

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Pacific Monarch Resorts, Inc.		10/23/2011	CORPORATION: CALIFORNIA
RECEIVING PARTY DATA			
Name:	DPM Acquisition, LLC		
Street Address:	10615 Park Run Drive		
Internal Address:	c/o Diamond Resorts Corporation		
City:	Las Vegas		
State/Country:	NEVADA		
Postal Code:	89144		
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Serial Number:	78101056	MONARCH GRAND VACATIONS	
Serial Number:	78101058	MONARCH GRAND VACATIONS	
CORRESPONDENCE DATA			
Fax Number:	9086547866		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	908-654-5000		
Email:	trademarkadmin@ldlkm.com		
Correspondent Name:	GREGG A. PARADISE		
Address Line 1:	600 South Avenue West		
Address Line 4:	Westfield, NEW JERSEY 07090		
ATTORNEY DOCKET NUMBER:	DRI 10.1-060-061		
NAME OF SUBMITTER:	Gregg A. Paradise		
Signature:	/Gregg A. Paradise/		

CH \$65.00 78101056

Date:

07/18/2012

Total Attachments: 40

source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page1.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page2.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page3.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page4.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page5.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page6.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page7.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page8.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page9.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page10.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page11.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page12.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page13.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page14.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page15.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page16.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page17.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page18.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page19.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page20.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page21.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page22.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page23.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page24.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page25.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page26.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page27.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page28.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page29.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page30.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page31.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page32.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page33.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page34.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page35.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page36.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page37.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page38.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page39.tif
source=DMV DRI Executed_Diamond_APA_with_Schedules_small#page40.tif

ASSET PURCHASE AGREEMENT

1. **Parties.** The parties to this Asset Purchase Agreement (the "**Agreement**") are Pacific Monarch Resorts, Inc. ("**PMR**"), Vacation Interval Realty, Inc., Vacation Marketing Group, Inc., MGV Cabo, LLC, Desarrollo Cabo Azul, S. de R.L. de C.V., and Operadora MGVM S. de R.L. de C.V. (together with PMR, collectively, the "**Sellers**"), and DPM Acquisition, LLC (the "**Buyer**"). Each of the Sellers and the Buyer are hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**."

2. **Preliminary Statement.**

2.01. On October 24, 2011 (the "**Petition Date**"), PMR and the other Sellers filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "**Bankruptcy Code**"). The chapter 11 bankruptcy cases are jointly administered under PMR's case entitled, In re Pacific Monarch Resorts, Inc., Case No. _____ (the "**Bankruptcy Case**"). The Bankruptcy Case is pending in the United States Bankruptcy Court for the Central District of California, Santa Ana Division (the "**Bankruptcy Court**").

2.02. Subject to the Bankruptcy Court's approval, the Sellers desire to sell and otherwise transfer to the Buyer, and the Buyer wishes to buy, the Acquired Assets (defined below) and assume the Assumed Liabilities (defined below).

3. **Definitions.** The following terms shall have the following meanings when used in this Agreement and each of the Exhibits or Disclosure Schedules to this Agreement:

3.01. "*Acquired Assets*" shall have the meaning set forth in Section 5, below.

3.02. "*Affiliate*" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended.

3.03. "*Affiliated Group*" means any affiliated group within the meaning of Code Section 1504(a) or any similar group defined under a similar provision of state, local or foreign law.

3.04. "*Allocation Schedule*" has the meaning set forth in Paragraph 13.03.

3.05. "*Approval Order*" means the order entered by the Bankruptcy Court in the Bankruptcy Case approving this Agreement and the sale and transfer of the Acquired Assets to the Buyer, substantially in the form attached as Exhibit 1.

3.06. "*Assigned Contracts*" means those executory contracts identified in Disclosure Schedule 11.13(a), including management contracts between PMR and the Owners Associations and Real Property Leases, which shall be assumed and assigned to the Buyer or its affiliates pursuant to Section 365 of the Bankruptcy Code. At any time prior to the final hearing seeking entry by the Bankruptcy Court of an order approving the Sale Motion (as defined below), the Buyer may elect, in its sole discretion by providing written notice to the Sellers, to change the designation of any contract or Lease identified in Disclosure Schedule 11.13(a) from

"Assume" to "Reject", and such contract or Lease shall be excluded from in the Assigned Contracts, provided, however, that the executory contracts and unexpired Real Property Leases identified in Disclosure Schedule 11.13(b) shall be assumed and assigned to Buyer and not rejected or excluded from the Assigned Contracts.

3.07. "*Assumed Liabilities*" shall be limited to the Liabilities described in Paragraph 4.02 and listed in Disclosure Schedule 4.02 to this Agreement and all amounts due or to become due under Assigned Contracts.

3.08. "*Auction*" has the meaning set forth in Paragraph 8.03.

3.09. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure.

3.10. "*BB&T*" means Branch Bank & Trust Company.

3.11. "*BB&T Notes Portfolio*" means all notes payable to PMR or its Subsidiaries, which are pledged to secure the obligations of PMR and its Subsidiaries to BB&T and all collateral (including MGV Points, and Stand Alone Inventory), rights, obligations and documents that secure or otherwise are related to enforcement of such notes, other than the In-House Notes and the exclusive rights to market and sell MGV Points, and Stand Alone inventory.

3.12. "*Bid Deadline*" means 7 calendar days prior to the Auction at 5:00 p.m. prevailing Los Angeles time.

3.13. "*Bid Procedures*" has the meaning set forth in Paragraph 8.02.

3.14. "*Bid Procedures Order*" means the Bankruptcy Court Order approving the proposed bid procedures, substantially in the form attached hereto as Exhibit 2.

3.15. "*Break Up Fee*" shall have the meaning set forth in Paragraph 8.04(e).

3.16. "*Business*" shall mean the business operations of the Sellers collectively, which includes owning, developing, marketing and operating timeshare resorts in the United States and Mexico.

3.17. "*Business Day*" shall mean any day other than Saturday, Sunday or any day on which banks in New York City, New York are authorized or obligated to close.

3.18. "*Buyer*" has the meaning set forth in Section 1, above.

3.19. "*Cabo Trust*" means the trust created pursuant to that certain Trust Agreement commencing as of March 18, 2005, for a term of 50 years, whereby title to Phases I -- IV of the Cabo Azul Resort & Spa is held in the name of a Mexican bank for the benefit of MGV and its owners and the VPOA.

3.20. "*Cabo VPOA*" means the Cabo Azul Vacation Plan Owners Association.

3.21. "*CB&T*" means California Bank & Trust.

3.22. "*Claims*" means claims, suits, proceedings, causes of action, Liabilities, losses, damages, penalties, judgments, settlements, costs, expenses, fines, disbursements, demands, reasonable costs, fees and expenses of counsel, including in respect of investigation, interest, demands and actions of any nature or any kind whatsoever.

3.23. "*Closing*" has the meaning set forth in Section 9 below.

3.24. "*Closing Date*" has the meaning set forth in Section 9 below.

3.25. "*Code*" means the Internal Revenue Code of 1986, as amended.

3.26. "*Confidential Information*" means any information concerning the Business, assets, Liabilities, and affairs of any of the Sellers that is not generally available to the public.

3.27. "*Customer Deposits*" means all deposits by customers for goods or services at the Resorts that are to be provided by the Buyer after the Closing Date, including without limitation wedding deposits, sampler program deposits, rental deposits, deposits toward down-payments for the purchase of MGV Points or MDCs, and any other consumer cash deposits for which the Buyer will provide services after the Closing.

3.28. "*DCA Property*" means the land, improvements and construction in process relating to the Real Property owned by Desarrollo Cabo Azul, S. de R.L. de C.V. in Cabo San Lucas, Mexico, the description of which is set forth in Disclosure Schedule 11.14(a).

3.29. "*Deal Protection Provisions*" shall mean the protections set forth in Paragraph 8.04, below.

3.30. "*Declarant Rights*" means all rights of Sellers as declarant, developer, or seller under the MGV Declaration, MGV Trust, Cabo Trust, Development Agreement between PMR and MGVOA dated December 15, 1998, and any other recorded or unrecorded governing document for a Resort or MGV, including all rights of any Sellers to sell Unsold MGV Points.

3.31. "*Dedicated Inventory*" means timeshare interests or accommodations in the Resorts submitted to the MGV Declaration pursuant to a recorded Declaration of Dedication (as defined in the MGV Declaration) which Dedicated Inventory is managed, marketed, sold, assigned, transferred and administered in accordance with the Governing Documents.

3.32. "*Deposit*" means the cash deposit into escrow pursuant to Section 4, below, which shall be 10% of the cash component of the Purchase Price (as defined below).

3.33. "*Disclosure Schedule*" has the meaning set forth in the opening Paragraph to Section 11.

3.34. "*Environmental Laws*" shall mean all applicable laws relating to pollution or protection of human health or the environment (including ambient air, water, surface water,

groundwater, land surface, soil or subsurface) or natural resources, including applicable laws relating to the storage, transfer, transportation, investigation, cleanup, treatment, or use of, or release or threatened release into the environment of, any Hazardous Substances.

3.35. "*Environmental Permits*" means all Permits issued pursuant to Environmental Laws.

3.36. "*Equipment*" means all machinery, equipment, furniture, fixtures, furnishings, vehicles, spare parts, leasehold improvements, artwork, desks, chairs, tables, computer and computer-related hardware and firmware, copiers, telephone lines and numbers, facsimile machines and other telecommunication equipment, cubicles and miscellaneous office furnishings and supplies, maintenance equipment, tools, signs and signage, cleaning supplies in unopened cases or bulk containers or packages, food processing and preparation and washing equipment, racks, trays, buffet tables, flatware, serving ware, utensils, crockery, plates, cutlery and other similar items, uniforms, napkins, linens and other tangible personal property.

3.37. "*Excluded Assets*" shall mean the assets listed in Section 7, below.

3.38. "*Excluded Documents*" means (a) the litigation files of the Sellers or any document or writing subject to the attorney-client, attorney work product, or tax preparer's privilege, and (b) documents listed in Disclosure Schedule 3.37.

3.39. "*Final Order*" shall mean an order of the Bankruptcy Court as to which (a) the time to appeal has expired and as to which no appeal, petition for certiorari, or other proceedings for reconsideration shall then be pending, or (b) in the event that an appeal, writ of certiorari, or reconsideration thereof has been sought, the effectiveness of such order of the Bankruptcy Court shall not have been stayed pending appeal or motion for reconsideration.

3.40. "*GAAP*" means United States generally accepted accounting principles as in effect from time to time, consistently applied.

3.41. "*Governing Documents*" means, with respect to any specified non-natural Person, such Person's certificate of incorporation, certificate of formation, by-laws, operating agreement, partnership agreement, declaration of trust, declaration of covenants and restrictions, development agreements, or other similar document.

3.42. "*Governmental Authority*" means any federal, state or local government or other political subdivision thereof, including, without limitation, any Person exercising executive, legislative, judicial, regulatory or administrative governmental powers or functions, in each case to the extent the same has jurisdiction over the Person or property in question.

3.43. "*Hazardous Substances*" means any material, substance or waste defined or characterized as hazardous, toxic, a pollutant or a contaminant under Environmental Laws, including asbestos or any substance containing asbestos, polychlorinated biphenyls, lead paint, petroleum or petroleum products (including crude oil and any fraction thereof), radon, and mold, fungus, and microbial matters.

3.44. "*Indebtedness*" means with respect to any Person (i) all obligations of such Person for borrowed money, whether current or funded, secured or unsecured, (ii) all obligations of such Person for the deferred purchase price of any property or services (other than trade accounts payable arising in the ordinary course of the business of such Person from the purchase of supplies), (iii) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of a default may be limited to repossession or sale of such property), (iv) all obligations of such Person secured by a purchase money mortgage or other lien to secure all or part of the purchase price of property subject to such mortgage or lien, (v) all obligations under leases which should be, in accordance with GAAP, recorded as capital leases in respect of which such Person is liable as lessee, (vi) any obligation of such Person in respect of bankers' acceptances or letters of credit, (vii) any obligations secured by liens on property acquired by such Person, whether or not such obligations were assumed by such Person at the time of acquisition of such property, (viii) all obligations of a type referred to in clause (i), (ii), (iii), (iv), (v), (vi), or (vii) above which are directly or indirectly guaranteed by such Person or which it has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which it has otherwise assured a credit against loss, and (ix) any refinancings of any of the foregoing obligations.

3.45. "*In-House Notes*" means (a) notes payable by customers that are secured by the MGV Points or deeded intervals sold to those customers, which have been pledged to RFA but either never were financed by RFA or by GMAC, as RFA's predecessor, or were repurchased by the Sellers after the payor defaulted, and (b) all notes payable by customers as the result of Monarch Discovery Club program.

3.46. "*Kona Property*" means the land, improvements and construction in process relating to the Real Property owned by PMR in Kona, Hawaii, the description of which is set forth in Disclosure Schedule 11.14.

3.47. "*Leased Real Property*" means all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures, or other interest in real property leased or subleased by any of the Sellers, which lease or sublease is expressly identified as an Assumed Contract.

3.48. "*Leases*" means all leases, subleases, licenses, concessions and other agreements (written or oral), including all amendments, extensions, renewals, guaranties, and other agreements with respect thereto, pursuant to which any of the Sellers holds any Leased Real Property, that are expressly identified as Assumed Contracts.

3.49. "*Liability*" means any liability or obligation of whatever kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

3.50. "*Lien*" means any mortgage, pledge, lien, encumbrance, charge, security interest, or other charge against or interest in property to secure payment of Indebtedness or performance of an obligation, other than a Permitted Encumbrance.

3.51. "*MGV*" means that certain non-specific multi-site vacation ownership program known as "Monarch Grand Vacations" formed by PMR, pursuant to the MGV Declaration and MGV Trust.

3.52. "*MGVOA*" means Monarch Grand Vacation Owners' Association, the owners association for MGV, trustee under the MGV Trust, and owner of legal title to the Dedicated Inventory.

3.53. "*MGV Declaration*" means that certain Master Declaration of Restrictions and Bylaws for Monarch Grand Vacations, effective December 15, 1998.

3.54. "*MGV Points*" means the vacation ownership points, whether or not coupled with a fee simple interest in a Resort, and the associated beneficial ownership interest in the MGV Trust, together with all rights, benefits, privileges and interests appurtenant thereto, including the right to use and occupy one or more residential units within a 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 MGV Declaration and any applicable document or instrument governing MGV. MGV Points are represented by Vacation Ownership Plan Certificates (as defined in the MGV Declaration) issued by the MGVOA, and are associated with Dedicated Inventory.

3.55. "*MGV Trust*" means the trust created pursuant to that certain Trust Agreement dated as of December 15, 1998 by and between MGVOA and PMR for the benefit of the owners of MGV Points.

3.56. "*Order*" means any writ, judgment, decree, injunction or similar order of any Governmental Authority (whether preliminary or final).

3.57. "*Ordinary Course of Business*" means the ordinary course of the Business consistent with past custom and practice (including with respect to quantity and frequency).

3.58. "*Outside Date*" has the meaning set forth in Paragraph 15.01(b).

3.59. "*Overbid*" has the meaning set forth in Paragraph 8.04.

3.60. "*Owned Real Property*" means the Kona Property, DCA Property, and the Stand Alone Inventory set forth on Disclosure Schedule 11.14(a).

3.61. "*Owners Associations*" means MGVOA, VPOA, and any other associations of owners for the Resorts organized for the purposes set forth in the Governing Documents.

3.62. "*Party*" has the meaning set forth in the preface above.

3.63. "*Permits*" means any and all material consents, approvals, registrations, and similar authorizations of any applicable governmental authorities, including without limitation any state departments of real estate and Procuraduria Federal del Consumidor (a/k/a

“Profeco”), relating to the Acquired Assets, the Assumed Liabilities, Real Property or the Assigned Contracts.

3.64. "*Permitted Encumbrances*" means with respect to each parcel of Real Property: (a) real estate taxes, assessments and other governmental levies, fees, or charges imposed with respect to such Real Property that are not due and payable as of the Closing Date; (b) easements, covenants, conditions, restrictions, and other similar matters of record affecting title to such Real Property that do not or would not impair the use or occupancy of such Real Property in the operation of the Business as currently conducted thereon; (c) all zoning, building codes and other land use laws regulating the use or occupancy of such Real Property or the activities conducted thereon which are imposed by any governmental authority having jurisdiction over such Real Property; and (d) the exceptions identified on the Title Commitments.

3.65. "*Person*" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity, or a governmental entity (or any department, agency, or political subdivision thereof).

3.66. "*PMR Rental Income*" means PMR's share of the net rental income derived from renting units at the Resorts, which is equal to 70% of 8% of the gross rental income received for rentals during 2011.

3.67. "*Preliminary Statement*" means Section 2 of this Agreement.

3.68. "*Purchase Price*" means the sum of (a) the cash to be paid at Closing, (b) the Deposit, and (c) the Assumed Liabilities, excluding any amounts due and payable under Assigned Contracts after the Closing.

3.69. "*Purchased Intellectual Property*" means all intellectual property rights used at or in connection with the operation of the Business or the Real Property, but does not include any software not owned by or licensed by any of the Sellers that is owned by or licensed by any of the Service Companies.

3.70. "*Qualified Bidder*" has the meaning set forth in Paragraph 8.04.

3.71. "*Real Property*" means each parcel of Owned Real Property and each leasehold interest in the Leased Real Property.

3.72. "*Records*" means all documents that are in the possession or control of the Sellers that relate to the Business, including, without limitation, all merchandise, analysis reports, marketing reports, creative material, production records, engineering records, purchasing and sale records, accounting records, business plan, budgets, cost and pricing information, correspondence, prospective client information, records relating to customers or guests (including customer or guest lists, correspondence with customers or guests, related files and account histories), records relating to vendors (including vendor lists, correspondence with vendors and records of purchases from vendors), mailing lists, e-mail address lists, recipient lists, construction and building records (including, without limitation, drawings, plans, floor plans and architectural drafting and renderings, whether related to finished construction, construction in

process or undeveloped areas) and data and other records and files, wherever located (including, without limitation, any such records maintained in connection with any computer system) contracts, agreements, or financial data, related to the Business, except Excluded Documents.

3.73. "*Resorts*" means each of the timeshare resorts and/or properties within MGV and subject to the MGV Declaration, including the following ten resorts commonly known as Cabo Azul Resort, Cancun Resort, Cedar Breaks Lodge & Spa, Desert Isle of Palm Springs, Palm Canyon Resort & Spa, Riviera Beach & Spa Resort, Riviera Beach & Spa Resort II, Riviera Oaks Resort & Racquet Club, Riviera Shores Resort, and Tahoe Seasons Resort.

3.74. "*Restricted Cash*" means the Cash equal to the Customer Deposits.

3.75. "*RFA*" means Resort Finance America, LLC.

3.76. "*RFA Notes Portfolio*" means all notes payable to PMR, which are pledged to secure PMR's obligations to RFA, and all collateral (including MGV Points and Stand Alone Inventory), rights, obligations and documents that secure or otherwise are related to enforcement of such notes, other than: (a) the In-House Notes, and (b) the exclusive rights to market and sell MGV Points and Stand Alone Inventory, provided, that nothing in this Agreement shall be deemed to limit, expand or otherwise modify or affect the rights and remedies of the Buyer and RFA pursuant to the terms of any agreements between those parties.

3.77. "*Sale Motion*" has the meaning set forth in Paragraph 8.02.

3.78. "*Securities Act*" means the Securities Act of 1933, as amended.

3.79. "*Service Companies*" means Resort Services Group, Inc., Monarch Owners Services, Inc, and Monarch Grand Vacations Management, Inc., and the successors or permitted assigns of such entities.

3.80. "*Stand Alone Inventory*" means each fee simple or leasehold real estate interest, whether a timeshare interests, whole condominium units, or undivided interests, in a Resort owned by a Seller, as identified in Section 11.14(a)(iii) of the Disclosure Schedule, together with all rights, benefits, privileges and interests appurtenant thereto, including the right to use and occupy one or more residential units within a 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 Governing Documents for the Resorts. Such Stand Alone Inventory does not constitute Dedicated Inventory in that it has not been submitted to MGV pursuant to a Declaration of Dedication.

3.81. "*Subsidiary*" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled,

directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

3.82. "*Surviving Covenants*" has the meaning set forth in the opening Paragraph to Section 11.

3.83. "*Tax*" or "*Taxes*" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not and including any obligations to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

3.84. "*Tax Return*" means any return, declaration, report, Claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

3.85. "*Title Commitments*" means the commitments, that will be obtained as soon as practicable and, in any event, no later than 45 days after the Petition Date with respect to the U.S. assets, from the Title Company, which commitments set forth the state of title to the Real Property and the Unsold MGV Points, together with all exceptions or conditions to such title and all other encumbrances affecting such property.

3.86. "*Title Company*" means First American Title Insurance Company.

3.87. "*Title Policies*" has the meaning set forth in Section 14.01(g) below.

3.88. "*Transaction*" means the transactions contemplated by this Agreement to be consummated at the Closing, including, but not limited to, the purchase and sale of the Acquired Assets and the assumption of the Assumed Liabilities as provided for in this Agreement.

3.89. "*Transaction Documents*" means the documents, agreements and instruments contemplated by this Agreement.

3.90. "*Treasury Regulations*" means the final, proposed and temporary regulations promulgated under the Code, as such regulations may be amended from time to time.

3.91. "*Unsold MGV Points*" means those MGV Points that have not been transferred to a third party and for which PMR has the exclusive right to sell, assign, transfer or otherwise convey Vacation Ownership Plan Certificates in accordance with the MGV Declaration. Unsold MGV Points are associated with Dedicated Inventory held by the MGVOA.

4. Purchase Price; Assumed Liabilities.

4.01. Provided that all conditions to Closing set forth in Section 14.01 hereof have been satisfied or waived, the Buyer agrees to assume the Assumed Liabilities and to pay to the Sellers at the Closing by delivery of cash payable by wire transfer or delivery of other immediately available funds: (a) \$49,250,000.00 payable as follows, (i) upon the expiration of the financing contingency set forth in Section 14.01(c), the Buyer shall deposit into escrow the Deposit, and (ii) the balance of the Purchase Price, after crediting the Deposit and any interest accrued thereon, will be paid by wire transfer at the Closing as directed by the Sellers as provided in the Approval Order; and (b) the lesser of (i) the net amount set forth on Disclosure Schedule 4.01 as of the Closing or December 31, 2011, whichever is earlier, and (ii) \$2,500,000. The terms of the escrow with respect to the Deposit shall be set forth in the Escrow Agreement attached hereto as Exhibit 4 and incorporated herein by this reference. The Buyer shall assume only the Assumed Liabilities listed in Disclosure Schedule 4.02 to this Agreement, which shall include all future obligations under any contracts or Leases to be assumed and assigned to the Buyer. Except as to the Assumed Liabilities, the Buyer shall not become liable for any of the Sellers' obligations or liabilities.

4.02. The following liabilities of the Sellers shall be assumed by the Buyer at the Closing:

- (a) Customer deposit liability equal to the Restricted Cash received for Customer Deposits.
- (b) The two loans in favor of CB&T secured by furniture, fixtures and equipment located at the Cabo Azul Resort, which had an aggregate outstanding balance of approximately \$3,577,518 as of August 31, 2011.
- (c) [Intentionally omitted].
- (d) The cure amounts due at Closing and all amounts due after the Closing Date to the non-debtor parties to the Assigned Contracts.
- (e) Obligations to consumers incurred prior to Closing in the Ordinary Course of Business for "first day" incentives, including, but not limited to, gas cards, airline certificates, and cruise packs.
- (f) Obligations to consumers incurred prior to Closing in the Ordinary Course of Business to fulfill future accommodations, including prepaid rentals, mini-vacations, and sampler programs.
- (g) The related party obligations listed in Disclosure Schedule 4.02(g), the assumption of which is expressly subject to and conditioned by those agreements described in Section 14.01(l); provided, however, for the avoidance of doubt, Buyer is not assuming any liability of any Seller to PMR Cabo, LLC.

5. Acquired Assets.

The Sellers shall transfer, assign and convey the assets listed in Sections 5.01 through 5.12, inclusive, and the assets to be transferred to the Buyer at the Closing (the "Acquired Assets") are as follows:

5.01. All Unsold MGV Points.

5.02. All Declarant Rights.

5.03. All construction in process at the Cancun Resort listed in Disclosure Schedule 5.03.

5.04. The Owned Real Property.

5.05. All rights of Sellers to possession or use of any land, buildings, and Equipment related to all common areas, sales centers, or otherwise used in the operation or sales and marketing of the Resorts, including land held for future development at each Resort; provided, that the foregoing shall not include any Equipment used in any restaurant or concession not owned or operated by a Seller.

5.06. All Restricted Cash.

5.07. The Assigned Contracts.

5.08. All of the Sellers' physical assets, including machinery, Equipment, computers, software, owned vehicles, furniture and fixtures, including, but not limited to those physical assets and inventory identified in Disclosure Schedule 5.08; provided that the Equipment that is subject to the secured claims being assumed under Section 4.02(b) is being transferred subject to the rights of the holders of existing options to acquire such Equipment for a \$1 purchase price once the assumed debt is fully paid.

5.09. Any documents and Records in the Sellers' possession directly related to the Acquired Assets; provided, however, that the Buyer shall make the documents and records available to the Sellers upon reasonable request in order to allow the Sellers to fulfill their duties as debtors in possession in the Bankruptcy Case and as provided in Section 13, below.

5.10. All intangible assets related to the Business, including, but not limited to, purchaser and owner lists, marketing pipeline, purchaser and owner data, trademarks, trade names, copyrights, other intellectual property to the extent such can be transferred by law, ownership interest in or rights to occupy common areas at the Resorts, including the sales centers, all rights of the Sellers with respect to usage of Owners Associations owned assets, and rights under inventory trust documents and founder member/developer rights.

5.11. All accounts receivable and notes receivable owned by any of the Debtors, including the In-House Notes, intercompany payables and Claims as set forth in Disclosure Schedule 5.11, whether or not such notes have been assigned to a third party for collection; provided, however, this does not include the RFA Notes Portfolio or the BB&T Notes Portfolio.

5.12. Prepaid expenses, except for prepaid insurance as of the Closing Date, as set forth in Disclosure Schedule 5.12.

5.13. Any insurance claims or insurance proceeds for damages caused to or the replacement cost or repair cost of any Acquired Asset.

6. As Is, Where Is.

The Buyer specifically acknowledges and agrees that the Acquired Assets are being sold in an "AS IS" condition and "WITH ALL FAULTS" as of the Closing Date, except (i) as set forth in the Approval Order, and (ii) for the warranties, representations, and covenants expressly set forth in this Agreement, which warranties, representations and covenants are all subject to Section 11. Except as expressly set forth in this Agreement, no representations or warranties have been made or are made and no responsibility has been or is assumed by any of the Sellers or by any shareholder, officer, director, person, firm, agent, or representative acting or purporting to act on behalf of the Sellers as to any matters concerning the Business, or the Acquired Assets, or any condition which has or might affect the Business or any portion thereof. The Parties agree that all understandings and agreements heretofore made between them or their respective agents or representatives are merged in this Agreement and the Exhibits and Disclosure Schedules hereto annexed, which alone fully and completely express their agreement, and that this Agreement has been entered into after full investigation, or with the Parties satisfied with the opportunity afforded for full investigation. The Buyer is not relying on any statement or representation by the Sellers unless such statement, representation, covenant or warranty is specifically embodied in this Agreement or the Exhibits or Disclosure Schedules hereto annexed. Without limiting the foregoing, and except as otherwise specifically set forth herein or in the Sellers' Statements of Financial Affairs filed in the Bankruptcy Case, the Sellers make no representations or warranties as to whether the Owned Real Property or any of the Leased Real Property contains asbestos or harmful or toxic substances or pertaining to the extent, location, or nature of same. Further, to the extent that the Sellers provided to the Buyer information from any inspection, engineering, or environmental reports concerning asbestos or harmful or toxic substances, the Sellers make no representations or warranties with respect to the accuracy or completeness, methodology of preparation, or otherwise concerning the contents of such reports. The Buyer acknowledges that the Sellers have requested that the Buyer inspect fully the owned Real Property, the Leased Real Property and the Business and investigate all matters relevant thereto and, except as otherwise specifically set forth herein, to rely solely on the results of the Buyer's own inspections or other information obtained or otherwise available to the Buyer, rather than any information that may have been provided by the Sellers to the Buyer.

7. Excluded Assets. Notwithstanding anything else contained in this Agreement, the following assets shall not constitute Acquired Assets and shall not be acquired by the Buyer:

7.01. All cash and bank deposits, other than Customer Deposits.

7.02. All causes of action, other than Claims related to damages to any Acquired Assets and the Claims listed in Section 5.11, including without limitation any right or cause of action that any Sellers may have pursuant to Sections 544, 545, 547, 548, 549, 550, and 553 of

the Bankruptcy Code; provided, however, that any setoff rights with respect to any intercompany claims that are being assumed by Buyer shall constitute part of the Acquired Assets.

7.03. All rights to receive any Tax refunds.

7.04. The RFA Notes Portfolio.

7.05. The BB&T Notes Portfolio.

7.06. Any contract or Lease to which any one or more of the Sellers is a party, other than the Assigned Contracts.

7.07. PMR's interest in its headquarters building located at 23091 Mill Creek Drive, Laguna Hills, California 92653, and the Buyer is not assuming the liabilities owed to CB&T secured by the first and second deeds of trust encumbering this headquarters building.

7.08. All insurance policies or claims under insurance policies, except those claims described in Paragraph 5.13.

7.09. PMR's membership interest in PMR Cabo, LLC or any intercompany claims owed by or to PMR Cabo, LLC.

8. Bankruptcy Proceedings.

8.01. This Agreement is entered into by all Parties with the express understanding that it is subject to approval of the Bankruptcy Court, and all applicable provisions of the Bankruptcy Code and the Bankruptcy Rules.

8.02. On the Petition Date, the Sellers shall file a motion with the Bankruptcy Court (the "**Sale Motion**") seeking authority to consummate the transactions contemplated hereunder, including authority to convey and assign the Acquired Assets to the Buyer and to permit the assumption of the Assumed Liabilities by the Buyer and the assumption and assignment of the Assigned Contracts to the Buyer and assignments of Declarant Rights (whether one or more, "**Assignment of Declarant Rights**") to Buyer pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, substantially in the form of the Approval Order. The Sale Motion shall also seek the approval of bid procedures pursuant to an order substantially in the form of the Bid Procedures Order attached hereto as Exhibit 2, including the Deal Protection Provisions (as defined in Paragraph 8.04 below) and allowing and authorizing the payment of the Break-Up Fee as an administrative expense pursuant to section 503 of the Bankruptcy Code (the "**Bid Procedures**").

8.03. The Buyer shall be named a "stalking horse" bidder under the Bid Procedures. If the Sellers receive an Overbid (as defined in Paragraph 8.04 below) by the Bid Deadline, the Sellers shall conduct an auction for the Acquired Assets and the Assumed Liabilities on the date specified in the Bid Procedures Order, beginning at 11:00 a.m. prevailing Los Angeles time, at Stutman Treister & Glatt, P.C., 1901 Avenue of the Stars, 12th Floor, Los Angeles, CA 90067 (the "**Auction**"). The Auction shall occur no more than 2 business days prior to the hearing on the Sale Motion.

8.04. The Bid Procedures Order shall contain the following "**Deal Protection Provisions**":

(a) Any "**Overbid**" must contain terms and conditions no less favorable to the Sellers than the terms and conditions of this Agreement;

(b) Any Overbid must provide for aggregate consideration to the Sellers of at least \$2,500,000.00 more than the Purchase Price and no secured creditor shall be allowed to credit bid under Bankruptcy Code § 363(k) with respect to any Acquired Assets unless at the time of the submission of that credit bid the Buyer is not the highest bidder and the Buyer has indicated that it does not intend to submit any additional bid;

(c) Any Overbid must be accompanied by (i) a cashier's check or other form of immediately available funds in the amount of not less than 10% of the Overbid, which amount shall be held in an escrow account mutually acceptable to Sellers and the party submitting the Overbid as a Deposit pending completion of the bidding process; (ii) proof of the bidder's ability to consummate the transaction and to provide adequate assurance of future performance on all contracts and leases that the proposed bidder proposes to be assumed and assigned; and (iii) a clean and marked asset purchase agreement showing changes to this Agreement;

(d) A party submitting an Overbid complying with this Paragraph and with any other requirements contained in the Bid Procedures Order shall be deemed a "**Qualified Bidder**" and Buyer shall be deemed to be a Qualified Bidder;

(e) Only the Sellers, RFA, CB&T, First Hawaiian Bank, any Qualified Bidder, any official committee of creditors appointed in the Sellers' chapter 11 cases, and their respective counsel and advisors may attend the Auction;

(f) At the Auction, each subsequent bid following the Overbid must be in increments of \$500,000.00;

(g) If after the financing condition in Section 14.01(c) has been timely satisfied, the Bankruptcy Court approves and the Sellers consummate an alternative sale of the Acquired Assets to someone other than the Buyer, the Sellers shall be obligated to pay Buyer a break-up fee equal to \$2,000,000.00 (the "**Break-Up Fee**"). The Break-Up Fee shall be (i) an allowed administrative expense under Section 503(b) of the Bankruptcy Code, and shall be paid out of the gross proceeds of any alternate sale or transaction; and shall be (ii) payable on the second business day following the date that an alternate transaction or sale closes; and

(h) At the Auction, the Break-Up Fee shall be taken into account with each and every bid made by any Qualified Bidder.

9. **Closing.**

9.01. The closing of the transactions contemplated by this Agreement (the "**Closing**") shall take place via the electronic exchange of documents, which exchange shall be deemed to occur at the offices of Stutman, Treister & Glatt, P.C. located at 1901 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, and commencing at 9:00 a.m. local time on the second business day following the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the Transaction (other than conditions with respect to actions the respective Parties will take at the Closing itself) or such other date as the Buyer and the Sellers may mutually determine (the "**Closing Date**").

9.02. At the Closing, the Sellers will deliver to the Buyer:

- (a) a bill of sale for the Acquired Assets in substantially the form as Exhibit 5 hereto;
- (b) an assignment of all Assigned Contracts in substantially the form as Exhibit 6 hereto;
- (c) an Assignment of Declarant Rights in substantially the form of Exhibit 7 hereto;
- (d) a deed (or other equivalent conveyance document in form and substance acceptable to Buyer) for the Owned Real Property in substantially the form as Exhibit 8 hereto, with the deed to the Owned Real Property in Mexico to be delivered before a Mexican notary in compliance with Mexican law;
- (e) Vacation Ownership Plan Certificates for the Unsold MGV Points;
- (f) an estoppel certificate from each of the Owners Associations stating the amount of any unpaid assessments for Unsold MGV Points and Stand Alone Inventory in substantially the form of Exhibit 9 hereto;
- (g) a notice of resignation from Peter Mitchell and Stacy Bower from the boards of MGVOA, Cabo VPOA, and any other Owners Associations of which they are members in substantially the form of Exhibit 10 hereto, which form may be modified upon mutual agreement of the Parties to comply with controlling documents and State law;
- (h) all certificates, powers of attorney, grants, and other documents necessary to cause the release of any Lien encumbering any of the Acquired Assets in Mexico; and
- (i) each of the documents, certificates and other instruments required pursuant to Section 14.01 and all other reasonable documents, instruments, or affidavits which are customary in a real estate closing, or which reasonably may be required by the Title Company to effect the Closing hereunder and the issuance of the Title Policies.

9.03. At the Closing the Buyer will deliver to the Sellers the cash portion of the Purchase Price described in Section 4, above, any cash due pursuant to Section 4.02(c), and the Deposit shall be released from escrow to the Sellers.

9.04. Any taxes due on Assigned Contracts or the Owned Real Property shall be prorated as of 12:01 a.m. on the Closing Date, with all such items attributable to period prior to 12:01 a.m. on the Closing Date being for the sole account of the Sellers and all such items attributable to periods after 12:01 a.m. on the Closing Date being for the sole account of the Buyer. If the actual taxes are not available to determine the proration at the Closing Date, the proration shall occur based upon the most recent tax returns available and, if such taxes change when the final tax returns are available, the Parties will re-prorate the taxes and make such payments to each other as are necessary. The Buyer and the Sellers shall furnish each other with such documents and other records as shall be reasonably requested in order to confirm all proration calculations. This provision shall survive the Closing.

9.05. Simultaneously with or following the Closing Buyer may, but is not obligated to, take the following actions in its sole and subjective discretion:

(a) Record the Assignment of Declarant Rights in all counties where the Resorts are located, including Mexico;

(b) Prepare and have executed and recorded an amendment to the MGV Declaration or any declaration of any of the associations pursuant to Buyer's Declarant Rights, if necessary in Buyer's reasonable discretion;

(c) Prepare and have executed resolutions of the appropriate boards of directors of the MGVOA, VPOA, and any other Owners Associations appointing new directors;

(d) Prepare and have executed and recorded Declarations of Deannexation removing inventory associated with Unsold MGV Points from MGV;

(e) Prepare and have executed and recorded Declarations of Annexation to submit inventory in the Resorts (including inventory previously associated with Unsold MGV Points and Stand Alone Inventory) to a separate timeshare program operated by Buyer or an Affiliate of Buyer;

(f) Execute and deliver an affiliation agreement for MGV with a Buyer affiliated exchange company; and

(g) 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 Buyer under the MGV Declaration and any Governing Documents of the Resorts and the Owners Associations

10. Representations And Warranties Concerning The Buyer. The Buyer represents and warrants to the Sellers that the statements contained in this Section 10 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing

Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 10).

10.01. The Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware.

10.02. The Buyer has all requisite corporate or other entity power and authority to execute and deliver this Agreement and the Transaction Documents to which it is (or will become) a party and to perform its obligations hereunder and thereunder. The execution, delivery and performance by the Buyer of this Agreement and the Transaction Documents to which it is (or will become) a party and the consummation of the Transaction and thereby have been duly and validly authorized by all requisite corporate or other entity action on the part of the Buyer and no other corporate or other entity action on the part of the Buyer is necessary to authorize this Agreement and such Transaction Documents and to consummate the transactions contemplated hereby and thereby (subject, in the case of the obligation to consummate the Transaction, to the entry of the Final Order). This Agreement and the Transaction Documents to which the Buyer is (or will become) party have been (or will be) duly and validly executed and delivered by the Buyer and (assuming the due authorization, execution and delivery by all parties hereto and thereto, other than the Buyer) constitute (or will constitute) valid and binding obligations of the Buyer enforceable against the Buyer in accordance with their terms.

10.03. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, in accordance with the terms of this Agreement, will (A) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Buyer is subject or any provision of its Governing Documents, or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which the Buyer is a party or by which it is bound or to which any of its assets are subject.

10.04. The Buyer has no Liability to pay any fees or commissions to any broker, finder, or agent with respect to the Transaction for which the Sellers could become liable or obligated.

10.05. The Buyer shall as of the Closing have the requisite financial wherewithal to consummate the transaction contemplated by this Agreement, and, except as set forth in Section 14.01(c) hereof, the Closing of this Agreement is not contingent on the Buyer obtaining financing or other financial conditions.

10.06. The Buyer has completed its due diligence of the Acquired Assets and the Assumed Liabilities, and the Closing of this Agreement is not contingent on the Buyer completing any additional due diligence.

11. Representations And Warranties By The Sellers. The Sellers represent and warrant to the Buyer that the statements contained in this Section 11 shall be correct and complete as of the Closing Date, except as set forth in the disclosure schedule delivered by the

Sellers to the Buyer on the date hereof (the "**Disclosure Schedule**"). The Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 11. The representations and warranties set forth in Section 11 shall not survive the Closing, and shall not remain in full force and effect for any reason after the Closing Date. No covenant shall survive the Closing except for the covenants in Section 13 that expressly relate to post-closing obligations (the "**Surviving Covenants**"). Based on this Section, (i) no officer, director, employee, agent, or representative of any Seller shall have any liability for any breach of any representation, warranty, or covenant or relating to the completeness or accuracy of any representation, warranty, covenant at any time, and (ii) no Seller shall have any liability for any breach of any representation, warranty or covenant, except the Surviving Covenants, after the Closing and if Buyer discovers any such breach prior to the Closing its sole remedy will be to terminate this Agreement and refuse to Close.

11.01. The Sellers were duly organized under the laws of the respective jurisdictions of their formation and are validly existing and in good standing under such laws. Each of the Sellers is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required. The Sellers have full corporate power and authority and all licenses, permits, and authorizations necessary to carry on the Business in which each is engaged and to own and use the properties owned and used by it. No Seller is in default under or in violation of any provision of its Governing Documents.

11.02. Each of the Sellers has all requisite corporate or other entity power and authority to execute and deliver this Agreement and the Transaction Documents to which it is (or will become) a party and to perform its obligations hereunder and thereunder (subject to the entry of the Approval Order and, in the case of the obligation to consummate the Transaction, to the entry of the Final Order). The execution, delivery and performance by each of the Sellers of this Agreement and the Transaction Documents to which it is (or will become) a party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all requisite corporate or other entity action on the part of each such Seller and no other corporate or other entity action on the part of each such Seller is necessary to authorize this Agreement and such Transaction Documents and to consummate the transactions contemplated hereby and thereby (subject, in the case of the obligation to consummate the Transaction, to the entry of the Final Order). This Agreement and the Transaction Documents to which each of the Sellers is (or will become) party have been (or will be) duly and validly executed and delivered by each such Seller and (assuming the due authorization, execution and delivery by all parties hereto and thereto, other than such Sellers) constitute (or will constitute) valid and binding obligations of each such Seller enforceable against each such Seller in accordance with their terms (subject to the entry of the Approval Order and, in the case of the obligation to consummate the Transaction, to the entry of the Final Order).

11.03. Subject to entry of the Approval Order, neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby in accordance with terms of this Agreement, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which any Sellers is subject or any provision of the Governing Documents of any of the Sellers or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify,

or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which any of the Sellers is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Lien upon any of its assets). Except as set forth in Disclosure Schedule 11.03, none of the Sellers are not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement.

11.04. None of the Sellers shall have any Liability to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement, other than any fees payable to Houlihan Lokey Capital, Inc.

11.05. The Sellers shall each have good and marketable title to, or a valid leasehold interest in, all material properties and assets required to operate and maintain the Business as historically operated and maintained, free and clear of all Liens, except for Permitted Encumbrances.

11.06. No action, suit, proceeding, hearing, investigation (except as disclosed in Disclosure Schedule 11.06 with respect to tax matters), charge, complaint, Claim, demand, or notice has been filed or commenced against the Sellers, and not yet concluded, alleging any failure so to comply with respect to which as to any applicable laws, rules or regulations, including the Foreign Corrupt Practices Act, 15 U.S.C. § 78dd-1 *et seq.*, the noncompliance, filing or commencement of which would materially adversely affect the ability of the Sellers to complete the Closing.

11.07. The Records have been maintained in material compliance with all applicable legal requirements and fairly reflect, in all material respects, all dealings and transactions in respect of the Acquired Assets and the Assumed Liabilities.

11.08. All MGV Points outstanding as of August 31, 2011, are listed in Section 11.08(a) of the Disclosure Schedule. All MGV Points outstanding as of the Closing Date will represent Dedicated Inventory to which legal title has been transferred to MGVOA as the trustee of the MGV Trust and/or the Mexican bank as trustee of the Cabo Trust. Except as listed in Section 11.08(b) of the Disclosure Schedule, there are no unpaid assessments or liens against (or any basis therefor), or any other matter or condition likely to interfere with, any MGV Points. There are no loans secured by the Unsold MGV Points, except for loans from RFA secured by liens that, upon the Closing, will be released subject to the terms and conditions in the Approval Order. All MGV Points are valid, genuine and subsisting. PMR is the owner of the use and occupancy rights associated with the Unsold MGV Points and has the right to convey the Unsold MGV Points to Buyer pursuant to the MGV Declaration. Sellers shall not convey additional inventory to the MGV Trust or Cabo Trust prior to Closing. Seller shall not cause the Stand Alone Inventory to become Dedicated Inventory prior to Closing.

11.09. Seller is the holder of the Declarant Rights with full right and authority to assign such rights without the consent, approval, or waiver of any other Person.

11.10. MGV is a validly created and existing timeshare program under the laws of the State of California, and the MGV Trust is duly created and maintained in compliance with the laws of the State of California and, except as set forth in Section 11.10 of the Disclosure Schedule, Sellers do not know of any matters relating to their compliance with Timeshare Laws that would cause a material adverse impact on the Business. The Cabo Trust is duly created and maintained in compliance with the laws of Mexico and, except as set forth in Section 11.10 of the Disclosure Schedule, Sellers do not know of any matters relating to their compliance with Timeshare Laws that would cause a material adverse impact on the Business. For purposes of this section "Timeshare Laws" means the provisions of any applicable U.S. and Mexico laws, statutes or regulations (other than applicable tax laws) 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 the MGV Points and the Stand Alone Inventory, including without limitation the Vacation Ownership and Time-share Act of 2004, California Business and Professions Code §§ 11210 *et seq.*, and Official Mexican Norm of July 2010, NOM-029-SCFI-2010.

11.11. Each of the consolidated financial statements of PMR for the fiscal years ended December 31, 2009, December 31, 2010, and the interim period ending August 31, 2011, has been prepared in all material respects in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as otherwise stated in such financial statements, including the related notes), provided, however, that the December 31, 2010 and August 31, 2011 financial statements have not been audited and there have not been period end adjustments or review and the footnotes therein may not fully comply with GAAP. Each of the foregoing consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operations and cash flows of PMR as of the respective dates thereof and for the respective periods indicated therein, except as otherwise set forth in the notes thereto (subject, in the case of unaudited statements, to normal and recurring year-end adjustments, none of which is material, individually or in the aggregate).

11.12. Section 11.12 of the Disclosure Schedule contains a complete and accurate schedule of all Permits currently required for the operation of the Business in the Ordinary Course of Business. Each Permit is in full force and effect, the Sellers are in compliance in all material respects with their terms and conditions, all required renewal applications have been timely filed and no proceeding is pending or threatened to revoke or limit any permit.

11.13. Section 11.13 of the Disclosure Schedule sets forth a complete and accurate list of the Assigned Contracts. Except for any breach or default of the type described in Bankruptcy Code § 365(b)(2), or that will be cured by the Sellers pursuant to Bankruptcy Code § 365(b) at or prior to Closing, (i) no Seller is in material breach or default under any Assigned Contract and (ii) there is not and there has not been claimed or alleged by any Person any existing event or condition which (with or without notice or lapse of time or both) would result in a material breach or default by any Sellers under any Assigned Contract. At the Closing other than as disclosed in Section 11.13 of the Disclosure Schedule, (a) no other party to any Assigned Contract is in material breach or default thereunder and (b) there is not and there has not been claimed or alleged by any Person any existing event or condition which (with or without notice or lapse of time or both) would result in a material breach or default by any other party under any Assigned Contract. Each of the Assigned Contracts is in full force and effect and is valid and

binding on the Seller party thereto (except for any breach or default that results from the insolvency of a Seller or the commencement of the Sellers' bankruptcy proceedings), and each other party thereto, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity. The Sellers have made available to the Buyer complete and accurate copies of each of the Assigned Contracts

11.14. Real Property disclosures:

(a) Section 11.14(a) of the Disclosure Schedule sets forth the address and description of each parcel of Owned Real Property of each Seller. With respect to the Owned Real Property the owner listed: (A) has good and marketable indefeasible fee simple title to such Owned Real Property, free and clear of all liens and encumbrances, except Permitted Encumbrances, (B) except as set forth in Disclosure Schedule 11.14(a), the owner has not leased or otherwise granted to any Person the right to use or occupy such Owned Real Property or any portion thereof; and (C) other than the right of the Buyer pursuant to this Agreement, there are no outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein. No Seller is a party to any agreement or option to purchase, lease or otherwise acquire any real property or any interest therein.

(b) Section 11.14(b) of the Disclosure Schedule sets forth the address of each parcel of Leased Real Property, and a true and complete list of all Leases for Leased Real Property (including the date and name of the parties to such Lease document). The Sellers have delivered to the Buyer a true and complete copy of each such Lease document. Except as set forth in Disclosure Schedule 11.14(b), with respect to each Lease:

(i) such Lease is legal, valid, binding, enforceable and in full force and effect;

(ii) any default by the Sellers shall be cured pursuant to Section 365 of the Bankruptcy Code at the Closing;

(iii) the possession and quiet enjoyment of the Sellers of the Leased Real Property under such Lease has not been disturbed and there are no disputes with respect to such Lease;

(iv) other than any breach or default that can be cured pursuant to section 365 of the Bankruptcy Code, no party to the Lease is in breach of or default under such Lease, and no event has occurred or circumstance exists that, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease;

(v) no security deposit or portion thereof deposited with respect to such Lease has been applied in respect of a breach of or default under such Lease that has not been re-deposited in full;

(vi) Sellers will not owe in the future, any brokerage commissions or finder's fees with respect to such Lease;

(vii) Sellers have not subleased, licensed or otherwise granted any Person the right to use or occupy the Leased Real Property or any portion;

(viii) Seller have not collaterally assigned or granted any other Lien in such Lease or any interest therein that will not be terminated or released at or before Closing; and

(ix) there are no Liens on the estate or interest created by any such Lease that will not be terminated or released at or before Closing.

(c) No Seller has received any written notice of any, and there is no condemnation, expropriation or other proceeding in eminent domain, pending or threatened, affecting any parcel of Real Property or any portion thereof or interest therein. There is no injunction, decree, order, writ or judgment outstanding, or any Claim, litigation, administrative action or similar proceeding, pending or threatened, relating to the ownership, lease, use or occupancy of the Real Property or any portion thereof, or the operation of the Business as currently conducted thereon.

(d) No work has been performed in the 90 days prior to Closing at any Real Property that would reasonably be expected to result in the creation of a mechanic's lien that has not been paid in full.

11.15. The Real Property and the use thereof are and have been in material compliance with all Environmental Laws, except as specifically disclosed on Section 11.15 of the Disclosure Schedule or which would not reasonably be expected, individually or in the aggregate, to result in the owner or operator of the Real Property incurring future material Liability under Environmental Laws. Except as disclosed on Section 11.15 of the Disclosure Schedule: (i) the Sellers and the Real Property are and have been in compliance with Environmental Laws, including any Environmental Permits, except for such non-compliance that in each case or in the aggregate would not reasonably be expected, individually or in the aggregate, to result in future material Liability; (ii) no Seller is subject to any pending Claim or threatened Claim alleging either or both that a Seller or any aspect of the Real Property may be in violation of any Environmental Law or Environmental Permit, or may have any Liability under Environmental Law, except for such Claims that have not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect; and (iii) no Hazardous Substances have been, stored, treated, disposed of, arranged for disposal or treatment of, transported, handled, manufactured, distributed, or released on, under or from the Real Property, except in compliance with Environmental Laws. No correspondence, complaint or other notice has been received by the Sellers pertaining to violations of or Liability under Environmental Laws relating to the Real Property.

11.16. Section 11.16 of the Disclosure Schedule sets forth a complete and accurate list of all material insurance policies with respect to which (i) any Seller is a party, a named insured or otherwise the beneficiary of coverage with respect to any of the Acquired

Assets, the Assumed Liabilities, the Real Property, or the Business, and (ii) a claim or claims currently exist or which the Sellers reasonably anticipate will exist, including, without limitation, any casualty, loss and/or business interruption related to any of the Acquired Assets, the Assumed Liabilities, the Real Property, or the Business.

11.17. Tax Disclosures.

(a) All material Tax Returns required to be filed by or on behalf of each Seller with respect to the Acquired Assets and the Assumed Liabilities (i) have been timely filed (taking into account extensions), (ii) were correct and complete, and (iii) all Taxes shown as due on such Tax Returns have been paid.

(b) During the last three years, no Claim has been made by any taxing authority in a jurisdiction where a Seller does not file Tax Returns that such Seller is or may be subject to taxation by that jurisdiction with respect to the Acquired Assets or the Assumed Liabilities.

(c) All amounts required to be withheld and paid to the relevant taxing authority in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party, in each case relating to the Sellers, the Acquired Assets, or the Assumed Liabilities have been, in all material respects, withheld and paid by or on behalf of each Seller.

(d) No audit, administrative proceeding or judicial proceeding, that involves a material amount of Tax and relates to the Acquired Assets or the Assumed Liabilities is pending or threatened in writing.

(e) None of the Acquired Assets are (A) tax exempt use property under Section 168(h) of the Code, (B) tax exempt bond financed property under Section 168(g) of the Code, or (C) treated as owned by any other Person for purposes of Section 168 of the Code.

(f) No Liability of any Seller, any Owners Association or any of their respective Affiliates exists for the payment of any Taxes to any non-US Governmental Authority with respect to any Acquired Assets located in Mexico or the operation (any Seller, any Owners Associations or any of their respective Affiliates) of any portion of the Business.

11.18. Subject to the entry of the Final Order and any order approving the assumption and assignment of the Assigned Contracts and the Leases and Assignment of Declarant Rights and the payment of any cure costs, if applicable, the Sellers have complied with all requirements of the Bankruptcy Rules in connection with obtaining approval of the sale of the Acquired Assets (including the assumption and assignment to Buyer of any Assigned Contracts and Leases and Assignment of Declarant Rights) to, and the assumption of the Assumed Liabilities by, the Buyer pursuant to this Agreement.

11.19. Section 5.08 of the Disclosure Schedule sets forth a complete and accurate list of the material Equipment owned by the Sellers and primarily used or intended to be used in connection with the Real Property.

11.20. The Sellers own, or have the right to use, all of the Purchased Intellectual Property. Sellers own all Purchased Intellectual Property that Sellers' employees have created while in the scope of their employment, including copyrights in works made for hire and patents. There is no registered Purchased Intellectual Property or material contract with respect to Purchased Intellectual Property pursuant to which the Sellers have granted any Person the right to reproduce, distribute, market or exploit the Purchased Intellectual Property rights, excluding instances where Sellers have granted a third party the right to use the Purchased Intellectual Property strictly in the marketing materials or professional portfolios of such third party. There is no action pending or threatened that challenges the validity of ownership or use of any Purchased Intellectual Property. No third party's operations or products infringe on the Purchased Intellectual Property in any material respect. The Sellers' use of the Purchased Intellectual Property does not infringe in any material respect on the intellectual property rights of any other Person. None of the Sellers nor any of their Affiliates have received during the preceding two years any written Claim of infringement with respect to any Purchased Intellectual Property.

12. Pre-Closing Covenants. The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing:

12.01. Each of the Parties will use commercially reasonable efforts to take all actions and to do all things necessary in order to consummate and make effective the transactions contemplated by this Agreement, including (a) executing such additional transaction documents necessary, in Buyer's reasonable discretion, to consummate the transactions in Mexico contemplated hereby, (b) Sellers obtaining such necessary approvals, powers of attorney, or other authority from RFA and such other secured parties for the purpose of release of any Lien on any Acquired Assets in Mexico, and (c) satisfying, but not waiver, of the Closing conditions set forth in Section 13 below.

12.02. Each Seller will use commercially reasonable efforts to obtain the Approval Order from the Bankruptcy Court and any authorizations, consents, and approvals of governments and governmental agencies in connection with the matters required to consummate the transactions contemplated herein.

12.03. No Seller will engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business or commit or permit to be committed any waste to the Acquired Assets.

12.04. The Sellers will use commercially reasonable efforts to keep the Business substantially intact, including present operations, physical facilities, working conditions, insurance policies, and relationships with lessors, lessees, licensors, suppliers, customers, and employees so as to not commit or permit to be committed any waste to the Acquired Assets.

12.05. Each Seller will permit representatives of the Buyer (including legal counsel and accountants), on reasonable notice, to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Sellers, to all premises, properties, personnel, books, records, contracts, and documents of or pertaining to each of the Sellers.

12.06. Each Seller will give prompt written notice to the Buyer of any fact or event which would result in a breach of any of the representations and warranties in Section 11 above. Each Party will give prompt written notice to the others of any material adverse development causing a breach of any of representations and warranties in Section 10 or 11, above. No disclosure by any Party pursuant to this Section 12.06, however, shall be deemed to amend or supplement the Schedule or to prevent or cure any misrepresentation, breach of warranty.

12.07. The Sellers will maintain and preserve the Real Property in substantially the same condition as existed on the date of this Agreement, ordinary wear and tear excepted, and will not demolish or remove any of the existing improvements from, or erect new improvements on, the Real Property, or any portion thereof, without the prior written consent of the Buyer.

12.08. The Sellers shall (a) use commercially reasonable efforts to maintain the Permits (it being acknowledged and agreed that no Seller shall be obligated to proceed with any construction or development activities in connection with such efforts to maintain Permits), (b) use commercially reasonable efforts to preserve the goodwill, if any, and business relationships, if any, in connection with the Acquired Assets, (c) perform in all material respects all of its obligations under the Assumed Contracts, except as otherwise specified in Disclosure Schedule 12.08 or as performance is excused by Bankruptcy Code § 365(e), (d) cooperate with Buyer in connection with Buyer's efforts to seek the assignment to Buyer or its designee of any claims under any insurance policies that described in Paragraph 5.13, (e) comply with all Applicable Laws in all material respects, and (f) maintain its Records.

12.09. Between the date of this Agreement and the Closing Date, except with the written consent or approval of the Buyer:

(a) No Seller shall sell, lease, transfer or assign any of its assets, tangible or intangible, other than in the Ordinary Course of Business;

(b) No Seller shall enter into any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) outside the Ordinary Course of Business;

(c) No Seller shall amend, modify, extend, renew, accelerate, cancel or terminate any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) involving more than \$100,000 to which any Seller is a party or by which any Seller is bound outside of the Ordinary Course of Business;

(d) No Seller shall amend, modify, restate, terminate, or otherwise alter in any manner whatsoever, the MGV Declaration, MGV Trust, Cabo Trust, Permits,

Governing Documents, or any document or agreement directly or indirectly related to MGV or the Resorts other than in the Ordinary Course of Business;

(e) No action taken by (I) any Seller, (II) RFA, or (III) by any party in connection with the Bankruptcy Case may, in Buyer's reasonable judgment, have the effect of materially diminishing the value of any Resort, MGV, or any of the Acquired Assets;

(f) No act or event (I) caused by any Seller, (II) caused by RFA, (III) caused by any party in connection with the Bankruptcy Case, or (IV) affecting the timeshare or vacation industry in general shall have occurred that, in Buyer's reasonable judgment, in any way materially impairs or restricts Buyer's ability to utilize the Acquired Assets as contemplated by this Agreement;

(g) No Seller shall incur, create or assume any Indebtedness, other than Indebtedness in an aggregate principal amount not in excess of \$100,000; provided, however that this provision shall not preclude the incurring of Indebtedness that is both (i) incurred in the ordinary course of business, and (ii) not an Assumed Liability;

(h) No Seller shall impose any Liens upon any of the Acquired Assets, which will remain outstanding after the Closing Date other than Permitted Encumbrances;

(i) No Seller shall cancel, compromise, waive, or release any cause of action owned by any Seller that is an Acquired Asset outside the Ordinary Course of Business; provided, however, this does not limit any Seller's right to compromise Claims against any Seller or cancel, compromise, waive or release any cause of action or right that is an Excluded Asset;

(j) No Seller will declare, set aside, or pay any dividend or make any distribution with respect to its capital stock (whether in cash or in kind) or redeem, purchase, or otherwise acquire any of its capital stock;

(k) No Seller will make any loan to, or enter into any other transaction with, any of its directors, officers, and employees that would create an obligation of the Buyer after the Closing Date;

(l) No Seller will enter into any employment contract or collective bargaining agreement, written or oral, or modify the terms of any existing such contract or agreement that would create an obligation of the Buyer after the Closing Date;

(m) No Seller will grant any increase in the base compensation of any of its directors, officers, and employees that would create an obligation of the Buyer after the Closing Date;

(n) No Seller will adopt, amend, modify, or terminate any bonus, profit sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its directors, officers, and employees (or take any such action with respect to

any other Employee Benefit Plan) that would create an obligation of the Buyer after the Closing Date;

(o) No Seller will make any other change in employment terms for any of its directors, officers, and employees that would create an obligation of the Buyer after the Closing Date; and

(p) No Seller shall make or pledge to make any charitable or other capital contribution.

13. Post-Closing Covenants. The Parties agree as follows with respect to the period following the Closing:

13.01. If at any time after the Closing any further actions are necessary to carry out the purposes of this Agreement, each of the Parties will make commercially reasonable efforts to take such further actions (including the execution and delivery of such further instruments and documents) as any other Party may reasonably request, all at the sole cost and expense of the requesting Party. All the Records shall be transferred to the Buyer on or within three (3) business days following the Closing. The Excluded Documents shall be retained by the Sellers, which shall retain all relevant privileges relating to the subject matter of the Excluded Documents. After the Parties have taken all steps necessary or appropriate to protect all privileges, the Sellers shall provide the Buyer's legal counsel reasonable access to and, at the Buyer's reasonable request, or reasonable notice, to provide copies to the Buyer of any of the Excluded Documents for its review if (i) an actual Claim or liability has been threatened or asserted against the Buyer with respect to the Business as to which the Excluded Documents may be relevant and material. After the Closing the Buyer shall provide to the Sellers reasonable access on reasonable notice and the right to make copies at the Sellers' expense of any of the Records. The Buyer, shall maintain such Records and provide the access described above for a period which is the longer of (i) five (5) years, (ii) the pendency of any Claim, and (iii) the pendency of any tax audit or investigation by any governmental authority commenced during the first five (5) years after the Closing.

13.02. In addition to the rights of the Parties with respect to Records set forth in Section 13.01, above, in the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, Claim, or demand in connection with (i) any transaction contemplated under this Agreement, or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving the Sellers, each of the Parties will cooperate with the Party involved therein and its counsel in the contest or defense, make available its personnel, and provide such testimony and access to its books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party; provided, however, that nothing contained in this Agreement will bar the dissolution or liquidation of any Seller and the obligations under this Paragraph of any Seller shall terminate upon any such liquidation or dissolution.

13.03. As soon as practicable after Closing but in all cases within 90 days after Closing, Buyer shall prepare a schedule (the "**Allocation Schedule**") allocating the Purchase

Price (including, for purposes of this Section, any other consideration paid by Buyer) among the Acquired Assets and shall provide a copy of the Allocation Schedule to Sellers. Sellers and Buyer 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 and agree not to take any position before any taxing authority or in any judicial proceeding that is in any way inconsistent with such allocation. Sellers each agree to promptly provide Buyer with any other information required to complete the Allocation Schedule; provided, however, that any allocation with respect to assets located in Mexico shall be made prior to closing if so required by Mexican law.

13.04. 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.

13.05. It is the parties' intent to work together in good faith to fulfill their respective obligations under this Agreement and not to default in those obligations. Each party specifically acknowledges and agrees that it shall cooperate with the other party to effectuate the purposes of this Agreement.

14. Conditions To Obligation To Close.

14.01. The Buyer's obligation to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Section 11 above (other than any representations that are identified in or covered under the Reimbursement Agreement by and between RFA PMR Loan Co., LLC and Buyer) shall be true and correct in all material respects at and as of the Closing Date, except to the extent that such representations and warranties are qualified by the term "material," in which case such representations and warranties (as so written, including the term "*material*") shall be true and correct in all respects at and as of the Closing Date;

(b) the Sellers have performed and complied with all of their covenants hereunder in all material respects through the Closing, except to the extent that such covenants are qualified by the term "material," in which case the Sellers shall have performed and complied with all of such covenants (as so written, including the term "*material*") in all respects through the Closing;

(c) on or before November 15, 2011, Buyer shall have obtained a commitment for financing in an amount sufficient to consummate the Transactions;

(d) the Approval Order has become a Final Order;

(e) other than with respect to the Approval Order or the actions listed in Disclosure Schedule 11.06, no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation

of any of the transactions contemplated by this Agreement, or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation;

(f) the Sellers shall have received all authorizations, consents, and approvals of governments and governmental agencies referred to in Section 11.03, above;

(g) the Buyer shall have obtained, at the Sellers' expense up to \$100,000, title insurance policies from the Title Company (which may be in the form of a mark-up of a pro forma of the Title Commitments) in accordance with the Title Commitments, insuring the fee interest in each parcel of Owned Real Property and insurance regarding use and occupancy rights for the Unsold MGV Points (in the form of an Eagle 9 Policy) as of the Closing Date (including all recorded appurtenant easements, insured as separate legal parcels) subject only to Permitted Encumbrances, and which shall include the endorsements identified herein (the "**Title Policies**");

(h) the Buyer shall have received copies of the certificate of good standing of the Sellers issued on or soon before the Closing Date by the Secretary of State (or comparable officer) of the jurisdiction of each such Person's organization;

(i) the Buyer shall have received a certificate of the secretary or an assistant secretary of each Seller dated the Closing Date, in form and substance reasonably satisfactory to the Buyer, as to: (i) resolutions, consents, minutes of a meeting of the Board or other appropriate entity action authorizing the execution and delivery of this Agreement and each other Transaction Document to which such Seller is a party and the performance of such Seller's obligations hereunder and thereunder; and (iv) incumbency of the officers of such Seller;

(j) the Sellers shall own a combination of MGV Points and MGV Points equivalents equal to at least 2,725,000, based on the calculations reflected in Schedule 11.08(a), including (i) Unsold MGV Points (which shall include, regardless of the total number of MPV Points and MGV Points equivalents delivered, a guaranteed minimum of 348,000 points recovered from defaulted obligors in the RFA Notes Portfolio (the "**Guaranteed Minimum**") if the Transaction closes on or before January 31, 2012; provided, however, if the Transaction closes after January 31, 2012, then the Guaranteed Minimum shall increase by 43,500 points for each month following January 2012 until the Transaction closes¹), (ii) the MGV Points equivalent for use and occupancy rights in the Stand Alone Inventory in buildings A and G at the Cabo Azul resort pursuant to that certain Use Agreement dated January 1, 2010, with the VPOA, (iii) MGV Points that are subject to agreements with customers to sell such MGV Points with respect to which the sale is pending or which the sale is in-transit and any applicable rescission period has not yet expired as of the Closing, (iv) MGV Points subject to cancellation due to base loan upgrades, and (v) MGV Points to be issued based on the conversion of deeded inventory owned by the Sellers, but excluding (A) MGV Points securing un-recovered notes receivable, (B) undedicated construction in process at Cabo

¹ For the avoidance of doubt, and for illustrative purposes, if the Transaction closes during March 2012, then the Guaranteed Minimum shall be 435,000 points.

Azul (except buildings A and G as referenced in (ii) above), and (C) future development at Kona, Hawaii or the Cancun resort; provided, however, that nothing in this Agreement will preclude the Sellers from acquiring additional MGV Points by foreclosing on any obligors in the RFA Notes Portfolio that are then in default and obtaining ownership of the MGV Points that previously secured such RFA Notes Portfolio, which reacquired MGV Points shall be included in (i) above;

(k) PMR shall have recorded in its consolidated financial statements receivables from MGVOA in an aggregate amount of not less than \$1,900,000, which receivables (i) arose from bona fide transactions in the ordinary course of business and are payable on ordinary trade terms; (ii) are legal, valid and binding obligations of the respective debtors enforceable in accordance with their terms; (iii) are not subject to any set-off, counterclaim or other defense; (iv) are collectible in the ordinary course of business of Sellers, consistent with past practice, in the aggregate recorded amounts thereof; (v) are not the subject of any proceedings brought by or on behalf of Sellers or a collection by a third party on behalf of Sellers; and (vi) do not represent obligations which are conditional on an occurrence or event, or the absence of an occurrence or event.

(l) the execution of the definitive agreements set forth on Schedule 14.01(l) hereto, by and between the Buyer and/or one or more of its Affiliates, on the one hand, and Mark Post and/or one or more of the Service Companies or their respective Affiliates, on the other, in the forms attached hereto as Exhibits 14(a), (b), (c), (d), (e), (f), (g), (h), and (i) and the fulfillment or waiver of all conditions to closing thereunder;

(m) the Sellers shall have paid the developer's entire obligation for 2010 maintenance fees to the Owners Associations, and Resort Services Group, Inc. shall be current on its billings of the 2011 and 2012 maintenance fees to the owners of MGV Points;

(n) the execution of a servicing agreement and other agreements between the acquirer of the RFA Notes Portfolio and the Buyer (or its designee) under which the Buyer (or its designee) shall service the RFA Notes Portfolio after the Closing, in a form acceptable to the Buyer, and the fulfillment or waiver of all conditions to the effectiveness of that servicing agreement;

(o) that certain Reimbursement Agreement, to be entered into by and between RFA PMR Loan Co., LLC and the Buyer on the Closing Date, shall be in full force and effect, in form and substance acceptable to the Buyer, and enforceable by the Buyer in accordance with its terms; and

(p) to the extent the Sellers have any ownership interest or right to access in the database of owner information and all room reservations (both owners and renters), they shall be transferred to the Buyer in a form acceptable to the Buyer at the Closing.

The Buyer may waive any condition specified in this Section 14.01 only if it executes a writing so stating at or prior to the Closing.

14.02. The obligation of the Sellers to consummate the transactions to be performed by the Sellers in connection with the Closing is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Section 10 above shall be true and correct in all material respects at and as of the Closing Date, except to the extent that such representations and warranties are qualified by the term "material," in which case such representations and warranties (as so written, including the term "*material*") shall be true and correct in all respects at and as of the Closing Date;

(b) the Buyer shall have performed and complied with all of its covenants hereunder in all material respects through the Closing, except to the extent that such covenants are qualified by the term "material," in which case the Buyer shall have performed and complied with all of such covenants (as so written, including the term "*material*") in all respects through the Closing;

(c) the Approval Order has become a Final Order;

(d) other than the actions listed in Disclosure Schedule 11.06, no action, suit, or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(e) the Sellers shall have received any authorizations, consents, and approvals of government agencies necessary for the transactions reflected in this Agreement that are listed on Disclosure Schedule 11.03;

(f) all actions to be taken by the Buyer in connection with consummation of the transactions contemplated hereby and all certificates, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Sellers;

(g) the execution of definitive agreements by and between the Buyer, on the one hand, and Mark Post and the Service Companies, on the other, related to the services provided by the Service Companies to the Sellers in a form acceptable to the Buyer and the fulfillment or waiver of all conditions to closing thereunder; and

(h) the execution of transition services agreements by and between the Buyer, on the one hand, and the Sellers, on the other, related to the Sellers providing transition services for systems support, accounting support and guest services in a form mutually acceptable to the Buyer and the Sellers.

The Sellers may waive any condition specified in this Section 14.02 if they execute a writing so stating at or prior to the Closing.

15. Termination.

15.01. Certain of the Parties may terminate this Agreement as provided below:

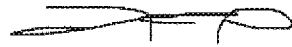
(a) The Buyer and the Sellers may terminate this Agreement by mutual written consent at any time prior to the Closing;

(b) The Buyer may terminate this Agreement by giving written notice to the Sellers at any time prior to the Closing if (A) the Sellers have breached any material representation, warranty, or covenant contained in this Agreement in any material respect, the Buyer has notified the Sellers of the breach, and the breach has continued without cure for a period of 30 days after the notice of breach, (B) the Buyer is unable, after reasonable and diligent efforts, to obtain financing in an amount sufficient to consummate the Transaction by November 15, 2011, or (C) the Closing shall not have occurred on or before the earlier of (i) 120 days after the execution of this Agreement by all Parties if the Approval has not been entered and (ii) the 30th day following the Approval Order becoming the Final Order (the "**Outside Date**"), by reason of the failure of any condition precedent under Section 14.01 hereof (unless the failure results primarily from the Buyer breaching any representation, warranty, or covenant contained in this Agreement); and

(c) The Sellers may terminate this Agreement by giving written notice to the Buyer at any time prior to the Closing if (A) the Buyer has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, the Sellers have notified the Buyer of the breach, and the breach has continued without cure for a period of 30 days after the notice of breach, (B) the Closing shall not have occurred on or before the Outside Date, by reason of the failure of any condition precedent under Section 14.02 hereof (unless the failure results primarily from any Seller breaching any representation, warranty, or covenant contained in this Agreement); or (C) the Bankruptcy Court enters an Order denying the relief requested in the Sale Motion.

(d) IN THE EVENT THE SELLERS TERMINATE THIS AGREEMENT PURSUANT TO SECTION 15.01(c)(A) OR (B) ABOVE, THE DEPOSIT, TOGETHER WITH ALL INTEREST ACCRUED THEREON, SHALL BE DELIVERED TO THE SELLERS BY THE ESCROW AGENT UPON WRITTEN DEMAND, AND THE SELLERS SHALL RETAIN THE DEPOSIT AS THE SOLE AND EXCLUSIVE REMEDY FOR SUCH TERMINATION, AND THE DEPOSIT SHALL BE RETAINED BY THE SELLERS AS LIQUIDATED DAMAGES WITH RESPECT TO SUCH DEFAULT, PROVIDED, THAT SUCH DEPOSIT SHALL BE SEGREGATED IN A SEPARATE ACCOUNT PENDING THE WRITTEN CONSENT OF RFA OR A FURTHER ORDER OF THE BANKRUPTCY COURT AUTHORIZING THE USE OR RELEASE OF SUCH FUNDS BY THE SELLERS. THEREAFTER, BOTH PARTIES SHALL BE RELIEVED OF AND RELEASED FROM ANY FURTHER LIABILITY HEREUNDER AND NEITHER PARTY SHALL

BE ENTITLED TO SPECIFIC PERFORMANCE. THE SELLERS, ON THE ONE HAND, AND THE BUYER, ON THE OTHER HAND, AGREE THAT IT WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO FIX ACTUAL DAMAGES TO THE SELLERS AS A RESULT OF A DEFAULT BY THE BUYER AND THAT THEY HAVE AGREED THE SUM OF THE DEPOSIT IS A FAIR AND REASONABLE AMOUNT TO BE RETAINED BY THE SELLERS AS AGREED AND LIQUIDATED DAMAGES IN LIGHT OF THE SELLERS' REMOVAL OF THE BUSINESS FROM THE MARKET AND THE COSTS INCURRED BY THE SELLERS AND THAT RETENTION OF SAID DEPOSIT, TOGETHER WITH ALL INTEREST ACCRUED THEREON, BY THE SELLER SHALL NOT CONSTITUTE A PENALTY OR FORFEITURE. .



Buyer's Initials

Sellers' Initials

15.02. In the event that the Buyer and the Sellers terminate this Agreement pursuant to Section 15.01(a) above, the Buyer terminates this Agreement pursuant to Section 15.01(b) above, or the Sellers terminate this Agreement pursuant to Section 15.01(c)(C) above, the Deposit that the Buyer has made, together with all interest accrued thereon, shall be delivered to the Buyer by the escrow agent upon written demand. This shall be the Buyer's sole remedy.

15.03. If the Agreement is terminated because of the failure to Close by the Outside Date and the Approval Order is not a Final Order as of that date, then neither Party shall be entitled to any damages after the termination.

16. Personnel Matters.

16.01. Prior to the Bid Deadline, the Buyer shall provide to the Sellers a list of employees to whom the Buyer intends to offer employment.

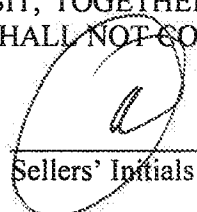
16.02. As of the Closing Date, the Sellers shall not be responsible for any post-Closing employee benefits, including salaries, of those employees who are offered employment by the Buyer and accept that offer of Employment.

16.03. Although the Buyer shall not be obligated to employ any of the Sellers' former employees, the Buyer shall be responsible for administering continuing health coverage under the Comprehensive Omnibus Budget Reconciliation Action ("**COBRA**") after the Closing Date for those employees who do not become employees of the Buyer.

16.04. The Buyer is not assuming and shall have no liability for any amounts owed to or for the benefit of any employee based on services provided prior to the Closing Date and the Sellers shall pay each employee all priority Claims of that employee promptly after the Closing.

BE ENTITLED TO SPECIFIC PERFORMANCE. THE SELLERS, ON THE ONE HAND, AND THE BUYER, ON THE OTHER HAND, AGREE THAT IT WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO FIX ACTUAL DAMAGES TO THE SELLERS AS A RESULT OF A DEFAULT BY THE BUYER AND THAT THEY HAVE AGREED THE SUM OF THE DEPOSIT IS A FAIR AND REASONABLE AMOUNT TO BE RETAINED BY THE SELLERS AS AGREED AND LIQUIDATED DAMAGES IN LIGHT OF THE SELLERS' REMOVAL OF THE BUSINESS FROM THE MARKET AND THE COSTS INCURRED BY THE SELLERS AND THAT RETENTION OF SAID DEPOSIT, TOGETHER WITH ALL INTEREST ACCRUED THEREON, BY THE SELLER SHALL NOT CONSTITUTE A PENALTY OR FORFEITURE. .

Buyer's Initials



Sellers' Initials

15.02. In the event that the Buyer and the Sellers terminate this Agreement pursuant to Section 15.01(a) above, the Buyer terminates this Agreement pursuant to Section 15.01(b) above, or the Sellers terminate this Agreement pursuant to Section 15.01(c)(C) above, the Deposit that the Buyer has made, together with all interest accrued thereon, shall be delivered to the Buyer by the escrow agent upon written demand. This shall be the Buyer's sole remedy.

15.03. If the Agreement is terminated because of the failure to Close by the Outside Date and the Approval Order is not a Final Order as of that date, then neither Party shall be entitled to any damages after the termination.

16. Personnel Matters.

16.01. Prior to the Bid Deadline, the Buyer shall provide to the Sellers a list of employees to whom the Buyer intends to offer employment.

16.02. As of the Closing Date, the Sellers shall not be responsible for any post-Closing employee benefits, including salaries, of those employees who are offered employment by the Buyer and accept that offer of Employment.

16.03. Although the Buyer shall not be obligated to employ any of the Sellers' former employees, the Buyer shall be responsible for administering continuing health coverage under the Comprehensive Omnibus Budget Reconciliation Action ("COBRA") after the Closing Date for those employees who do not become employees of the Buyer.

16.04. The Buyer is not assuming and shall have no liability for any amounts owed to or for the benefit of any employee based on services provided prior to the Closing Date and the Sellers shall pay each employee all priority Claims of that employee promptly after the Closing.

17. Miscellaneous.

17.01. No Party shall issue a press release or public announcement relating to the subject matter of this Agreement without the prior written consent of the other Parties. The Parties recognize that the Bankruptcy Court process for addressing the Sale Motion will require open public disclosure of the terms of this Agreement, the servicing agreement with RFA, any agreements with Mark Post, the Service Companies, or any of their Affiliates and will cooperate with one another in that public disclosure and Bankruptcy Court approval process. No Seller will solicit or will permit its agents, officers or employees to solicit any competing offers to buy any of the Acquired Assets until the Bankruptcy Court has ruled on the Sellers' request for entry of the Bid Procedures Order. After the entry of the Bid Procedures Order the Sellers and their agents shall have the absolute right to solicit qualified Overbids.

17.02. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns, provided that RFA shall be a third party beneficiary under this Agreement with respect to the Parties' obligations under Sections 4.01, 7.04, 8.04 and 15.01(d). Anywhere in this Agreement that provides for a release of a Lien and the imposition of a replacement Lien on proceeds, the Lien that attaches shall have no greater rights or priorities than the Liens being released and shall be subject to all defenses and counter-claims to which the existing Liens are subject.

17.03. This Agreement (including all documents referred to herein and all Exhibits and Schedules hereto), and the confidentiality agreement executed by the Buyer constitute the entire agreement among the Parties and supersede all prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

17.04. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of his, her, or its rights, interests, or obligations hereunder without the prior written approval of the Buyer and the Seller; provided, however, that the Buyer may (i) assign any or all of its rights and interests hereunder to a wholly owned Subsidiary, and (ii) designate that assignee to perform its obligations hereunder (in any or all of which cases the Buyer nonetheless shall remain responsible for the performance of all of its obligations hereunder) and if the Buyer makes such an assignment, the term "the Buyer" shall be deemed to refer to that assignee on and after the date of that assignment, including for the avoidance of doubt, for the purposes of the representations, covenants and warranties contained in Section 10.

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

17.06. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

17.07. All notices, requests, demands, Claims, and other communications hereunder shall be in writing. Any notice, request, demand, Claim, or other communication hereunder shall be deemed duly given (i) when delivered personally to the recipient, (ii) 1 business day after being sent to the recipient by reputable overnight courier service (charges prepaid), (iii) 1 business day after being sent to the recipient by facsimile transmission or electronic mail, or (iv) 4 business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

If to the Buyer: DPM Acquisition, LLC
 c/o Diamond Resorts Corporation
 10615 Park Run Drive
 Las Vegas, Nevada 89144
 Facsimile: (702) 765-8615
 Phone: (702) 823-7315
 Attention: General Counsel

Copy to: Katten Muchin Rosenman LLP
 525 West Monroe Street
 Chicago, Illinois 60661-3693
 Facsimile: (312) 902-1061
 Phone: (312) 902-5696
 Attention: Howard Lanznar, Esq.

If to the Sellers: Mark Post and
 Andy Gennuso
 Pacific Monarch Resorts, Inc.
 23091 Mill Creek Drive
 Laguna Hills, CA 92653-1258
 Facsimile: (949) 465-1504
 Phone: (949) 609-2501

Copy to: Stutman, Treister & Glatt
 1901 Avenue of the Stars, 12th Fl.
 Los Angeles, CA 90067-6013
 Facsimile: (310) 228-5788
 Phone: (310) 228-5600
 Attention: Jeffrey C. Krause

Any Party may change the address to which notices, requests, demands, Claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

17.08. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of California applicable to a contract executed and performed exclusively in the State of California.

17.09. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Parties. No waiver by any Party of any provision of this Agreement or any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver nor shall such waiver be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such default, misrepresentation, or breach of warranty or covenant.

17.10. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

17.11. The Buyer and the Sellers shall bear their own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

17.12. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) that the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

17.13. The Exhibits and Disclosure Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

17.14. The Bankruptcy Court shall have exclusive jurisdiction over any dispute between the Buyer and the Seller relating to this Agreement, the transaction contemplated herein, the Acquired Assets or the Assumed Liabilities.

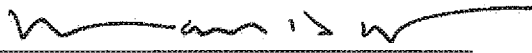
[remainder of page intentionally blank]

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

SELLERS:

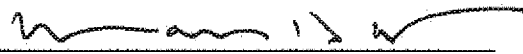
Dated: October ____, 2011

PACIFIC MONARCH RESORTS, INC.

By: 
Name: _____
Its: _____


Dated: October ____, 2011

VACATION INTERVAL REALTY, INC.

By: 
Name: _____
Its: _____


Dated: October ____, 2011

VACATION MARKETING GROUP, INC.

By: 
Name: _____
Its: _____

Dated: October ____, 2011

MGV CABO, LLC

By: 
Name: _____
Its: _____

Dated: October ____, 2011

DESARROLLO CABO AZUL, S. de R.L. de C.V.

By: _____
Name: _____
Its: _____

Dated: October ____, 2011

OPERADORA MGVM S. DE R.L. DE C.V.

By: _____
Name: _____
Its: _____

Dated: October ____, 2011

THE BUYER:
DPM ACQUISITION, LLC

By: _____
Name: _____
Its: _____

Dated: October __, 2011

DESARROLLO CABO AZUL, S. de R.L. de C.V.

By: _____
Name: _____
Its: _____

Dated: October __, 2011

OPERADORA MGVM S. DE R.L. DE C.V.

By: _____
Name: _____
Its: _____

Dated: October 23, 2011

THE BUYER:

DPM ACQUISITION, LLC

By: DAVID F. PALMER
Name: David F. Palmer
Its: President