

The San Francisco Exchange Company

DISCLOSURE STATEMENT

1a. The San Francisco Exchange Company (SFX), 1900 North Loop Road, Alameda, CA 94502  
Tel 510-749-3700. Registered in the State of California.

b. Officers & Shareholders: Mel & June Grant

c. None of the officers or shareholders has any legal or beneficial interest in any developer, seller, or managing entity for any timeshare plan participating in the exchange program.

d. The purchaser's contract with the San Francisco Exchange Company is a contract separate and distinct from the purchaser's contract with the seller of any timeshare plan.

e. As a Member of SFX, your participation in the exchange program is not dependent upon any continued affiliation of any timeshare plan where you purchase your Timeshare interest.

f. Participation in the SFX Exchange Program is voluntary.

g. Please see attached copy of the **Terms & Conditions**.

h. Procedures to effect and qualify for an exchange: There are two types of Membership.

**Gold:** A Gold Membership currently requires no annual dues; you only pay for your exchange if and when you are confirmed. Prior to placing your request, you are required to deposit your week first into our exchange pool. You may then place your request for an exchange online at [www.sfx-resorts.com](http://www.sfx-resorts.com), in the Member login area.

**Platinum:** Platinum Membership has annual dues in addition to an exchange fee. Your Membership must be current through the dates of any pending requests. As a Platinum Member you may deposit first or request first. Those who deposit first have a higher priority, as they have relinquished their space into the exchange pool. Those who choose to request first have a lesser priority than those who deposit first. If you request first and we find a match, you will be required to deposit a week from your home resort in high season and pay an exchange fee.

i. There are various priorities known as trading-power that may affect your ability to exchange. These are based upon:

- Seasonality
- Size and occupancy of unit deposited
- How far in advance of the check-in day the unit was deposited
- Supply vs. Demand for area and season.

j. All exchanges are arranged on a space available basis. There are no guarantees that any specific exchange can be fulfilled. Your ability to be flexible with travel dates and/or locations is important in possibly achieving positive results.

k. Member has two years past the arrival date of their deposited week in which to redeem an exchange. All travel must be completed by the expiration date of this two-year period. There is no guarantee of any specific exchange fulfillment during this two-year period. In the event of non-fulfillment, Member will lose the use of the week with no substitutes.

l. **Fees:** Gold Membership, has no annual dues. This may change in the future. In the event it does change, Gold Members will be notified in advance. There is an exchange fee currently \$159 domestic or international, payable only when confirmed for your exchange. There is an upgrade fee of \$159 for upgrading to a larger unit than the one deposited.

**Platinum Membership:** There are membership dues and exchange fees. Current fees are as follows; 3-year membership is \$239. A 5-year membership is \$349. The exchange fee is \$129 domestic or international at the time of booking. Fees will increase in the future. Members will be notified in advance of any increases. An increase of costs will be determined by various factors, including cost of doing business, and competition in the market place.

m. There are currently no timeshare plans affiliated for the purpose of enrolling prospective buyers or existing owners into the San Francisco Exchange Company. Our service is offered directly to individual consumers (not timeshare plans) through various marketing efforts by SFX. Space for fulfillment is a result of existing Member deposits, and negotiations for direct exchange with various exchange companies and with inventory agreements directly with resorts.

n. Non-Applicable as we are not participants in any timeshare plans. Please refer to item "m".

o. Non-Applicable as we are not participants in any timeshare plans. Please refer to item "m".

p. The disposition made by the exchange company of timeshare periods deposited with the exchange program by purchasers enrolled in the exchange program and not used by the exchange company in effecting exchanges.

During 2006, there were a total of 81 timeshare periods deposited that were not used in effecting an exchange.

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**Please see enclosed Independent Audit by Kennedy & Kennedy.**

(q) The following information, which shall be independently audited by a certified public accountant or accounting firm in accordance with the standards of the Accounting Standards Board of the American Institute of **Certified Public Accountants** and reported annually:

1. The number of purchasers currently enrolled in the exchange program.
2. The number of accommodations and facilities that have current written affiliation agreements with the exchange program.
3. The percentage of confirmed exchanges, which is the number of exchanges confirmed by the exchange program divided by the number of exchanges properly applied for, together with a complete and accurate statement of the criteria used to determine whether an exchange request was properly applied for.
4. The number of timeshare periods for which the exchange program has an outstanding obligation to provide an exchange to a purchaser who relinquished a timeshare period during the year in exchange for a timeshare period in any future year.
5. The number of exchanges confirmed by the exchange program during the year.

(r) A statement in boldfaced type to the effect that the percentage described in subparagraph (q)3. is a summary of the exchange requests entered with the exchange program in the period reported and that the percentage does not indicate the probabilities of a purchaser's being confirmed to any specific choice or range of choices.

**THE SAN FRANCISCO EXCHANGE COMPANY**  
**STATEMENT OF KEY OPERATING STATISTICS December 31, 2007**

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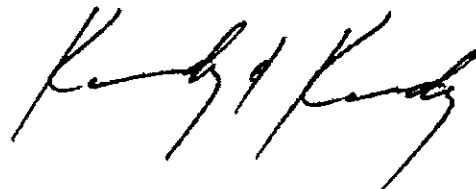
**REPORT OF INDEPENDENT AUDITORS**

Board of Directors  
The San Francisco Exchange Company San  
Francisco, California

We have audited the accompanying statement of key operating statistics of The San Francisco Exchange Company as of December 31, 2007 and for the year then ended. This statement is the responsibility of the Organization's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether this statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement referred to above presents fairly, in all material respects, the key operating statistics of The San Francisco Exchange Company as of December 31, 2007 and for the year then ended in conformity with accounting principles generally accepted in the United States of America.



May 9, 2008  
San Bernardino, California

THE SAN FRANCISCO EXCHANGE COMPANY

STATEMENT OF KEY OPERATING STATISTICS December 31,  
2007

The number of purchasers or owners currently enrolled and eligible to participate in the exchange program	88,871
The number of accommodations and facilities or properties that have current affiliation agreements with The San Francisco Exchange Co.	None
The percentage of exchanges properly applied for that were confirmed	96%
The number of exchanges confirmed by the exchange program	
The number of timeshare periods for which The San Francisco Exchange Co. has an outstanding obligation to provide an exchange in the future.	9,248
The above listed percentage of confirmed exchanges is a summary of the exchange requests entered with the exchange program between January 1,2007 and December 31,2007. This does not represent a purchaser's probability of being confirmed to any specific choice or range of choices, since availability at individual locations may vary.	4,836

See Accompanying Notes to Statement of Key Operating Statistics.

## THE SAN FRANCISCO EXCHANGE COMPANY

### NOTES TO STATEMENT OF KEY OPERATING STATISTICS December 31, 2007

#### NOTE 1 - DESCRIPTION OF COMPANY

The San Francisco Exchange Company (SFX) is a California corporation. SFX offers reciprocal exchange services for owners of resort timeshare or other vacation ownership interests throughout the world. SFX headquarters are located in San Francisco, California.

#### NOTE 2 - ENROLLMENT POLICY

Owners of any qualified timeshare interest receive complimentary Gold memberships in SFX, or they may choose Platinum membership which requires an annual fee.

#### NOTE 3 - PROPERLY APPLIED FOR EXCHANGE REQUEST

A properly applied for exchange request occurs when the requirements listed below have been satisfied. The exchange is not considered to be properly applied for as long as any of these criteria have not been met.

- An exchange request is received by SFX.
- The exchange request is from a member of SFX.
- The member must have a current membership in SFX and be in compliance with all terms and conditions governing SFX membership.
- The member must be current with all financial obligations (maintenance fees and assessments, special assessments, property taxes, note payments, etc.) to their home resort through the week being relinquished to SFX in conjunction with either an exchange request or the deposit of a week in SFX exchange system.
- The member must have a confirmed reservation for a specific interval at the home resort prior to requesting an exchange or depositing a week.

**THE SAN FRANCISCO EXCHANGE COMPANY**

**NOTES TO STATEMENT OF KEY OPERATING STATISTICS December 31, 2007**

**NOTE 4 - ACCOMMODATIONS AND FACILITIES**

Accommodations and facilities at the reporting date include exchange service organizations which SFX may use to complete an exchange for a member.

**NOTE 5 - EXCHANGE FEES**

SFX members are charged a fee for each exchange confirmed by the company. The fee for domestic or international exchanges is \$149 for Gold members and \$129 for Platinum members.

**NOTE 6 - OUTSTANDING EXCHANGE OBLIGATION**

Platinum members may deposit a timeshare period without requesting an exchange at the time of deposit. Gold members are required to deposit a timeshare period at the time they request an exchange. All members have 24 months from the date of the timeshare period deposit to complete the exchange. After the 24 month period, the member's request expires, and no exchange can then be completed.