

ILX RESORTS INCORPORATED
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Charter

I. Purpose

The primary functions of the Audit Committee are to: (a) assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other financial information provided by ILX Resorts Incorporated ("the Corporation") to any governmental body or the public; the Corporation's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Corporation's auditing, accounting and financial reporting processes generally; (b) prepare the report required by the United States Securities and Exchange Commission (the "SEC") for inclusion in the Corporation's annual proxy statement; (c) select, retain and terminate the Corporation's independent accountant; and (d) approve audit and non-audit services to be performed by the independent accountant. Consistent with this function, the Audit Committee shall encourage continuous improvement of, and foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control system.
- Review and appraise the audit efforts of the Corporation's independent accountants.
- Provide an open avenue of communication among the independent accountants, financial and senior management and the Board of Directors.
- Provide a facility to which all concerned outside parties as well as Corporation's employees can raise concerns related to the Corporation's accounting, internal control or audits.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. Composition

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors as such term is defined in the effective rules and regulations of the SEC and the NYSE Alternext, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. A director will not be considered "independent" if, among other things, he or she:

- is, or has been within the last three years, an employee of the Corporation, including any parent or subsidiary in a consolidated group with the Corporation (collectively the “Company”), or an immediate family member is, or has been within the last three years, an executive officer of the Company;
- has or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- (A) is a current partner or employee of a firm that is the Company’s internal or external auditor; (B) has an immediate family member who is a current partner of such a firm; (C) has an immediate family member who is a current employee of such a firm and personally works on the Company’s audit; or (D) an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company’s audit within that time.
- is, or an immediate family member is, or has been with the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that company’s compensation committee.
- is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company’s consolidated gross revenues.

All members of the Audit Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Audit Committee shall have accounting or related financial management expertise.

The members of the Audit Committee shall be elected by the Board annually at the Board Meeting following the Annual Meeting of Shareholders. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Committee membership.

III. Meetings

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. In addition, as part of its job to foster open communication, the Audit Committee shall meet at least annually with

management and the independent accountants in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee shall maintain minutes or other records of its meetings and activities. In addition, the Audit Committee shall report through its Chair to the Board of Directors following each meeting of the Audit Committee.

IV. Responsibilities and Duties

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports Review

1. Review and update this Charter periodically but no less frequently than annually, as conditions dictate.
2. Review the Corporation's annual financial statements and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion or review rendered by the independent accountants.
3. Review with financial management and the independent accountants the Corporation's 10-Qs and 10-K prior to the filing of each. The Chair of the Audit Committee may represent the entire Committee for purposes of 10-Q reviews.
4. Review and discuss with management and the independent accountant earnings press releases. The Committee should discuss in advance each earnings release and generally discuss the types of information to be disclosed and the type of presentation to be made in any earnings release or guidance. The failure to do so is not a violation of the Committee's Charter if circumstances do not permit the Committee to meet in advance of an earnings release.
5. Review with management and the independent accountant any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
6. Prepare the report required by the rules of the SEC to be included in the Corporation's annual proxy statement.
7. Submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the Board.
8. Review any restatements of financial statements that have occurred or were recommended. Review the restatements made by other clients of the

independent accountant.

Independent Accountants

9. Interview and retain the independent accountants, considering both independence and effectiveness, and approve the fees and other compensation to be paid to the independent accountants. On an annual basis, the Audit Committee shall (a) review and discuss with the accountants all significant relationships the accountants have with the Corporation to determine the accountants' independence; (b) review the performance of the independent accountants; and (c) appoint or terminate the independent accountants.
10. Confer with the independent accountants concerning the scope of their examinations of the books and records of the Corporation and its subsidiaries; review and execute the independent accountants' annual engagement letter; direct the special attention of the accountants to specific matters or areas deemed by the Audit Committee or the accountants to be of special significance; and authorize the accountants to perform such supplemental review or audits as the Audit Committee may deem desirable.
11. Review with management and the independent accountants' significant risks and exposures, audit activities and significant audit findings.
12. Review and approve the range and cost of audit as well as non-audit services performed by the independent accountants.
13. Periodically consult with the independent accountants out of the presence of management about internal controls and the fullness and accuracy of the Corporation's financial statements.

Financial Reporting Process

14. In consultation with the independent accountants, review the integrity of the Corporation's financial reporting processes, both internal and external.
15. Review and approve all related-party transactions.
16. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
17. Annually review major issues regarding the Corporation's auditing and accounting principles and practices and its presentation of financial statements, including the adequacy of the Corporation's systems of internal control and special audit steps adopted in light of material internal control deficiencies.

18. Obtain from the independent accountants their recommendations regarding internal controls and other matters relating to the accounting procedures and the books and records of the Corporation and its subsidiaries and review the correction of any controls deemed to be deficient.
19. Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent accountants or management.
20. Discuss with management and legal counsel the status of pending litigation, taxation matters, compliance policies and other areas of oversight applicable to the legal and compliance area as may be appropriate.
21. Review with management and the independent accountant the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Corporation's financial statements.

Process Improvement

22. Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent accountants regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
23. Following completion of the annual audit, review separately with each of management and the independent accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
24. Review any significant disagreement among management and the independent accountants in connection with the preparation of the financial statements.
25. Review with the independent accountants and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review shall be conducted at an appropriate time subsequent to implementation of changes or improvements, as declared by the Audit Committee.)
26. Review the procedures established by the Corporation that monitor the compliance by the Corporation with its loan and indenture covenants and restrictions.

Ethical and Legal Compliance

27. Establish, review and update periodically the Corporation's Code of Business Conduct and ensure that management has established a system to enforce this code.
28. Review management's monitoring of the Corporation's compliance with its Code of Business Conduct, and ensure that management has the proper review system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
29. Review, with the Corporation's counsel, legal compliance matters including corporate securities trading policies.
30. Review, with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements.
31. Perform any other activities consistent with this Charter, the Corporation's Bylaws and governing law, as the Audit Committee or the Board deems necessary or appropriate.

Other

32. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.
33. Consider such other matters in relation to the financial affairs of the Corporation and its accounts, and in relation to the external audit of the Corporation as the Audit Committee may, in its discretion, determine to be advisable.

Adopted by the Audit Committee and approved by the Board of Directors on February 18, 2009.