- Premiere Vacation Club at Bell Rock

} NOT Transferred

- Sea of Cortez Premiere Vacation Club
- The Golden Eagle Resort
- The Carriage House
- Rancho Mañana
- The Roundhouse Resort
- Scottsdale Camelback Resort

NOT  
Transferred

Any of Seller's rights and interests in the name ILX Resorts Incorporated but only after Seller ceases to operate as a business.

Any rights and interests of FPB Holdings Incorporated, a non-Seller, in the following application for U.S. Service Mark (which Sellers do not intend to renew and may expire before the Closing Date):

**Mark**  
FIRST PIGGY

**Serial Number**  
78/932847

TradeID	Status	Company	Name/Mark	Jurisdiction	Due Date	Registration	Notes
TR006	A	ILX	ILX PREMIERE VACATION CLUB	FEDERAL REG. NO. 2,601,596	7/30/2012	7/30/2002	RENEWAL APPLICATION DUE BY 7/30/2012
TR007	A	ILX	ILX RESORTS & DESIGN	FEDERAL REG. NO. 2,340,961	6/6/2019	4/11/2000	AFFIDAVIT OF CONTINUED USE - 10 YEAR RENEWAL DUE BY 4/11/2006; RENEWAL APPLICATION BY 4/10/2010
TR008	A	LAPLP	POOL CUES CROSSING THREE BILLIARD BALLS WITH STEAK & STICK SUPERIMPOSED	ARIZONA TRADEMARK	12/28/2014	2/17/1994	
TR009	A	LAPLP	JOEY WITH BISTRO SUPERIMPOSED THROUGH THE Y	ARIZONA TRADEMARK	3/7/2015	3/7/1995	
TR010	A	LAPLP	JOEY WITH PIZZA SUPERIMPOSED THROUGH THE Y	ARIZONA TRADEMARK	2/14/2015	3/7/1995	
TR011	A	ILX	HOBO STATION TRADEMARK WITH LOCOMOTIVE AND PINE TREES	ARIZONA TRADE MARK	4/26/2019	4/26/1999	TRADEMARK NO. 42621
TR012	A	ILX	ILX PREMIERE COUNTRY CLUB (LOGO)	ARIZONA TRADE NAME	4/27/2014	4/27/1999	TRADE NAME NO. 210962
TR013	A	ILX	CRAG'S LODGE TRADEMARK WITH GOLDEN EAGLE AND PINE TREES	ARIZONA TRADEMARK	3/10/2020	3/10/2000	
TR014	A	ILX	RED ROCK SPRINGS FARMERS MARKET	ARIZONA TRADEMARK	7/11/2010	7/11/2000	
TR015	A	ILX	THE HISTORIC CRAGS LODGE, GOLDEN EAGLE RESORT	COLORADO TRADEMARK	3/14/2015	3/14/2000	
TR016	A	ILX	ARIZONA VACATION CLUB	ARIZONA TRADE NAME	5/13/2011	5/13/1996	
TR017	A	ILX	PREMIERE VACATION CLUB	ARIZONA TRADE NAME	10/22/2012	10/22/1997	
TR018	A	LAPLP	STEAK & STICKS	ARIZONA TRADE NAME	12/28/2014	12/28/1994	
TR019	A	LAPLP	JOEY BISTRO	ARIZONA TRADE NAME	3/7/2015	3/7/1995	
TR020	A	LAPLP	JOEY PIZZA	ARIZONA TRADE NAME	3/7/2015	3/7/1995	
TR021	A	ILX	RED ROCK COLLECTION	ARIZONA TRADE NAME	1/27/2013	1/28/1993	
TR022	A	ILX	SEDONA SPA	ARIZONA TRADE NAME	3/11/2012	3/11/1997	



TradeID	Status	Company	Name/Mark	Jurisdiction	DueDate	Registration	Notes
TR025	A	ILX	THE HISTORIC CRAGS LODGE, GOLDEN EAGLE RESORT	ARIZONA TRADE NAME	3/10/2015	3/10/2000	
TR026	A	ILX	RED ROCK SPRINGS FARMERS MARKET	ARIZONA TRADE NAME	7/11/2010	7/11/2000	
TR027	A	ILX	THE HISTORIC CRAGS LODGE, GOLDEN EAGLE RESORT	COLORADO TRADE NAME		3/14/2000	RENEWAL IS AUTOMATIC AS LONG AS AN ACTIVE BUSINESS. ACCOUNT IS MAINTAINED WITH THE COLORADO DEPT OF REVENUE
TR033	A	PDI	PREMIERE DEVELOPMENT	CLARK COUNTY	7/31/2013	7/17/2008	FICTITIOUS NAME
TR035	A	ILX	SEDONA SPA	FEDERAL REG. NO. 3085629	10/25/2012	10/11/2012	AFFIDAVIT OF CONTINUING USE MUST BE FILED DURING THE 6 MONTHS BEFORE THE SIXTH ANNIVERSARY (04-25-2016)
TR037	A	LAPLP	SEDONA HEALTH SPA SALON	ARIZONA TRADE NAME	6/6/2011	6/6/2006	TRADE NAME NECESSARY FOR LAR SPA COSMETOLOGY LICENSE
TR039	A	ILX	THE RED ROCK AND BASKET LOGO	FEDERAL REG. NO. 3,167,745	11/7/2011	11/7/2006	SECTION 8 & 15 AFFIDAVITS MUST BE FILED BETWEEN THE 6TH AND 6TH YEARS FOLLOWING REGISTRATION; THE ABSOLUTE DEADLINE IS 11/06/2012
TR042	A	ILXBR	PREMIERE VACATION CLUB AT BELL ROCK, SEDONA	ARIZONA TRADE NAME	5/15/2012	5/15/2007	TRADE NAME FOR BELL ROCK (NAME CHANGED FROM THE BELL ROCK INN & SUITES)
TR049	A	ILX	ILX PREMIERE COUNTRY CLUB AND HALF CIRCLE	ARIZONA TRADE MARK	4/27/2019	4/27/1999	TRADEMARK NO. 42650
TR050	A	ILX	ILX PREMIERE IN HALF CIRCLE SHAPE/COUNTRY CLUB CENTERED	ARIZONA TRADE MARK	8/11/2010		VIRTUAL GOLF SIMULATOR AND ADS
TR052	A	ILX	PREMIERE VACATION CLUB	FEDERAL REG. NO. 3,579,448	2/24/2014	2/24/2009	TRADEMARK; SECTION 8 & 15 AFFIDAVITS DUE SOMETIME AFTER 02/24/2014 BUT BEFORE 02/24/2015
TR056	A	ILX	STAKES & STICKS SPORTS BAR AND CELEBRITY GRILL	ARIZONA TRADE NAME	12/15/2014	12/15/2009	TRADENAME FOR RESTAURANT