

Fractional Interest No(s). _____

BUYER'S ACKNOWLEDGMENT OF REPRESENTATIONS

(The Orchard at Carneros)

Prior to submitting your Purchase and Sale Agreement and Escrow Instructions to Carneros Cottages, LLC ("Developer") for acceptance, we want to eliminate the possibility of unauthorized representations or misunderstandings with respect to what you are acquiring, as well as what might have been said to you that may have influenced your decision to purchase. Therefore, we ask that you review the following statements, initial each and acknowledge the same by placing your signature in the space provided at the end of this document.

1. The Fractional Interest is being represented to the public as something to be used by you, your family and guests and is not intended as something from which you may expect a profit or return in any way whatsoever. You understand that no representation of any investment potential of the Fractional Interest has been made, including potential for rental income, for resale at a profit, or for any expected tax benefits. Purchaser's initials: _____

2. Subject to No. 4, below, Developer has no form of resale program, and no salesperson is authorized to make any representation to you that Developer or any affiliate of Developer will handle resale of your Fractional Interest(s). Purchaser's initials: _____

3. As an owner of a Fractional Interest, you may reserve and rent Planned Vacation Use, but not and Space Available Vacation Use or Getaway Vacation use. Purchaser's initials: _____

4. If you decide to resell your Fractional Interest, your right is subject to two types of options that Developer has reserved in Section 9.4 of the CC&Rs for The Orchard at Carneros. Under the first type, Developer has an option to purchase your Fractional Interest at its then fair market value. The fair market value is measured as the sales price of the last ten (10) sales of Fractional Interests. Under the second type, Developer has an option to include your Fractional Interest on a waiting list along with those tendered by other owners who wish to resell, and to offer one (1) such resale to the public, for the same price for which Developer offers its own Fractional Interests, after every four (4) sales of Fractional Interests then owned by Developer. Developer is not required to exercise either option, in which case you are free to directly resell your Fractional Interest. The foregoing is more fully explained in Section 9.4 of the CC&Rs. If resale is important to you, you acknowledge that you have reviewed Section 9.4 of the CC&Rs, and understand that Developer has an option, but not an obligation, to repurchase and to resell your Fractional Interest. Purchaser's initials: _____

5. As an owner of a Fractional Interest, you are obligated to pay a quarterly maintenance assessment as long as you own your Fractional Interest(s). The board of directors of your owners association may change the frequency of collection of these assessments. These assessments are payable whether or not you use your Fractional Interest in any particular year. Failure to pay any such assessment may result in the suspension of your use privileges and a lien against your Fractional Interest. Purchaser's initials: _____

6. You are aware that no federal or state agency has made any recommendation or endorsement of the Fractional Interest or of the rights and privileges evidenced thereby. Purchaser's initials: _____

7. You are aware that Developer is relying upon the truth of each of the representations made by you herein. Purchaser's initials: _____

8. You acknowledge and represent that, if you are a resident of a state other than California, that your purchase of a Fractional Interest is made as a result of an offer to sell the Fractional Interest to you, which offer to sell was made within the State of California and received by you within the State of California. Purchaser's initials: _____

The undersigned acknowledge(s) that the foregoing answers are true and correct and are those of the undersigned and of no other person(s).

Representative: _____

Buyer: _____

Date: _____

Buyer: _____

Date: _____