

Membership Petition
To The Directors of WorldMark, The Club
(August 1, 2008)

Members' Call for Meeting & Vote on Proposed Resolutions (See Attached)

Whereas increasing numbers of WorldMark, The Club members have concerns about the ongoing erosion of their Vacation Credit values & the rapidly escalating costs of ownership; **and**,

Whereas Club members are increasingly concerned about the continuing pattern of governance which, among other complaints;

- Is perpetuating a Board of Directors dominated by current or former Wyndham executives.
- Is failing to conduct any owner meetings at which member motions are permitted to be raised & voted upon
- Is operating to defeat the election of independent owners to the governing Board
- Is perverting the "Relative-Use Value" standards and destroying "inflation-free" use of Club Resorts
- Is providing no meaningful member representation in Club governance; **and**,

Whereas the Board, though previously requested, has failed to bring to a vote of the membership any "Conflict of Interest" measures concerning Director qualification; **and**,

Whereas the members of WorldMark, The Club possess the right of petition under the Club's governing documents and pertinent California law; **and**,

Whereas the Board fully understands that substantial costs could be avoided by simply including the content attached to this Petition on the ballot for the October 23rd Annual Meeting without waiting for the Petition to be fully endorsed;

SO NOW THEREFORE, as authorized by Section 3.3(c) of the Club's Bylaws and other pertinent Law, including Sections 11268(b)(2) & 7510(e) of the California Code; **WE THE UNDERSIGNED MEMBER(S)** of WorldMark, The Club, do hereby petition the Board of Directors as follows:

The undersigned hereby request & expect that immediately upon receipt, in the aggregate, of member endorsements to this Petition representing 5% of the total voting power of WorldMark, The Club, *excluding the Developer*, or sooner as due diligence regarding cost avoidance may require; a meeting of the members shall be promptly "Called" and properly "Noticed" in full compliance with Section 3.3 (c) of the Bylaws and Sections 7511(c) & 11268(d) of the California Code.

It shall be the purpose and agenda at this meeting to facilitate membership consideration of the proposed resolutions, exactly as written and attached herewith; to conduct a final call for the casting of all ballots; to complete the tabulation of all votes cast; and to announce the voting results in open session prior to adjournment or close of this meeting. It shall be the further purpose and agenda to consider any other proper business which may be brought before the meeting.

By my signature below, I hereby acknowledge my endorsement of this Petition including attachments thereto

Member Signature (s) _____

Printed Name (s) _____

Owner / Member # _____ Vacation Credits Represented _____

Note: If account has 2 names, both must sign.

Send your signed Petition to WorldMark, The Club, Attention Gene Hensley; by one of the following methods: (1) By USPS Mail to 9805 Willows Road, Redmond, WA 98052 **or** (2) By FAX to (425) 498-3082 **or** (3) By scanning your signed Petition & emailing by attachment to WM c/o - stephanie.aardal@wyndhamvo.com

Important Note:

To enable independent confirmation of receipt, Please send a duplicate copy to WM Owners Petition Confirmation: (1) By USPS Mail to PO Box 3694, Orange, CA 92857-0694 **or** (2) By FAX to (888) 211-1548 **or** (3) By scanning your signed Petition & emailing by attachment to - WMPetitions@gmail.com

WM Owners will acknowledge receipt of your Petition by email response to the address you provide

MEASURE #1 (Proposed Bylaw Revision – Excluding Director Candidates with Conflict of Interest)

Should the Club Bylaws be revised to read as follows:?

4.3 Qualifications: After conversion of Class B Memberships to Class A Memberships all directors must be Members of the Club. In addition, no person who has, would, or could have a conflict of interest in serving as a director; nor any current employee of the Developer or Manager, including their affiliates &/or subsidiaries; nor any such former employee within the previous 5 years; nor any immediate family members of such employee: shall be eligible to run as a candidate for election, or be appointed, to the Board of Directors of WorldMark, The Club.

Discussion:

Our Bylaws currently do not prohibit candidates who may possess a conflict of interest from being appointed, or running for election, to the board of directors of WorldMark, The Club. Our Bylaws simply read as follows –

Section 4.3 Qualification: After conversion of Class B Memberships to Class A Memberships all directors must be Members of the Club.

If adopted, the proposed revision will prohibit candidates with a conflict of interest from being appointed, or running for election, to our board. **Note:** Passage of this measure will not disqualify an incumbent director from serving the remainder of his/her current term of office; nor will it disqualify developer or manager employees from attending board meetings as representatives &/or advisors, or from serving as Officers for the Club or any other non-voting capacity.

This, as with any, revision to our Bylaws will require the affirmative vote of at least 25% of the membership in order to pass.

MEASURE #2 (Proposed Bylaw Revision Authorizing Expansion of Board from 5 to 7 Directors by Member Vote)

Should the Club Bylaws be revised to read as follows:?

4.2 Number. There shall be five (5) directors of the Club, unless upon the vote, approval and election by the members at a properly noticed meeting for that purpose, the number shall be increased to seven (7) directors; at which meeting the newly created director positions shall be filled by a written ballot election of qualified candidates

Discussion:

For a variety of considerations the Club may find it beneficial to increase the size of the Board from five (5) to seven (7) directors as permitted under California law. However, the Club is currently limited to exactly 5 directors by our Bylaws which read as follows – *Section 4.2 Number. There shall be five (5) directors of the Club.*

This Bylaw revision, if approved, authorizes the number of directors to be increased to seven (7) by vote and approval of the membership at a properly noticed meeting. It further provides that the newly created director positions shall also be filled by a written ballot election at the same meeting. **Note:** Passage of this measure does not increase the size of the Board, it merely authorizes such future action by membership approval.

This, as with any, revision to our Bylaws will require the affirmative vote of at least 25% of the membership in order to pass.

MEASURE #3 (Proposed Resolution To Require Member Vote To Fill Board Vacancies)

Should the following Member Resolution be ratified?

***BE IT HEREBY RESOLVED** by WorldMark, The Club that any vacancy which may occur in the Board of Directors shall be filled by a vote of the membership, as authorized in Section 4.4(c)(ii) of the Bylaws, to be conducted at a meeting “called” and properly “noticed” for that purpose. The Board of Directors, upon learning that a vacancy exists, or will exist in the future, shall promptly call and schedule a meeting for this election in accordance with Section 3.3(c) of the Bylaws and shall appoint interim director(s), as may be required, to serve at Board meetings until the election has been completed. This Resolution shall become effective immediately upon membership ratification and shall remain in effect without change until it may later be modified or rescinded by membership vote.*

Discussion:

Our Bylaws authorize optional methods for filling Board vacancies but do not specify how a particular method is to be chosen. To date, the Board has simply chosen to fill such vacancies without consulting the membership.

If enacted, this Resolution will direct that all future board of director vacancies shall be filled by a vote of the membership at a meeting called and properly noticed for that purpose. The membership meeting for this election shall occur within 90 days (ref. Bylaws Section 3.3(c)) after learning that a vacancy exists, or will exist in the future.

To assure a legally sufficient Board of Directors during any vacancy, this Resolution also directs the Board to appoint interim director(s) as may be required to serve at Board meetings until the election has been completed.

If enacted, this Resolution shall become effective immediately on ratification and remain effective without change until modified or rescinded by the members.

This Resolution makes no change to the Bylaws and its approval therefore requires the affirmative vote of a majority of all votes represented at the meeting.

MEASURE #4 (Proposed Resolution Restricting Further Expansion of Vacation Credit Inventory)
Should the following Member Resolution be ratified?

BE IT HEREBY RESOLVED by WorldMark, The Club that this Resolution shall become effective immediately upon ratification by member vote and shall remain in effect without change until modified or rescinded by member vote; and that no further expansion of the Vacation Credit Inventory shall be accepted by the Club, by any means whatsoever, UNLESS:

(1) The Vacation Credit Inventory increase is otherwise compliant with the Governing Documents, is approved by the Board of Directors and is attributable solely to resort Units of the following specific types (regardless of descriptive modifiers), each of which shall be compliant with the following benchmark criteria:

Unit Type	Unit Maximum Allocation Benchmark		
	“Red Week”	“White Week”	“Blue Week”
“Studio Unit”	11.0 Cr/RWk/ft ²	8.0 Cr/WWk/ft ²	5.0 Cr/BWk/ft ²
“1 Bedroom Unit”	10.0 Cr/RWk/ft ²	7.5 Cr/WWk/ft ²	5.0 Cr/BWk/ft ²
“2 Bedroom Unit”	9.0 Cr/RWk/ft ²	7.0 Cr/WWk/ft ²	5.5 Cr/BWk/ft ²
“3 Bedroom Unit”	9.0 Cr/RWk/ft ²	7.5 Cr/WWk/ft ²	6.0 Cr/BWk/ft ²

Where the “Unit Maximum Allocation Benchmark” (Cr/Wk/ft²) is defined as the Vacation Credits Allocated to a given Unit for a given seasonal week (Red, White or Blue) divided by the Unit’s floor plan area in square feet.

Example #1: (1150 Sq.Ft. 2 bdrmUnit @ 10,000 Credit Allocation per Red Season Week)
 Calculation: 10,000 Credits per Red Week / 1150 Sq. Ft. Area = 8.7 Cr/RWk/ft² Unit Benchmark (Compliant)

Example #2: (700 Sq.Ft. 1 bdrmUnit @ 8,000 Credit Allocation per Red Season Week)
 Calculation: 8,000 Credits per Red Week / 700 Sq. Ft. Area = 11.4 Cr/RWk/ft² Unit Benchmark (Non-Compliant)

For this example, achieving Benchmark compliance requires an adjustment:

- Option (1) – Increase Unit Area
 Required Area = (8000 Credits/RWk) / (10.0 Benchmark) = 800 ft²
- Option (2) – Reduce Credit Allocation
 New Allocation = (700 ft²) x (10.0 Benchmark) = 7000 Credits/RWk
- Option (3) – Obtain Variance

VARIANCE:

- (1) A variance request of 3% or less for any benchmark may be approved at the discretion of the Board
- (2) A variance request of up to 10% for any Unit benchmark may be approved at the discretion of the Board, provided that 80% of all same type Units are compliant and the Average benchmark over all such Units remains compliant.
- (3) A variance request to a maximum of 25% for any Unit benchmark may be approved at the discretion of the Board, provided that 80% of all same type Units are compliant and the Average benchmark over all such Units remains compliant; and further provided that the variance is approved by vote of an advisory committee of “developer independent” owners appointed by the Board, at a meeting called and noticed for that purpose. Such committee vote shall not take place until completion of a 60 day fact finding period to allow committee and interested Club members to gather & review pertinent developer data and receive membership input

OR,

(2) The Vacation Credit Inventory increase is otherwise approved by the Board of Directors and is also approved by a membership vote, excluding Developer, at a meeting “called” and properly “noticed” for that purpose and held solely at Developer’s expense; provided further that those members with opposing viewpoints are afforded equal access, time and resources at Developer’s sole expense, both before & during the meeting, to communicate their opinions to the entire membership prior to the vote.

Discussion:

WorldMark, The Club is not required to continue accepting additional inventory into the Vacation Program. In particular, the Club is not required to accept further properties that the Club deems substandard, overpriced, inconveniently located, or otherwise not considered beneficial to the needs or desires of the membership.

All else being equal, Developer’s profit on a given Resort is tied directly to how many credits are allocated for sale AND the amount paid for each credit sold. Rising costs are inevitable for the acquisition of new resorts, but logically such costs should be covered by the price new members pay for the new credits being sold. Yet, it is much easier for the developer to sell new credits for less money while profiting by an increase in the number of credits to be sold. Unfortunately, increased allocations require an increase in the number of credits required for members to stay at the resort.

The Club’s only defense in this regard is to refuse acceptance of those resorts with inflated credit allocations. Arguably our continued failure to refuse such inflated credit inventory will further “dilute” the value of existing credits and inventory.

The first criterion exempts from membership approval those “average” Units built to historical WorldMark standards (i.e. 10,000 credits per red-week in a 2 bedroom accommodation of approximately 1100 square feet), provided those Units meet the listed benchmarks derived from those standards and average unit sizes.

The second criterion provides an alternate means by which the Developer may elect, at its sole expense, to propose other projects to the Club which are non-compliant to the benchmarks for consideration, vote and approval of the membership and the Board.

If enacted, this Resolution shall become effective immediately on ratification and remain effective without change until modified or rescinded by the members and it will direct that NO FURTHER expansions of the Vacation Credit Inventory (i.e. new property acquisitions) will be permitted by the Club, UNLESS the proposed expansion meets the specified criteria or is approved by member vote.

This Resolution makes no change to the Governing Documents and developer remains free to assign credit allocations in its reasonable discretion. Whether or not those assignments are acceptable to the membership is a different matter, which is the subject of this Resolution.

This Resolution makes no change to the Bylaws and its approval therefore requires the affirmative vote of a majority of all votes represented at the meeting.