

ASSOCIATION INVESTMENT POLICY

The Board of Directors ("Board") of The Surf Club of Marco Beach hereby adopts this Investment Policy under action taken at their meeting held on the 8th of January, 2009 and directs the Chief Financial Officer of Hilton Grand Vacations Company, LLC ("Managing Agent") to oversee the investment of operating and or reserve funds in coordination with third-party investment companies on behalf of the Association as specified herein. The Board will review and must approve any changes to, or deviations from this policy.

PURPOSE

This policy is designed to provide written guidelines for individuals appointed by the Managing Agent and investment companies who are responsible for the management and investment of the Association's operating and reserve funds. In investing such funds, such investment companies must comply with the laws, rules and regulations applicable to the Association, including applicable timeshare, condominium and non-profit acts. Funds invested by the Association represent cash necessary for resort operations and the capital reserves required to maintain the quality and value of the commonly owned property of Association members.

INVESTMENT OBJECTIVES

The Board intends that conservative investments are most appropriate given the nature of funds entrusted to it by members. The Association is averse to incurring market risk and will sacrifice yield in the interest of safety and liquidity. Care must always be exercised to ensure that investments selected, when held to maturity, will not expose the Association to loss of principal. The ultimate goal of the investment strategy is to earn maximum yield for the Association on all funds in excess of the basic cash requirements with minimal risk of principal and adequate provision for liquidity.

It is essential that assets be invested such that the following goals are achieved as listed in order of priority:

1. Safety- Promote and ensure the preservation of principal and realization of income
2. Liquidity- maintain sufficient liquid funds and structure maturities to meet operating and capital reserve expenditure requirements
3. Yield- returns are optimized while attempting to and meet or exceed inflation on a net after tax basis

It is intended that all investments will be held to maturity. Liquidating term investments prior to maturity and generating any gain or loss is permitted if the Managing Agent finds it necessary to meet appropriately approved operating and or reserve financial obligations of the Association.

PORTFOLIO GUIDELINES

Approved Investments

Investments will be selected with an emphasis on preservation of principal, quality, effective maturity and net after-tax yield. The following are approved type of investments:

1. Interest bearing money market accounts with FDIC-insured financial institutions
2. Money Market mutual funds invested in U.S. Treasuries and / or government securities or their equivalents with an objective to maintain a \$1.00 net asset value (NAV)
3. Municipal bonds insured as to principal and interest and having a AAA rating issued by at least one reputable rating service or short-term municipal obligations rated MIG-1 or S-1

4. Certificates of Deposit issued by well capitalized or adequately capitalized FDIC - insured to the minimum FDIC limit minus any amount necessary to protect interest earned and invested in any one financial institution including, but not limited to, callable, step-up, variable rate, inflation-protected and index linked Certificate of Deposit product offerings.
5. U.S. Treasury securities and obligations of U.S. Government agencies backed by the full faith and credit of the U.S. Government.

LIQUIDITY

On going liquidity needs will be monitored regularly by the Managing Agent to assure cash flow requirements are met on a day-to-day, cyclical and long-term basis. Management of investable operating and reserve cash of the Association will be supported by investments that provide ample liquidity without loss of principal.

Operating Funds

Funds in the operating checking account will be kept at an appropriate level with excesses being swept or transferred to a liquid, interest bearing account or money market mutual fund. Consideration will be given to net after-tax benefit of interest earnings available versus analysis credits provided to cover bank service fees and other costs in determining operating checking account levels to be maintained.

Based upon the parameters of operation cash flow projections, a minimum of one month's forward operating cash will be maintained in liquid accounts as of each month end. Any operating funds in excess of this amount may be invested in approved investments for terms of one year or less. Maturities will be laddered to provide replenishment of minimum available operating funds as outlined above.

Reserve Funds

Reserve funds will be maintained in term investments with liquid funds available for scheduled reserve expenditures per the most recent reserve study. Based upon the parameters of reserve cashflow projections incorporating the most recent reserve study and capital expenditure budget, a minimum of 1% of available reserves will be maintained in liquid accounts to cover any unforeseeable, emergency expenditures. Additionally, reserve contributions and funds maturing in a given year will be sufficient to cover at least 110% of planned reserve expenditures and should be scheduled to ensure availability of funds when needed.

The Association's portfolio will be structured on a laddered basis with investments that mature in successive periods, to meet the cash needs of the Association's reserve study's forecast.

INVESTMENT ADMINISTRATING AND REPORTING

The Managing Agent's appointee (designated by the Chief Financial Officer), in consultation with the current investment manager assigned by the respective investment company will be responsible for carrying out investment decisions under the parameters of this policy. The Managing Agent is authorized to open and maintain accounts with financial institutions as required and to assist in making investment recommendations consistent with the management agreement.

The Managing Agent will prepare and submit a quarterly investment report. Such reports will include, but not be limited to, the amount by institution, interest rate and maturity date. In addition, the Board will have ready access to all records pertaining to Association investments in accordance to statutory guidelines.

AUDITING OF INVESTMENTS

As part of the Association's annual audit engagement the investment account(s) balances are confirmed using a format (in conformity with Generally Accepted Accounting Principles and adhering to General Accepted Auditing Standards) such as a bank confirmation letter sent directly to the appropriate financial institution where the Association's investments are held. Substantial testing procedures are performed during the audit to attest to the fairness of the presentation of the investment balance(s) and investment activity for the year under audit. The investment account(s) balances are presented in the annual audit report, which is available upon request to all owners of the Association.

Date Adopted:

Board Members Signatures and Titles:

W. F. [Signature] Pres

Jesselle [Signature] Sec/Treas

[Signature]