


First American Title Of Jefferson County
2424 South Park Avenue, PO Box 598
Port Townsend, WA 98368
Phone: (360) 385-1322
Fax: (360) 385-1877

Agent for:

FIRST AMERICAN TITLE INSURANCE COMPANY

 First American Title	Litigation Guarantee
	ISSUED BY First American Title Insurance Company
Guarantee	GUARANTEE NUMBER 5015853-1507

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE LIMITS OF LIABILITY AND OTHER PROVISIONS OF THE CONDITIONS AND STIPULATIONS HERETO ANNEXED AND MADE A PART OF THIS GUARANTEE,

FIRST AMERICAN TITLE INSURANCE COMPANY

a California corporation, herein called the Company

GUARANTEES

the Assured named in Schedule A of this Guarantee

herein called the Assured, against loss not exceeding the liability amount stated in Schedule A which the Assured shall sustain by reason of any incorrectness in the assurance which the Company hereby gives that, according to the public records, on the Date of Guarantee shown in Schedule A,

1. The title to the herein described land was vested in the vestee named, subject to the matters shown as exceptions herein, which exceptions are not necessarily shown in the order of their priority; AND
2. The necessary parties defendant in an action to foreclose on Instrument No. are as herein stated.

First American Title Insurance Company



Dennis J. Gilmore

Dennis J. Gilmore
President

Timothy Kemp

Timothy Kemp
Secretary



SCHEDULE OF EXCLUSIONS FROM COVERAGE OF THIS GUARANTEE

1. Except to the extent that specific assurances are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:

(a) Defects, liens, encumbrances, adverse claims or other matters against the title, whether or not shown by the public records.

(b) (1) Taxes or assessments of any taxing authority that levies taxes or assessments on real property; or, (2) Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not the matters excluded under (1) or (2) are shown by the records of the taxing authority or by the public records.

(c) (1) Unpatented mining claims; (2) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (3) water rights, claims or title to water, whether or not the matters excluded under (1), (2) or (3) are shown by the public records.

2. Notwithstanding any specific assurances which are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:

(a) Defects, liens, encumbrances, adverse claims or other matters affecting the title to any property beyond the lines of the land

expressly described in the description set forth in Schedule (A), (C) or in Part 2 of this Guarantee, or title to streets, roads, avenues, lanes, ways or waterways to which such land abuts, or the right to maintain therein vaults, tunnels, ramps or any structure or improvements; or any rights or easements therein, unless such property, rights or easements are expressly and specifically set forth in said description.

(b) Defects, liens, encumbrances, adverse claims or other matters, whether or not shown by the public records; (1) which are created, suffered, assumed or agreed to by one or more of the Assureds; (2) which result in no loss to the Assured; or (3) which do not result in the invalidity or potential invalidity of any judicial or non-judicial proceeding which is within the scope and purpose of the assurances provided.

(c) The identity of any party shown or referred to in Schedule A.

(d) The validity, legal effect or priority of any matter shown or referred to in this Guarantee.

GUARANTEE CONDITIONS AND STIPULATIONS

1. Definition of Terms.

The following terms when used in the Guarantee mean:

(a) the "Assured": the party or parties named as the Assured in this Guarantee, or on a supplemental writing executed by the Company.

(b) "land": the land described or referred to in Schedule (A)(C) or in Part 2, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule (A)(C) or in Part 2, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways.

(c) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(d) "public records": records established under state statutes at Date of Guarantee for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.

(e) "date": the effective date.

2. Notice of Claim to be Given by Assured Claimant.

An Assured shall notify the Company promptly in writing in case knowledge shall come to an Assured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as stated herein, and which might cause loss or damage for which the Company may be liable by virtue of this Guarantee. If prompt notice shall not be given to the Company, then all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any Assured under this Guarantee unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

3. No Duty to Defend or Prosecute.

The Company shall have no duty to defend or prosecute any action or proceeding to which the Assured is a party, notwithstanding the nature of any allegation in such action or proceeding.

4. Company's Option to Defend or Prosecute Actions; Duty of Assured Claimant to Cooperate.

Even though the Company has no duty to defend or prosecute as set forth in Paragraph 3 above:

(a) The Company shall have the right, at its sole option and cost, to institute and prosecute any action or proceeding, interpose a defense, as limited in (b), or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured, or to prevent or reduce loss or damage to the Assured. The Company may take any appropriate action under the terms of this Guarantee, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this Guarantee. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(b) If the Company elects to exercise its options as stated in Paragraph 4(a) the Company shall have the right to select counsel of its choice (subject to the right of such Assured to object for reasonable cause) to represent the Assured and shall not be liable for and will not pay the fees of any other counsel, nor will the Company pay any fees, costs or expenses incurred by an Assured in the defense of those causes of action which allege matters not covered by this Guarantee.

(c) Whenever the Company shall have brought an action or interposed a defense as permitted by the provisions of this Guarantee, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from an adverse judgment or order.

LITIGATION GUARANTEE

Commitment No.: **53466**
Guarantee No.: **5015853-1507**
Effective Date: **7/01/2011 at 8:00 A.M.**
Liability: **\$ 10,000.00**
Premium: **\$ 400.00**
Sales Tax: **\$ 36.00**
Reference: **APN 965 201 102**

Assured: **Jefferson County Treasurer**

To: **Jefferson County Treasurer
Sabrina Hathaway
P O Box 571
Port Townsend, WA 98368**

The estate or interest in the land described or referred to in this schedule covered by this Guarantee is:

Fee Simple

Title to said estate or interest at the date hereof is vested in

Great American Time Share Club, a Washington non profit corporation, listed as inactive on the Secretary of States rolls

The land referred to in this guarantee is located in the County of **Jefferson**, State of **Washington**, and described as follows:

The following undivided fractional interest being identified as the named Tenancy in Common Interest, in the herein described Time Share Unit (TSU) apartment(s), as a tenant-in-common with the other fractional owners of the said TSU of the named condominium, intended only for the stated use, according to Survey Map and Set of Plans recorded as noted (said Survey Map setting forth delineating a description of the land as provided in RCW 64.32.090 (1)), and according to Condominium Declaration recorded as noted;

TOGETHER WITH the stated Unit Percentage of undivided interest in the common areas and facilities appertaining to said TSU Apartment(s) for the Phase noted;

SUBJECT TO, however, possible partial defeasance of this undivided interest upon inclusion of any subject phase(s) (to the Condominium by recorded Amendment to the Declaration; and together with that pro-rata portion of the Declarant's interest in the common areas and facilities of the Property in any subsequently added phase(s)), if any;

All as expressly provided for in the Declaration, as it may be so amended or record; said Tenancy in Common interest having a fractional percentage of undivided interest in the Common Area and Facilities identified as the TSU Percentage;

INCLUDING the right to exclude occupancy and possession of said Apartment during the stated Time Sharing period(s) (to the exclusion of all other tenants-in-common) as provided for and defined in said declaration;

AND TOGETHER WITH the use of those Limited Common Areas and Facilities, if any, appertaining to said Apartment(s);

Condominium: Kala Point Village
Volume/Page: Volume 1 of Condominiums, pages 46 through 57, and Volume 1, pages 97 through 101, and pages 119 through 121.
Records of: Jefferson County, Washington
Declaration and
Amendments Recorded on: June 5, 1978 and February 20, 1980
Recording Nos.: 250367, 263587 and 275985, respectively
TSU Apartment No.: 11
Building No.: 11
Unit Percentage: .425%
Tenancy in Common: 1/12
Time Share Period: D
TSU Percentage: .425%

Exceptions:

1. Delinquent General Taxes.

Year: 2008
Amount Billed: \$ 43.52
Amount Paid: \$ 0.00
Amount Due: \$ 43.52, plus interest and penalty
Tax Account No.: 965 201 102
Assessed Value: \$ 5,000.00

Delinquent General Taxes.

Year: 2009
Amount Billed: \$ 39.82
Amount Paid: \$ 0.00
Amount Due: \$ 39.82, plus interest and penalty
Tax Account No.: 965 201 102
Assessed Value: \$ 5,000.00

Delinquent General Taxes.

Year: 2010
Amount Billed: \$ 44.22
Amount Paid: \$ 0.00
Amount Due: \$ 44.22, plus interest and penalty
Tax Account No.: 965 201 102
Assessed Value: \$ 5,000.00

Delinquent General Taxes.

Year: 2011
Amount Billed: \$ 48.76
Amount Paid: \$ 0.00
Amount Due: \$ 48.76, plus interest and penalty
Tax Account No.: 965 201 102
Assessed Value: \$ 5,000.00

2. Terms, provisions, covenants, conditions, definitions, options, obligations and restrictions contained in condominium declaration and as may be contained in the by-laws adopted pursuant to said declaration.

Recorded: June 5, 1978
Recording No.: 250367

Amendment(s) and/or modification(s) of said declaration.

Recorded: February 20, 1980 and December 22, 1981
Recording Nos.: 263587 and 275985

Amendment(s) and/or modification(s) of said declaration.

Recording No.: 291353 and First Amendment thereto recorded under Auditor's File No. 292710

3. Any assessment now or hereafter levied under the provisions of the condominium declaration of Kala Point Village Homeowners Association, or any amendment(s) thereto, or under the by-laws adopted pursuant to said declaration.
4. Terms, provisions, requirements and limitations contained in the Horizontal Property Regimes Act, Chapter 156, Laws of 1963 (RCW 64.32) as now amended or as it may hereafter be amended.
5. Subject to the rules and regulations, Articles of Incorporation, By-Laws and Declarations of Covenants, conditions and restrictions of Kala Point Swim and Racquet Club, as amended from time to time and any and all assessments recorded January 20, 1978 and March 15, 1979 under Auditor's File Nos. 247356 and 256406.
6. Covenants, conditions, restrictions and/or easements; but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, family status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(C).
Recorded: September 16, 1994
Recording No.: 375358

Amendment(s) and/or modification(s) of said covenants.
Recording Nos.: 431548, 496385, 515920 and 520736

7. Liability for assessments or maintenance lien of Kala Point Swim and Racquet Club as disclosed by the above referenced Covenants, Conditions and Restrictions.
8. Easement and the terms and conditions thereof:
For: To use for construction and maintenance of sewage disposal, drainfields and appurtenances
Recorded: July 13, 1979
Recording No.: 259245
Affects: A portion of Phase 4
9. Homeowner's Association Assessment Lien.
Claimant: Kala Point Owners' Association
Against: Great American Timeshare Club
Amount: \$ 529.26, plus attorney's fees, costs and interest
For: Delinquent assessments and/or dues
Recorded: March 18, 2011
Recording No.: 558772

This Guarantee is restricted to the use of the Assured and is only for the purpose of providing information to facilitate (foreclosure of a mortgage described in Schedule B) (Forfeiture of a contract described in Schedule B) (litigating some matter of title) affecting the land described in Schedule A. The Company shall have no liability for any reliance hereon except for the purpose for which this Guarantee is issued. This Guarantee is not a commitment nor an obligation by the company to issue any policy or policies of title insurance insuring said land, and it is not to be used as a basis for closing any transaction affecting title to said land.

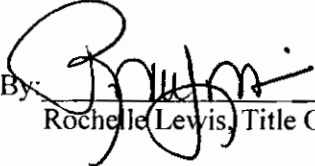
Upon request within 60 days from the effective date of this Guarantee, the Company will extend the effective date of this Guarantee, by endorsement to include the recording of a (Notice of Trustee's Sale) (Notice of Lis Pendens) (Notice of intent to Forfeit). Such an endorsement will show as additional exceptions, and therefore exclude from coverage, those matters attaching subsequent to the effective date of the Guarantee but prior to the issuance of the endorsement.

The Company may, BUT IS NOT OBLIGATED TO, issue additional endorsements extending the effective date of the Guarantee at the request of the assured. The fee for such Endorsement will be charged according to the Company's filed Rae Schedule for such endorsement. The Company will not, and accepts no obligation to, issue an endorsement extending the effective date to, or beyond, the date of any foreclosure sale of the premises, or date of forfeiture.

Attention is invited to the Soldiers' and Sailors' Civil Relief Act of 1940 and amendments thereto which could limit or inhibit a foreclosure or forfeiture action.

Attention is invited to the Federal Tax Lien Act of 1966 and amendments thereto which, among other things, provides for the giving of written notice in a specific manner to the Secretary of the Treasury or his delegate as a requirement for discharge or divestment of a federal tax lien. Upon request, the 30th day preceding the date of sale or forfeiture, the Company will issue an endorsement identifying any federal tax liens which may have been placed of record subsequent to the effective date of this Guarantee; however, the Company accepts no responsibility for determining said 30th day nor for issuing such endorsement without request therefor.

Attention is invited to Section 1825 (b) (2) in Title 12 of the United States Code which may require the consent of an agency of the United States for any foreclosure sale or forfeiture to be effective.

By:  _____
Rochelle Lewis, Title Officer

GUARANTEE CONDITIONS AND STIPULATIONS (Continued)

(d) In all cases where this Guarantee permits the Company to prosecute or provide for the defense of any action or proceeding, an Assured shall secure to the Company the right to so prosecute or provide for the defense of any action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such Assured for this purpose. Whenever requested by the Company, an Assured, at the Company's expense, shall give the Company all reasonable aid in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured. If the Company is prejudiced by the failure of the Assured to furnish the required cooperation, the Company's obligations to the Assured under the Guarantee shall terminate.

5. Proof of Loss or Damage.

In addition to and after the notices required under Section 2 of these Conditions and Stipulations have been provided to the Company, a proof of loss or damage signed and sworn to by the Assured shall be furnished to the Company within ninety (90) days after the Assured shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the matters covered by this Guarantee which constitute the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the Assured to provide the required proof of loss or damage, the Company's obligation to such assured under the Guarantee shall terminate. In addition, the Assured may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Guarantee, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Assured shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the Assured provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Assured to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in the above paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this Guarantee to the Assured for that claim.

6. Options to Pay or Otherwise Settle Claims: Termination of Liability.

In case of a claim under this Guarantee, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Liability or to Purchase the Indebtedness.

The Company shall have the option to pay or settle or compromise for or in the name of the Assured any claim which could result in loss to the Assured within the coverage of this Guarantee, or to pay the full amount of this Guarantee or, if this Guarantee is issued for the benefit of a holder of a mortgage or a lienholder, the Company shall have the option to purchase the indebtedness secured by said mortgage or said lien for the amount owing thereon, together with any costs, reasonable attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of purchase.

Such purchase, payment or tender of payment of the full amount of the Guarantee shall terminate all liability of the Company hereunder. In the event after notice of claim has been given to the Company by the Assured the Company offers to purchase said indebtedness, the owner of such indebtedness shall transfer and assign said indebtedness, together with any collateral security, to the Company upon payment of the purchase price.

Upon the exercise by the Company of the option provided for in Paragraph (a) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4, and the Guarantee shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other Than the Assured or With the Assured Claimant.

To pay or otherwise settle with other parties for or in the name of an Assured claimant any claim assured against under this Guarantee, together with any costs, attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of the option provided for in Paragraph (b) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4.

7. Determination and Extent of Liability.

This Guarantee is a contract of Indemnity against actual monetary loss or damage sustained or incurred by the Assured claimant who has suffered loss or damage by reason of reliance upon the assurances set forth in this Guarantee and only to the extent herein described, and subject to the Exclusions From Coverage of This Guarantee.

The liability of the Company under this Guarantee to the Assured shall not exceed the least of:

- (a) the amount of liability stated in Schedule A or in Part 2;
- (b) the amount of the unpaid principal indebtedness secured by the mortgage of an Assured mortgagee, as limited or provided under Section 6 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage assured against by this Guarantee occurs, together with interest thereon; or
- (c) the difference between the value of the estate or interest covered hereby as stated herein and the value of the estate or

GUARANTEE CONDITIONS AND STIPULATIONS (Continued)

interest subject to any defect, lien or encumbrance assured against by this Guarantee.

8. Limitation of Liability.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures any other matter assured against by this Guarantee in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, as stated herein.

(c) The Company shall not be liable for loss or damage to any Assured for liability voluntarily assumed by the Assured in settling any claim or suit without the prior written consent of the Company.

9. Reduction of Liability or Termination of Liability.

All payments under this Guarantee, except payments made for costs, attorneys' fees and expenses pursuant to Paragraph 4 shall reduce the amount of liability pro tanto.

10. Payment of Loss.

(a) No payment shall be made without producing this Guarantee for endorsement of the payment unless the Guarantee has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within thirty (30) days thereafter.

11. Subrogation Upon Payment or Settlement.

Whenever the Company shall have settled and paid a claim under this Guarantee, all right of subrogation shall vest in the Company unaffected by any act of the Assured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the Assured would have had against any person or property in respect to the claim had this Guarantee not been issued. If requested by the Company, the Assured shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The Assured shall permit the Company to sue, compromise or settle in the name of the Assured and to use the name of the Assured in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the Assured the Company shall be subrogated to all rights and remedies of the Assured after the Assured shall have recovered its principal, interest, and costs of collection.

12. Arbitration.

Unless prohibited by applicable law, either the Company or the Assured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Assured arising out of or relating to this Guarantee, any service of the Company in connection with its issuance or the breach of a Guarantee provision or other obligation.

All arbitrable matters when the Amount of Liability is \$1,000,000 or less shall be arbitrated at the option of either the Company or the Assured. All arbitrable matters when the amount of liability is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the Assured. The Rules in effect at Date of Guarantee shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permits a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

13. Liability Limited to This Guarantee; Guarantee Entire Contract.

(a) This Guarantee together with all endorsements, if any, attached hereto by the Company is the entire Guarantee and contract between the Assured and the Company. In interpreting any provision of this Guarantee, this Guarantee shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, or any action asserting such claim, shall be restricted to this Guarantee.

(c) No amendment of or endorsement to this Guarantee can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

14. Notices, Where Sent.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this Guarantee and shall be addressed to the Company at **First American Title Insurance Company, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, California 92707.**



First American Title



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11/15/2005 02:17P
SMD 02.00

Jefferson County, WA ARCADIA ESCROW INC

Jefferson County Excise Tax

Aff # 105337 Date 11-15-05

Tax \$ 89.00 Sales Amt \$ 5,000.00

By [Signature] Deputy Treasurer

AFTER RECORDING MAIL TO:
Great American Timeshare Company, Inc.
PO Box 339
Ocean Shores, Washington 98569

Statutory Warranty Deed

The GRANTOR(S), **Kenneth F. Hobbs and Terri L. Hobbs, Husband and Wife** for and in consideration of Ten Dollars and other valuable consideration in hand paid, conveys and warrants to **Great American Timeshare Club**, a Washington Non Profit Corporation, GRANTEE the following described real estate, situate in Jefferson County, State of Washington. An undivided 1/12 interest, as a Tenant in Common, with the other Fractional Owners of Unit 11 in Kala Point Village, a Condominium, intended for residential and/or recreational purposes (PO Box 1159, Port Townsend, WA 98368); together with its .425% of undivided interest in the Common Area and Facilities appertaining to said apartment for Phases 1 and 2 and together with the limited common areas and facilities so appertaining; all according to Survey Map and Set of Plans delineating said apartment recorded under Auditor's File No. 250368 in Volume 1 of Condominiums, Page 46, records of Jefferson County, WA, and according to the Declaration of Condominium recorded on June 5, 1978, as Auditor's File No. 250367, in Volume 102 of Official Records, page 418, records of Jefferson County, WA. Including the right of exclusive occupancy and possession for said apartment during Timesharing Interval D, as provided for and defined in said Declaration. Subject however, to possible partial defeasance of the percentage of undivided interest in the Common Area and Facilities appertaining to said apartment upon inclusion of any subsequent phase(s) to the Condominium be recorded Amendment to the Declaration; and Together with the pro-rata portion of the Declarant's interest in the Common Area and Facilities of the Property in any subsequently added phase(s); all as expressly provided for in the Declaration, upon proper recording of Amendment(s) thereto. Subject to easements, restrictions and reservations of record.

Assessor's Property Tax Parcel/Account Number(s) 965 201 102

Dated this 28 day of SEPTEMBER 2005

[Signature] x [Signature]

State of Washington)
)ss
County of King)

SCOTT D. BISSELL
STATE OF WASHINGTON
NOTARY - - - PUBLIC
MY COMMISSION EXPIRES 08-01-07

I certify that I know or have satisfactory evidence that Kenneth F. Hobbs and Terri L. Hobbs are the persons who appeared before me and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in this instrument.

Dated 9.28.05 [Signature]
Notary Public in and for the State of Washington. My appointment expires: 06.01.07



511269

Jefferson County Aud GREAT AMERICAN TIMES Page: 1 of 19
DEC 05/17/2008 11:27A
DEC 50.00

Return Address:

Great American Timeshare Club
PO Box 339
Ocean Shores, WA 98569

<p>Document Title(s) (for transactions contained therein):</p> <p>1. Great American Timeshare Club Declaration of 2. Timeshare Club 3. 4.</p>
<p>Reference Number(s) of Documents assigned or released: (on page of document(s))</p>
<p>Grantor(s)</p> <p>1. 2. 3. 4.</p> <p>Additional Names on page _____ of document.</p>
<p>Grantee(s)</p> <p>1. 2. 3. 4.</p> <p>Additional Names on page _____ of document.</p>
<p>Legal Description (abbreviated i.e. lot, block, plat or section, township, range)</p> <p>1/2 interest in Unit 11 Interval D of Kala Point Village</p> <p>Additional legal is on page 18 of document.</p>
<p>Assessor's Property Tax Parcel/Account Number</p> <p>965 201 102</p>
<p>The Auditor/Recorder will rely on information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.</p>



511269

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05/17/2006 11:27A
Jefferson County Aud GREAT AMERICAN TIMES DEC 50.00

AFTER RECORDING MAIL TO:

**Great American Timeshare Club
PO Box 339
Ocean Shores, Washington 98569**

**GREAT AMERICAN TIMESHARE CLUB
DECLARATION OF TIMESHARE CLUB
ANNEXING OWNERSHIPS AT KALA POINT VILLAGE**

THIS DECLARATION is made this 10th day of MAY, 2006, by Great American Timeshare Company, Inc., a Washington Corporation ("Company"), and Great American Timeshare Club, a Washington Non Profit Corporation ("Club"). The principal place of business of both the Company and the Club is PO Box 339, Ocean Shores, Washington 98569. The Ownerships being annexed are a part of the property commonly known as Kala Point Village, 20 Village Drive, Port Townsend, Washington 98368 and are legally described on Exhibit A to this Declaration of Timeshare Club.

Company and the Club hereby declare as follows:

RECITALS

A. **Company.** Company is in the timeshare development, management, marketing and sales business and has created the Club as the entity which owns all real, personal and leasehold Club property with the purpose to sell a value priced, multi site, points based timeshare club using inventory either purchased or converted at existing resorts, new resorts, or properties to be developed and or other accommodations which Company deems appropriate, in their sole discretion, which will be deeded to the Club free and clear of all liens or encumbrances subject to the following three caveats; 1) that the Company retains the exclusive right to market, convert to and or sell Club Ownerships to the public and to retain the proceeds from such sales and conversions, 2) that the Company retains the exclusive right to manage the club for a fee, and 3) that the Company, the Board Members and the Club Owners shall not have the right to lien, encumber or mortgage any of the real, personal or other assets of the Club. Company desires to subject the Property described above to and impose upon it mutual and beneficial covenants, conditions and restrictions contained in this Declaration, as it may subsequently be amended, which are intended to satisfy the requirements of various statutes specifying the contents and enforceability of timeshare instruments, which constitute a general plan or scheme for the purpose of establishing the Club, all for the benefit of all the Club Owners. Company has the same meaning as "Promoter" under the Act. The term Company shall also include any successor in interest to Great American Timeshare Company, Inc.

B. **Club.** The Club is Great American Timeshare Club, a Washington Nonprofit Corporation created to own certain real and personal property and manage the reservation system and points use for the Club Owners who own their points in perpetuity.



C. Property. The Club is the legal owner of the real property and improvements thereto legally described on Exhibit A attached hereto of which only the ownerships that are identified in Exhibit A are included for the purposes of this Declaration. This Declaration is subject to the covenants, conditions and restrictions which are part of the Governing Documents for the property being annexed to the Club.

D. Club Management Agreement. The Club has a Club Management Agreement between the Club and the Company or another entity, as may be amended from time to time.

E. Notice of Timeshare Club. Where appropriate or required by law or regulation, this Declaration is intended to serve as a "Notice of Timeshare Club".

DECLARATION

The Company and the Club hereby declare that from the date of this Declaration all of the Property described on Exhibit A herein shall be held, conveyed, leased, rented, used, occupied, and improved subject to the following Sections:

1. DEFINITIONS. Unless the context otherwise specifies or requires the terms used in this Declaration shall have the following meanings:

1.1 Anniversary Date and Year. The Anniversary Date is the first day of the month following the month in which the purchase of a Club Ownership closed and the Club Ownership Certificate is issued and the same day each year thereafter. The Anniversary Year is the one year period commencing on the first Anniversary Date and ending one year later on the next Anniversary Date and each subsequent annual period.

1.2 Articles. The Articles of Incorporation of the Club filed with the Secretary of State of the State of Washington, as may be amended, which shall not be inconsistent with this Declaration.

1.3 Board. The Board of Directors of the Club.

1.4 Bonus Time. The consecutive days during which a Club Owner or Guest is entitled to the possession and use of a Unit under a reservation made according to the Rules and Regulations without the use of the Owner's Points and for which the specified Bonus Time fee is paid.

1.5 Bylaws. The Bylaws of the Club, as may be amended from time to time, which shall not be inconsistent with this Declaration.

1.6 Check In Check Out Day. The Check In Day is the Day that a confirmed reservation states is the beginning of a stay in a Club Unit. The Check Out Day is the Day that confirmed reservations states is the end of a stay in a Club Unit. Reservations made from two (2) years down to 120 days in advance shall have a set Check In Day as stated in the Full Disclosure Book. Reservations made less than 120 days in advance will have a Check In Day that can be any day that is identified on the reservation confirmation.

1.7 Club Owner. A Club Owner is an owner of Club Points.

1.8 Club Ownership. The relationship of a Club Owner to the Club; the bundle of rights, duties, and benefits of a Club Owner.



1.9 Club Unit. The separately owned portion of the Property, to which a Club Owner receives use rights when a reservation is made and confirmed under the Rules and Regulations. A Club Unit may consist of a condominium unit, a separately owned dwelling on a lot in a planned development, a hotel suite, and/or similar facility suitable for human living quarters.

1.10 Common Area. All land and Improvements located on the Properties which do not constitute a Unit or other separately owned or rented property, and which are shared in common with other owners or lessees in the same Property.

1.11 Common Furnishings. All standard furniture, furnishings and appliances, telephone system and other personal property from time to time owned, leased or held by the Owners.

1.12 Development Stage. The Development Stage is the period of time beginning with the first purchase of Club Points or conversion to Club Ownership and ending at the end of any calendar year where a net minimum of twenty new Club Owners have either purchased Points or converted their present ownership to Club Ownership. The Company may exercise any development rights reserved herein until the conclusion of the development stage.

1.13 Full Disclosure Book. The Full Disclosure Book is a complete explanation of the Club.

1.14 Governing Documents. The Articles, Bylaws, Rules and Regulations, this Declaration, the Club Management Agreement and any applicable underlying Condominium covenants, conditions or reservations of record or other governing documents related to the property herein, being annexed are the Governing Documents.

1.15 Guest. A third party who is not an Owner but who has use rights in a Unit under a reservation made according to the Rules and Regulations by use of an Owner's Points or Bonus Time privileges.

1.16 Improvements. Buildings, outbuildings, roads, sidewalks, driveways, parking areas, fences, retaining walls, stairs, decks, landscaping and vegetation, fixtures, interior walls, built-in appliances, furnishings, and any other structures or attached improvements of any type or kind, located on the property identified in Exhibit A.

1.17 Majority Vote. Unless otherwise specified, Majority Vote means fifty one percent (51%) or more of the votes cast by the Club Owners using their points, at a Club Owner's Meeting at which a quorum, as defined in the By-Laws, is present. Votes may be cast in person, by proxy or by written sealed ballot delivered to the Owner's Meeting. Unless otherwise specifically required by the Governing Documents, a majority vote shall be required to approve or disapprove all issues and propositions put before the Owners. Multiple Owners of points such as a husband and wife shall nominate and appoint one of the Owners to vote their points.

1.18 Minimum Ownership. Club Owners are those who own a minimum of 1,000 Club Points.

1.19 Points. Points are the measure of a Club Ownership, the currency of the Club, and each Owner receives one vote per every Club Point owned.

1.20 Points Use. The consecutive days during which an Owner or Guest is entitled to the possession and use of a Unit under a reservation made according to the Rules and Regulations and for which the Owner's Points are surrendered.

1.21 Project, Property and Resort. The Club includes several types of Resorts and Properties: This Project, Property or Resort includes all Common Areas and other separately owned or rented dwelling units or improvements governed or administered under a common plan and scheme pursuant to their underlying condominium documents or other enabling language, the legal description of the Project, Property or Resort are attached hereto as Exhibit A.

1.22 Restrictions. Any or all covenants, conditions, servitudes, provisions and the terms of this Declaration, as same may from time to time be amended, supplemented or modified.

1.23 Rules and Regulations. The Rules and Regulations adopted and amended from time to time by the Board, which relate to the possession, use and enjoyment of the Property.

1.24 Substitution. The right of the Company to substitute a comparable Ownership(s), Unit(s), Project(s), Resort(s) or Properties.

1.25 Terms. The Terms used in this Declaration which are defined in either the Timeshare Act of the State of Washington (RCW 64.36 the "Act") or the Condominium Act (RCW 64.34 the "Act") or both (the "Acts") shall have the same meaning as in the Acts unless expressly provided otherwise below.

1.26 Voting Power. The aggregate votes of Owners and the Company equivalent to the total number of Points owned and/or controlled by them.

2. USE RESTRICTIONS. Determinations of responsibility, nuisance, or violation under any provision of the Declaration shall be only pursuant to the "Discipline" Section of the Bylaws or by court or arbitration proceeding.

2.1. Animals. Generally live animals, cats, dogs, fish, birds or pets of any kind shall not be brought or kept at any Club Property, however, certain Resorts may allow pets and the listings for the resort in the Full Disclosure Book will identify those resorts.

2.2. Camping. There shall be no camping or temporary structure on any Club Property.

2.3. Clothesline. No outside clothesline or clothes drying or airing shall be conducted or maintained on the Property or on any Unit if visible from another Unit or the Common Area.

2.4. Creditors. Claims of Creditors of the Company, the Club and any Owner are subordinate to this Declaration and to the rights and privileges of all Club Owners.

2.5. Damage. Without the prior specific written permission of the Board, there shall be no use of any Club Property (a) which increases the cost of maintenance thereof, or (b) which in any way alters the Property or the location, color, design or materials of any Improvement. Owners shall be liable to the Club for any damage to the Property caused by him, his family or guests.



2.6. Exterior Lighting. No exterior lighting shall be installed or maintained on any Unit or the Common Area, other than that provided by the Company or the Club, without the written permission of the on site management.

2.7. Indemnification. Each Owner, by acceptance and use of an Ownership, agrees for himself or herself, and his or her Guests, to indemnify, defend and hold the Club and each and every other Owner harmless from and against any claim for personal injury or property damage arising from the use of any Club Property by that particular Owner or Owner's Guest during such Owner's Point Use, Bonus Time or other occupancy, except to the extent that such claim arises by reason of the willful or negligent act or omission of the Club, another Owner or any third person other than the Owner's Guest. An Owner shall be fully responsible under this indemnity provision for all claims that may arise from the use of the Property by a Guest who is using the Property pursuant to such Owner's Point Use, Bonus Time or other usage privileges.

2.8. Insurance. Nothing shall be done in or upon any Unit or any Club Property which will increase the cost of or cause the cancellation of any insurance maintained by subject Resort covering liability, fire, damage, theft and other risks customarily insured against in similar projects without the express written consent of the onsite management.

2.9. Lawful Activities. No activity shall be conducted in any Club Unit or on any Club Property in violation of any law or ordinance, or which affects the quiet enjoyment of other Owners.

2.10. Nuisances. No noxious or offensive activity or nuisance shall be carried on or maintained within any Club Property, nor shall anything be done or placed upon any Club Property or Common Area which shall cause unreasonable embarrassment, disturbance or annoyance to other Owners or their guests.

2.11. Occupancy and Use. Each Owner has the right to occupy and use a Unit and the Property during such Owner's Points Use or Bonus Time, reserved pursuant to the Rules and Regulations. Rules and Regulations specifying the times required for making or canceling Reservations can only be changed by agreement of the Club Board and the Company. However, the Club Board may make temporary adjustments in the times required for reservations at specific resorts, when there is a predictable low usage period, which could be corrected to a higher level of usage by such adjustments.

(a) Wrongfully Holding Over. If any Club Owner or guest of a Club Owner fails to vacate a Unit at the end of a Points Use or Bonus Time, or otherwise makes unauthorized use of a Unit during a period other than such Owner's Points Use or Bonus Time, or prevents another Owner or guest from using or occupying a Unit during such other Owner's Points Use, the detaining Owner or guest shall (i) be subject to immediate removal, eviction or ejection from the Unit wrongfully used or occupied; (ii) be deemed to have waived any notice required by law with respect to any legal proceedings regarding removal, eviction or ejection, to the extent such waiver is allowed by law; (iii) reimburse the Club and the detained Owner or guest for all costs and expenses incurred by the Club and such Owner or guest as a result of such conduct, including, but not limited to, costs of reasonable alternate accommodations, travel costs, court costs and actual attorneys' fees incurred in connection with moving, evicting or ejecting the detaining Owner or guest, and costs, including actual attorneys' fees, incurred in collecting such amounts; (iv) pay to the Club during such wrongful occupancy, as liquidated damages in addition to the costs and expenses described in subsection (iii) above, Five Hundred Dollars (\$500.00) per day for each day or portion thereof the detaining Owner prevented use and occupancy of the Unit by the excluded Owner. The Club

shall use reasonable efforts to remove such detaining Owner or guest from the Unit, and to assist the excluded Owner or guest in finding comparable alternate accommodations during such hold over period. If the Club deems it necessary, in its sole discretion, to contract for a period greater than the Points Use, which the excluded Owner was prevented from using, in order to obtain adequate alternate accommodations, the entire cost shall be assessed to the detaining Owner. Each Owner agrees that it would be impracticable and extremely difficult to ascertain the actual damages caused by wrongful occupancy, and that the liquidated damages described above provide a fair estimate of such damages.

(b) Damage. If a Club Owner or such Owner's Guest renders a Unit uninhabitable by an intentional or negligent act, such Owner shall be deemed a detaining Owner for such period as the Unit remains uninhabitable and shall be subject to the consequences described in Section 2.11(a) above.

(c) Unavailability of Unit. If a Club Owner has a verified reservation for Points use, and there is no Unit available at the Resort for which the reservation was made, then the Club shall arrange comparable accommodations for such Owner at the Club's expense, in the same Project if possible.

2.12. Occupations and Professions. No Club Owner shall carry on a gainful occupation, profession or trade in any Unit or on any Club Property without the prior written permission of the Club, and the City or County if a special use permit is required for such use; provided, however, that this shall in no way limit or restrict the Company in its activities pertaining to the sale of Points.

2.13. Power Equipment. No power equipment, hobby shops, car maintenance or boat maintenance (other than emergency work) shall be permitted on any Club Property without prior written approval of the Board, which shall not be unreasonably withheld. The Board shall consider the possible effects of noise, air pollution, dust, dirt, grease, fire hazard, interference with radio or television reception, etc., from the proposed activity.

2.14. Renting of Units. A Club Owner may rent the use of a Club Unit by a Guest by use of Points or Bonus Time, provided that any such rental is done in compliance with laws of any governmental entity with jurisdiction over the Club or the Project. The Company and the Club make no representation that they will offer services to rent Units for Owners. The Club shall charge a Guest Fee to Owners for use of Units by such Owners' Guests.

2.15. Residential Occupancy. No Unit shall be held for other than residential purposes and occupancy, nor occupied by more than two (2) individuals per bedroom or sleeping area, without prior written approval from the on site management.

2.16. Storage. There shall be no storage of flammable liquids or gases in any Club Unit without the prior written consent of the on site management.

2.17. Structures. Nothing shall be done within any Club Unit or the Property which shall affect the plumbing or electrical systems or structural integrity of any Improvement or which will alter any structure, without the express approval of the on site management.

2.18. Vehicles. Vehicles used by or belonging to Club Owners or their Guests shall be parked only in marked parking areas or in enclosed parking or garage areas appurtenant to the Property and available for parking by Owners. No stripped down, wrecked or junk motor vehicle shall be kept, parked, stored or



maintained within the Property or the Common Area. No off-road, unlicensed vehicles shall be operated on the Property or the Common Area. No commercial vehicle bearing commercial signs or markings shall be parked within the Property unless such vehicle is used as the Owner's means of personal transportation, and provided that the Board shall determine that such signs and markings are unobtrusive and inoffensive. No vehicle shall be operated in the Property or the Common Area in a manner, which constitutes a danger or nuisance to others. Applicable provisions of the local Vehicle Code shall be enforced within the Property. A vehicle located on the Property, the Project in violation of the Club or other condominium governing documents may be towed away and stored in compliance with local law and ordinances, whether said vehicle shall belong to an Owner, a member of his family, or his guest or invitee. Charges for towing and storage shall be assessed against the Owner responsible for the presence of such vehicle.

3. CLUB.

3.1. Purposes and Powers. The Club is organized to own or lease, maintain and operate the Club Properties, to provide for maintenance of all landscaping and all Improvements, to the extent that such is not provided by any applicable condominium association, and to further and promote the common interests and welfare of the Owners. The Club shall have such powers and duties as are set forth in these Sections, the Articles and the Bylaws, including but not limited to the promulgation and enforcement of all Rules and Regulations necessary to govern the use and enjoyment of the Units, the Property and any personal property owned by the Club, insuring against liability and property loss, and granting or denying permission to do certain acts as required herein, in the Bylaws or in the Rules and Regulations.

3.2. Club Owner. Each person who acquires or holds a minimum of 1,000 Points in the Club is a Club Owner. Except as it otherwise specifically agrees, the Company is deemed an Owner based on unsold or reacquired Points.

3.3. Club Ownership. An Ownership in the Club constitutes (a) a right to use and occupy a Unit during the Owner's Points Use or Bonus Time, (b) a nonexclusive license to use, enjoy and occupy the Club Property and recreational facilities appurtenant thereto during Owner's Points Use or Bonus Time, and (c) voting rights in the Club as described in the Bylaws. However, an Ownership does not include any real or personal property interest in the Club Property by any individual owner of the Club. The term of all Ownerships is perpetual.

3.4. Points. The magnitude and extent of benefits and obligations of a Club Ownership are measured in Points, which are allocated annually in the amount acquired and may be surrendered in varying amounts for Points Use in different Resorts at different times. Points must be used in the year that they are allocated. Owners may reserve their Points from the following Anniversary Year, but only if they have paid the Club maintenance fees, housekeeping fees and/or assessments for such succeeding year. The Board may provide Rules and Regulations for the reasonable regulation and use of Points.

(a) Allocation. Prior to recording or filing this Declaration, annexing this property to the Club, the Company shall allocate the number of Points required for occupancy during different seasons of the year and on different days of the week. Such allocation shall be based on the relative use-value of the new Units compared to existing Units, in the Company's reasonable discretion. The Company shall notify the Club in writing of the schedule of Points allocated to a Unit no later than when the Unit is conveyed or transferred to the Club. The total Points allocated to each Unit are shown in Exhibit A. See the Full Disclosure Book for a complete daily and weekly allocation of points for unit types.



(b) Constant Total. Whenever Points have been allocated to Ownerships and Units subject to this Declaration, the total Points in the Club shall increase except when said annexation for the purpose of substitution of new Units for existing Units by the Company. The total Points in the Club can only decrease upon the loss of a Unit pursuant to section 3.4(c) and (d) below. The total Points issued and outstanding shall always equal the total number of points as allocated on this and all other cumulative Declarations recorded.

(c) Changes in Point Allocation. Although the total Points allocated may not be changed, the Board may, from time to time, make changes in Points values of given nights or seasons that may vary such values up to twenty percent (20%) provided that the total Points Values for a total Unit do not change.

(d) Loss of Unit. If a Unit is lost to use pursuant to Sections 5.2 Condemnation or 5.3 Destruction, Points shall be appropriately diluted, so each Owner has proportionately the same right to use the Club as he or she had prior to the loss of a Unit.

3.5. Annual Maintenance Fees, Special Assessments and Other Fees. The Club shall levy Annual Maintenance Fees and special assessments against each Point, including those of the Company, as described in the Bylaws. Such assessments shall be equal in amount for each Point owned; provided that special charges for fines, penalties or reimbursements against a particular Owner shall be levied according to procedures and subject to the limitations and exemptions set forth in the Bylaws, the Rules and Regulations and these Sections of the Declaration(s). The Club may establish and/or change special use fees for particular activities or benefits in addition to the assessments. All Club Resorts will send the Club statements for the Club Ownerships at each Resort, The Club will total all the statements for all resorts and add any additional funds as may be required to adequately fund every resort, in the sole discretion of the Management Company, divide that total by the total number of points outstanding at that time, which will determine the annual Maintenance Fee for each Club Point.

3.6. Right of Entry. The Club Board or the resort management or its duly authorized agents or employees, shall have the right, at reasonable times and upon reasonable notice, without liability to the Owner, to enter into any Unit for the purposes of maintaining the Property, if necessary, or (a) maintaining Units in good repair and sanitary condition; (b) removing any Improvements constructed, reconstructed, refinished, altered or maintained in or upon such Unit in violation of these Sections; (c) restoring such Unit as authorized by these Sections; (d) installing utilities or conveniences for that Unit or any other Unit(s); or (e) otherwise enforcing or carrying out its duties under these Sections and applicable laws and ordinances. "Reasonable notice" of entry shall mean at least forty-eight (48) hours except in emergencies. Any expense incurred by the Club in taking action under this Section shall be recovered from the offending Owner, if any, by means of a reimbursement charge levied against such Owner.

3.7. Points Ownership. All unsold or reacquired Points shall be deemed owned by the Company for assessment, voting and usage purposes, whether reacquired by the Club or by the Company.

3.8. Company's Obligations. The Company shall, within 30 days after the end of each calendar year, furnish to the Board a statement containing the following, as applicable:

3.8(a). Completion. A status report covering each Improvement which was scheduled for completion during the prior year according to the commitments made to the Board during the prior year.



3.8(b). Points. Identify the total number of Points held by the Company as of the first and last day of the prior year.

3.8c. Owners. Identify the net number of Club Owners on the first and last day of the prior year.

3.8(d). Financial Obligation. Identify the total Annual Maintenance Fees, Special Assessments or other fees which the Company was obligated to pay during the prior year.

3.8(e). Financial Payments. The total amount of funds paid to the Club by the Company during the prior year.

3.8(f). Delinquency. Identify the amount of any delinquency owed by the Company.

3.8(g). Subsidy. An itemized report of funds, goods and services furnished, or caused to be furnished to the Club under any subsidy program which is part of the Club Management Agreement or other agreement, including monetary contributions, if any, to the reserves of the Club for replacement or major repairs of common facilities in the project and an itemized monetary valuation of goods and services furnished.

3.8(h). Board Enforcement. If the statement of the Company is not received by the Board members within 45 days after the prior year, or if the statement evidences a failure by the Company to fulfill an obligation to complete Improvements, pay assessments, or to subsidize the costs of operating the Club and/or maintaining the Club, the Board shall determine whether to take action against the Company to enforce the unfulfilled obligations.

3.8(i). Arbitration. Any disagreement or controversy between the Company and the Club regarding the Company's obligations to complete and pay for Improvements, to pay Annual Maintenance Fees and special assessments as an owner of Points, or to pay a subsidy, shall, at the request of either party, be submitted to arbitration, and such arbitration shall be administered by the American Arbitration Club in accordance with its commercial arbitration rules; and the hearing shall be held in King County, Washington or Grays Harbor County, Washington at the sole discretion of the Company.

3.8(j). Exoneration. Any completion bond or similar financial assurance shall be exonerated by the beneficiaries thereof upon expiration of the period for filing mechanics liens following recordation of a notice of completion or notice of occupancy for the Improvement.

4. ASSESSMENT COVENANT AND LIEN

4.1. Commencement. Assessments shall commence as to all Ownerships on the first day of Ownership and on each subsequent Anniversary Date applicable to such Ownership.

4.2. Covenant and Obligation to Pay. The Company hereby covenants to, and each Club Owner shall, by acceptance of an Ownership, whether from the Company or a subsequent owner of such Ownership, bind himself, his heirs, personal representatives and assigns to pay all Annual Maintenance Fees, special assessments, housekeeping fees, late charges, statement fees and other costs or fees imposed by the Club upon each Ownership, including interest thereon at a rate no less than twelve percent per annum (12%), a \$10.00 fee for each "Notice of Late Payment" and collection costs, if any, including attorneys' fees. The obligation to pay such Annual Maintenance Fees, special assessments, housekeeping fees, late charges,



interest and costs cannot be waived or avoided by nonuse of the Club or abandonment or transfer of an Ownership, and constitutes a personal obligation secured by the Ownership. The transferee of a voluntary or involuntary transfer of an Ownership is jointly and severally liable with the transferor for all unpaid financial obligations which accrued against the Ownership prior to the time of transfer and which are described in a statement from the Club to such transferee prior to transfer of the Ownership.

4.3. Lien. Annual Maintenance Fees, special assessments and all late charges, statement fees and other costs of collection, including attorney's fees, shall constitute a lien upon each Ownership, from the date the expense was incurred until paid. Sale or transfer of any Ownership shall not affect the lien for expenses due as provided for in this Section 4.3 and the obligation of the former Owner to pay Ownership expenses which became due during the period of his Ownership shall pass to subsequent Owners unless such Ownership expenses are paid in full.

4.4. Enforcement. The Board shall institute appropriate legal proceedings to collect all Maintenance Fees or charges sixty (60) days past due. All liens and other Ownership expenses herein provided for shall be enforceable by foreclosure in the manner provided for under RCW 62A.9A, by suit at law, by exercise of the power of sale in the manner prescribed therein, or in any other manner authorized by law. By acceptance of the Club Ownership, Owner thereby appoints the Club as trustee for the benefit of himself or herself and all other Owners to foreclose such liens, to sue to enforce the personal obligations and covenants, or to exercise a power of sale to collect delinquent Ownership expenses. The Board's election to pursue one form of action or remedy shall not abrogate its right to pursue other forms of action or remedies against the same Owner. This shall not cause the absolute forfeiture of an Ownership except pursuant to a foreclosure or a sale under a power of sale for the failure of an Owner to pay assessments duly levied by the Club or a judgment of a court or the decision of an arbitrator based on a violation of the Governing Documents.

5. PROPERTY.

5.1. Ownership. The Club shall hold the Property in fee simple ownership or by leasehold or sub-leasehold interest with current right of possession.

5.2. Condemnation. The term "taking" as used in this Section 5.2 shall mean condemnation by eminent domain or sale under threat of condemnation. Upon a taking or threatened taking by a valid condemning authority, each Club Owner, by acceptance of an Ownership, hereby authorizes the Board to represent the Club in any action or sale under this Section 5.2, with power to execute, acknowledge and deliver conveyances pursuant to this Section 5.2. If the taking involves damage to a portion of the Club Property, and does not constitute "Total Taking" as defined below, repair of the remaining Improvements shall be conducted pursuant to Section 5.3 below. Unless the award or proceeds of sale is apportioned among the Club and the Company by court judgment or by agreement between the condemning authority and each and all of such parties, then the following shall apply: Upon a total or partial taking, if the number of Points lost by reason of Condemnation (the "Lost Points") is less than or equal to the number of unsold Points available immediately prior to such loss (the "Unsold Inventory"), the Company shall be entitled to all of the proceeds arising out of the Lost Points and the Unsold Inventory shall be reduced by the Lost Points. If, however, the Lost Points exceeds the Unsold Inventory, the Company shall be entitled to a percentage of the proceeds equal to the percentage the Unsold Inventory bears to the Lost Points. The Club shall receive the remaining balance of any proceeds and shall use the same to purchase replacement units of comparable quality and accessibility. In any case where the Lost Points exceeds the

Unsold Inventory, the Unsold Inventory shall be deemed exhausted; and the provisions of Section 3.4(c) shall apply to the balance of any Lost Points which are not replaced.

5.3. Destruction.

5.3(a). Minor Repairs. Notwithstanding anything to the contrary in this Section 5.3, and irrespective of the amount or availability of insurance proceeds, if the estimated cost of repair and/or reconstruction is \$20,000 or less, the Board shall proceed immediately to arrange for prompt repair and/or reconstruction. Such amount shall be adjusted annually according to the U.S. Department of Labor Consumer Price Index for all Urban Consumers. Any portion of said amount which is not covered by insurance proceeds shall be paid by the Owners pursuant to a special assessment levied for that purpose, subject to any limitation which may be set forth in the Bylaws.

5.3(b). Decision to Repair and/or Reconstruct. Upon total or partial destruction of the Improvements in any Club Property, and if available insurance proceeds are sufficient to cover not less than eighty-five percent (85%) of the estimated costs of repair and/or reconstruction, such Improvements shall be promptly reconstructed unless, within ninety (90) days from the date of destruction, or within sixty (60) days after final settlement of insurance claims, whichever is later, four (4) of the five (5) Board members approve a resolution that such repair and reconstruction shall not occur. A meeting or ballot for such determination shall be held upon the written request of at least one (1) Board Member or if called pursuant to the Bylaws. A special assessment shall be levied by the Board to make up the difference subject to any limitation which may be set forth in the Bylaws. If the insurance proceeds are less than eighty-five percent (85%) of the estimated costs of repair and/or reconstruction, repair and reconstruction may nevertheless take place if, within ninety (90) days from the date of destruction or within sixty (60) days after final settlement of insurance claims, whichever is later, four (4) of the five (5) Board Members approve a resolution that such repair and/or reconstruction shall occur, and approve a special assessment levied against each Owner to make up the difference. The "estimated costs" shall be determined by obtaining estimates from at least two licensed contractors with bonding capacity to perform such work.

5.3(c). Special Assessment. Any special assessment levied pursuant to subsection (b) shall be levied on the basis of the ratio of the Points held by an Owner to be assessed, to the total Points held by Owners to be assessed, and shall not be subject to any limitation or approval not required by subsection (b) or this subsection (c). Owners who object to their portion of the special assessment may, within ten (10) days of receiving notice thereof, submit written objections to the Board supported by appraisals, cost estimates and/or other relevant evidence, and request a hearing before the Board. If the Board adjusts the individual assessments, notice thereof shall be given to all Owners, and a special meeting of the Owners called to affirm or modify any recommended adjustments by approval of a majority of the Owners. The decision of the Board as to no adjustment, or the decision of the Owners as to adjusted amounts, shall be final.

5.3(d). Construction Contract. If reconstruction and/or repair is necessary, the Board shall obtain bids from at least two licensed contractors with bonding capacity to perform such work within thirty (30) days following the date repair and/or reconstruction is determined to be necessary, and shall promptly award a contract to the contractor it deems best able to serve the interests of the Club, after considering primarily price, but also other factors the Board deems relevant. The contract shall, among other terms, contain specific provisions (i) obligating the contractor to complete repair and/or reconstruction within a reasonable definite time period or periods, (ii) levying liquidated damages against the contractor for late performance of each stage, (iii) limiting payments to the value of specific stages of work timely



completed, and (iv) warranting the work for one (1) year following completion.

5.3(e). Insurance Proceeds. Any excess insurance proceeds, for whatever reason, shall be retained in the general funds of the Club, or, in case of a decision not to repair and/or reconstruct, shall be distributed to as follows: Upon total or partial destruction, if the number of Points lost by reason of destruction (the "Lost Points") is less than or equal to the number of unsold Points available immediately prior to such loss (the "Unsold Inventory"), the Company shall be entitled to all of the proceeds arising out of the Lost Points and the Unsold Inventory shall be reduced by the Lost Points. If, however, the Lost Points exceeds the Unsold Inventory, the Company shall be entitled to a percentage of the proceeds equal to the percentage the Unsold Inventory bears to the Lost Points. The Club shall receive the remaining balance of any proceeds and shall use the same to purchase replacement units of comparable quality and accessibility. In any case where the Lost Points exceeds the Unsold Inventory, the Unsold Inventory shall be deemed exhausted; and the provisions of Section 3.4(c) shall apply to the balance of any Lost Points which are not replaced.

5.3(f). Clearing and Re-landscaping. If the Property is only partially destroyed, upon a determination not to repair or reconstruct the Improvements on the Property, the area destroyed shall be cleared and landscaped; provided, however, that there shall exist in the Property adequate vehicular and pedestrian rights-of-way to insure legal access to the remaining Units, the costs thereof shall be paid for with the insurance proceeds, and any deficiency may be raised by the levy of a uniform special assessment.

5.4. Appraisal. Wherever in this Article reference is made to a determination of the value or fair market value by appraisal, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers or other nationally recognized appraiser organization, and who shall apply its or such other organization's standards in determining value or fair market value. The costs of such appraisals shall be paid from the proceeds of sale or insurance proceeds, as the case may be.

5.5. Maintenance. The Property shall be maintained by the Club, except portions thereof required to be maintained by an underlying condominium homeowners association, if any, under applicable condominium documents or the landlord, if any, under a lease.

5.6. No Partition. The rights of any person acquiring any right, lien or interest in any Unit or all or any portion of the Property shall be subordinate to this Declaration. There shall be no partition of a Unit or the Property or sale in lieu of partition unless this Section 5.6 is amended to remove a Unit from the Program, pursuant to Section 9.1.

5.7 Substitution. The Company shall be permitted to substitute new Ownerships or Units, provided that new Ownerships or Units shall be of comparable quality (but not necessarily at the same Resort or Property) and the restriction of Section 3.4(b) shall control the allocation of Points to substituted Units. In addition, Section 9.1(b) shall apply to substitution.

6. EASEMENTS. The following easements are also reserved over all the Club Property, including additional Property annexed under Section 8, in favor of the Owners and of the Company in relation to construction at the Property and sales of Ownerships, provided that such easements shall not unreasonably interfere with use and enjoyment of the Property by the Owners.

6.1. Construction. The Company hereby reserves for itself and its contractors and subcontractors a non-exclusive easement for ingress and egress, drainage, encroachment, construction, and for temporary storage of construction materials, equipment and vehicles thereon, over the Property until the earlier of (a) completion of the construction, finishing and furnishing, of all Units, or (b) five (5) years after the Effective Date.

6.2. Ingress and Egress. The Company reserves for the Owners, including itself, and for emergency vehicles and personnel, mutual and reciprocal nonexclusive easements for ingress and egress, for pedestrian and vehicular access.

6.3. Parking. Parking spaces shall be used for parking of permitted vehicles only and not for the permanent parking or storage of boats, trailers or non-mobile vehicles of any description. Garage space shall not be used for conversion into inhabitable space such as, but not limited to, a hobby shop or recreation room. The Club may establish rules and regulations for the parking of vehicles in the Property. Use by Owners of parking spaces must be established by the Club and evidenced by written notice from the Club. This permission will create only a license to use such parking spaces, revocable at any time by the Club upon five (5) days written notice. The decision of the Board as to the assignment, reassignment or location of or the condition or other matter related to any parking space shall be final and conclusive as to the rights of any Owner concerning such parking space.

6.4. Use Easement. The Company and the Club grant and convey unto each Owner, including, but not limited to, the Company as an Owner with respect to any Points owned or controlled by the Company, whether such Owner is an Owner of the Club as of the date of recordation hereof or becomes an Owner of the Club by reason of the purchase of Points and an Ownership in the future, an easement in gross for the use, possession and enjoyment of the Property and the exercise of any and all rights appertaining thereto (the "Use Easement").

6.5. Utility Easement. There is hereby reserved, and the Company or the Club may hereafter grant, easements throughout the Property for lines, cables, wires, conduits, pipes and drains for electricity, gas, water, sewer, telephone and similar purposes ("utilities")

6.5(a). Interference Prohibited. Within the easements existing at the Effective Date or thereafter created by the Club for the installation and maintenance of utilities and drainage facilities, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may damage, interfere, or change the direction of flow of drainage facilities in the easement.

6.5(b). Access and Maintenance. Utility, or drainage, duct or flue easements in the Property or in Units shall at all times be open and accessible to (a) public and quasi-public utility corporations and other persons, including the Club, erecting, constructing or servicing such utilities and quasi-utilities; and (b) to the Company and its successor or assigns during construction; all of whom shall have the right of ingress and egress thereto and there from, and the right and privilege of doing whatever may be necessary in, under and upon said locations for the carrying out of any of the purposes for which said easements, reservations and rights of way are reserved or granted. The easement areas in the Property and all Improvements located thereon shall be maintained by the Club, except for those improvements for which a public authority or utility company is responsible or has accepted responsibility.



6.6. Television Reception. It is contemplated that a cable or central television antenna system may be installed and connected to each Unit. Said system, if installed, shall be maintained by the television company which installs the system or by a successor chosen by them. To the extent required to implement the foregoing plan, there shall be an easement appurtenant to each Unit for the purpose of connecting the same with the central television cable or antenna. The Property shall be subject to such easement in favor of all Owners and in favor of the company, which installs the system, to provide for the passage through the Property and any Improvement thereon of television connections from any Unit to the cable system, and shall be subject to further easements for the placement and maintenance of such connections. The foregoing easements are granted and reserved subject to the condition that their use and enjoyment shall not unreasonably interfere with the use, occupancy or enjoyment of all or any part of the Property.

7. ENFORCEMENT.

7.1. Who May Enforce. Except as otherwise specifically provided, the Club or the Home Owners Association shall have the right to enforce any or all of the Sections of the Declaration, Articles, Bylaws, Rules and Regulations or valid resolutions pursuant to this Article 7.

7.2. Proceedings and Relief. Every act or omission whereby any of these Sections, the Articles, Bylaws, Rules and Regulations or any valid resolution of the Board is violated in whole or in part may be enjoined or abated by arbitration (per Section 7.5 below) or by a court of competent jurisdiction in King County or Grays Harbor County, Washington, at the sole discretion of the Company whether the relief sought is for negative or affirmative relief. The prevailing party in any action or proceeding shall be entitled to recover damages, costs and reasonable attorneys' fees.

7.3. Violations of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of the Club Property is hereby declared to be a violation of the Sections and subject to any or all of the enforcement procedures set forth herein.

7.4. Non-Waiver. The waiver of any breach of these restrictions shall not be deemed a continuing waiver of any subsequent breach, whether of the same or another of these Sections.

7.5. Arbitration. Any dispute as to the violation, interpretation or application of any Section herein or of the Articles, Bylaws or Rules and Regulations, shall, upon written request of one party to the dispute served on the other(s), be submitted to arbitration, and such arbitration shall be administered by the American Arbitration Club in accordance with its commercial arbitration rules; and the hearing shall be held in King County, Washington or Grays Harbor County, Washington at the sole discretion of the Company.

8. ANNEXATION SUBSTITUTION AND DELETION OF PROPERTY. The Club may be enlarged to include an unlimited number of Resorts, Ownerships Units or other Property, although neither the Company nor the Club is obligated to purchase, convert develop or annex any Resorts, Ownerships, Units or other Property. The Company without approval from the Club shall be permitted to substitute comparable Ownership(s), Unit(s), Project(s), Resort(s) or Properties.

8.1. Method. Annexation of additional Ownership, Units, Resorts and/or Property to the Club shall be accomplished by the Company recording in the County where the property is situated an unencumbered

deed or deeds to the property and subsequently a Declaration of Timeshare Club for specific Resort or a Declaration of Annexation incorporating therein the original Declaration of Timeshare Club and expressly subjecting to this Declaration the respective Ownerships, Units and Property described therein. Any such Declaration may contain such additions and modifications of the Sections herein as may be necessary to reflect the different character, if any, of the annexed Property, or as the Company may deem appropriate in the development of such Property; provided, however, that such modifications shall not be inconsistent with the general plan or scheme of this Declaration, nor shall they modify or revoke any of the Sections in this Declaration. If the Property is located in a different county a Declaration in form and substance substantially similar to this Declaration shall be recorded in such county. Annexation of personal property shall be effected by transfer of unencumbered ownership to the Club and the filing of this Declaration with any agency with which title is customarily registered and with any office in which a filing is required under the Uniform Commercial Code for perfection of a security interest. In the event the Company wishes to substitute an ownership or parcel in their sole discretion, for another, a deletion of declaration must be recorded in the appropriate county and within thirty (30) days a new Declaration of annexation or similar ownership or parcel, with an equal or greater allocation of points must be recorded in the appropriate county.

8.2. Conditions. Provided, however, that no Declaration of Annexation or additional Declaration may (a) cause a substantial increase in the costs and expenses then being borne by Owners which was not disclosed in the Disclosure Documents for the Club when the Owner purchased his or her Ownership, or (b) otherwise materially adversely affect the rights of Owners, without the approval of sixty percent (60%) of the Owners.

8.3. Effect. Upon recording or filing the Declaration of Annexation or Additional Declaration and conveying or transferring the property described therein to the Club, such Property shall become a part of the Club and subject to the provisions substantially similar to this Declaration and the rights and powers of the Club pursuant to the terms of the Governing Documents. Any Declaration of Annexation or Additional Declaration recorded or filed pursuant to this Declaration shall be conclusive in favor of all persons who relied upon it in good faith.

9. GENERAL RESTRICTIONS.

9.1. Amendment and Term. This Declaration shall remain in force until amended or rescinded as follows:

9.1(a). Club Owners. These Sections may be amended or rescinded only by the affirmative vote or written assent of a majority of the Voting Power, provided, however, the vote required for an amendment shall never be less than the vote required for action under the clause being amended.

9.1(b). Board. Notwithstanding subsection 9.1(a) above, the Company alone can amend the Declaration (i) to comply with lawful requirements of various State Regulatory Agencies in connection with obtaining and maintaining registration of the Club; provided no such amendment shall diminish the rights and protections of the Owners, or (ii) to substitute one Unit for another within the Project, provided the new Unit is reasonably comparable to or better than the former Unit as to size, accommodations and amenities, or (iii) to rescind the Declaration entirely if all of the following occur: (A) a substantially identical Declaration is simultaneously recorded against another Project, (B) in a location reasonably as accessible as the deleted Resort, (C) with reasonably comparable Units as to size, accommodations and amenities, and (D) comparable recreational features. No amendment shall be effective until recorded in the office of

the County Recorder or County Auditor or the filing with the agencies where the original Declaration was filed pertaining to a particular phase, of a document fully setting forth the amendment, specifically referring to this Declaration, and setting forth the authority by which the amendment was adopted.

9.2. Applicability and Effect. The restrictions and covenants set forth herein are made for the mutual and reciprocal benefit of each and every Club Owner and of the Club; and are intended to: (a) create mutual equitable servitudes upon each of the Units and the Property, in favor of each and all of the owners of the Property, the Club Owners and the Club; (b) to create reciprocal rights among the Club Owners, the Club, and the Company; (c) to create a privity of contract and estate between the grantees, successors, and assigns of the Company, and the Club and Club Owners; (d) to operate as covenants running with the land as to each Club Owner and the Club, for the benefit and burden of the Property, each Club Owner and the Club. A substantially similar Declaration shall be recorded in each county, and shall describe each Resort, where the Club owns or leases real property subject to the Club and the Club Ownerships. The provisions of recorded Declarations shall have priority over the Bylaws, and inconsistent provisions among various Declarations shall be resolved in favor of the most restrictive provision on the Club or the Company and/or the most favorable provision for protecting the Owners.

9.3. Notices. Any notice herein permitted or required to be delivered shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail with postage thereon fully prepaid and addressed to any person at the address given by such person to the Club for the purposes of service of such notice, or to the residence of such person if no address has been given to the Club. Such address may be changed from time to time by notice in writing to the Club. Any notice required by the Bylaws shall be governed by the provisions of the Bylaws.

9.4. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of the Property. This Declaration shall be construed under the laws of the State of Washington.

9.5. Severability. If any provision of this Declaration is declared to be invalid or unenforceable, the remaining provisions shall nevertheless remain in full force and effect.

9.6. Captions. All captions and titles used in this Declaration are intended solely for convenience or reference and shall not affect that which is set forth in any of the provisions hereof.

9.7. Gender. Number. The masculine, feminine and neuter genders, or singular and plural numbers, shall each be deemed to include the others whenever appropriate.

9.8. Waiver. All Club Owners hereby waive all right to litigate or contest in a court of law any action of the Board or Association unless said action is commenced within ninety (90) days after the Action of the Board or the Association has taken place. This is the only notice of Waiver and Club Owners by acceptance of the Ownership of Points acknowledge said notice.

9.9. Exhibits. The following exhibits are attached hereto and incorporated herein: **Exhibit A Property Description & Points Allocated.**



511269

Page: 18 of 19
05/17/2008 11:27A
Jefferson County Aud GREAT AMERICAN TIMES DEC 50.00

IN WITNESS WHEREOF, the Company and the Club have executed this Declaration on the day and year first above written.

THE CLUB:
Great American Timeshare Club

THE COMPANY
Great American Timeshare Company, Inc.

By: [Signature]
Name: George M. Donahoe
Title: President

By: [Signature]
Name: George M. Donahoe
Title: President

STATE OF WASHINGTON)
COUNTY OF GRAYS HARBOR)



On this 10 day of May, 2007, I, Linda A. Ellis, a Notary Public in and for the State of Washington, duly commissioned and sworn, certify that I have satisfactory evidence that George M. Donahoe is the person who appeared before me, and said person acknowledged that he signed this instrument on oath stated that he was authorized to execute the instrument and acknowledge it as the President of Great American Timeshare Company, Inc. to be the free and voluntary act of such party for the uses and purposes set forth therein.

Notary Signature: [Signature]
Residing at: Wooden My commission expires: 7-7-07

STATE OF WASHINGTON)
COUNTY OF GRAYS HARBOR)



On this 10 day of May, 2007, I, Linda A. Ellis, a Notary Public in and for the State of Washington, duly commissioned and sworn, certify that I have satisfactory evidence that George M. Donahoe is the person who appeared before me, and said person acknowledged that he signed this instrument on oath stated that he was authorized to execute the instrument and acknowledge it as the President of Great American Timeshare Club, a Washington Non Profit corporation to be the free and voluntary act of such party for the uses and purposes set forth therein.

Notary Signature: [Signature]
Residing at: Wooden My commission expires: 7-7-07



EXHIBIT "A"

**TO THE DECLARATION OF TIMESHARE CLUB
BY THE GREAT AMERICAN TIMESHARE CLUB**

ANNEXING OWNERSHIPS AT KALA POINT VILLAGE

PROPERTY DESCRIPTION AND POINTS ALLOCATION

The real property located at 20 Village Drive in the City of Port Townsend, the County of Jefferson, State of Washington, legally described as follows:

An undivided 1/12 interest, as a Tenant in Common, with other Fractional Owners of Unit 11 in Kala Point village, a Condominium, intended for residential and/or recreational purposes (PO Box 1159, Port Townsend, WA 98368); together with its.425% of undivided interest in the Common Area and Facilities so appertaining to said apartment for Phases 1 and 2 and together with the limited common areas and facilities so appertaining; all according to Survey Map and Set of Plans delineating said apartment recorded under Auditor's File No. 250368 in Volume 1 of Condominiums, Page 46, records of Jefferson County, WA, and according to the Declaration of Condominium on June 5, 1978, as Auditor's File NO. 250367, in Volume 102 of Official Records, page 418, records of Jefferson County, WA. Including the right of exclusive occupancy and possession for said apartment during Timesharing Interval D, as provided for and defined in said Declaration. Subject however, to possible partial defeasance of the percentage of undivided interest in the Common Area and Facilities appertaining to said apartment upon inclusion of any subsequent phase(s) to the Condominium be recorded Amendment to the Declaration; and Together with the pro-rata portion of the Declarant's interest in the Common Area and Facilities of the Property in any subsequently added phase(s); all as expressly provided for in the Declaration, upon proper recording of Amendment(s) thereto. Subject to easements, restrictions and reservations of record.

Points are hereby allocated to the Units as follows:

Unit Number	Assessor's Number	Points
Unit 11 Interval D	965 201 102	37,000

**AFTER RECORDING MAIL TO:
Kala Point Owners' Association
1760 Kala Point Drive
Port Townsend, WA 98368**

NOTICE OF CLAIM OF LIEN

To: Great American Timeshare Club
PO Box 339
Ocean Shores WA 98569

A. The following described property at the Kala Point Development, Port Townsend, Washington, is owned (or is being purchased under contract) by you ("Owner"). Unit No. 11 of Kala Point Village, Bldg. 2, Segment D as recorded in Vol. 1 of Condominiums, page(s) 46, under Jefferson County Auditor file #250367. Parcel #965201102.

B. Owner is a member of the Kala Point Owners' Association, (KPOA) formerly known as "Kala Point Swim & Racquet Club" a Washington non-profit corporation. Pursuant to the "Restated and Revised Master Declaration of Covenants, Conditions and Restrictions of Record of Kala Point Swim & Racquet Club, Divisions 1 through 9, 11 and 12" (the "Master Declaration") as recorded September 17, 1984, in volume 193, pages 474-508 under Auditor's File No. 291353, and as amended and recorded September 16, 1994 in Volume 513, Pages 299-326 under Auditor's File No. 375358 of Official Records of Jefferson County, Washington, and amendments thereof, and pursuant to the By-Laws of KPOA ("By-Laws") as amended September 16, 1984, July 11, 1993 and amendments thereof, Owner has covenanted and agreed to pay certain assessments; that pursuant to such Master Declaration and By-Laws such assessments chargeable to Owner shall be and are a continuing charge and a continuing lien against the Property; that said Property is also subject to the lien of a Deed of Trust in favor of KPOA, as beneficiary, which Deed of Trust is dated March 8, 1985, and recorded in Auditor's File no. 293994 in the Official Records of Jefferson County Washington.

C. That no action is pending on an obligation of Owner secured by the Master Declaration or the Deed of Trust.

D. KPOA as beneficiary under the Deed of Trust has declared you in default under the Master Declaration and under the Deed of Trust for the failure to pay the following assessments, late charges and interest. An itemized account of the assessments against the Property that is now in default, and owing to KPOA follows:

- (I) Regular assessments for the period of January 1, 2011 to December 31, 2011 in the amount of \$186.16.
- (II) Late charges of \$40.00 per month from February 15, 2011, total late charges through March 18, 2011 are \$80.00.
- (III) Interest at 0.83% per month from February 15, 2011, total interest charges through March 18, 2011 are \$3.10.
- (IV) Total amount owing as of March 18, 2011: \$269.26.

E. Your default has necessitated the Beneficiary's incurring the following costs and fees that you will be obligated to pay to cure your default prior to KPOA's filing against the Property a Notice of Trustee's Sale: Lien fee(s): \$260.00

F. The total cost necessary to cure your default before the recording of a notice of sale is \$529.26, being the total of paragraphs "D" & "E", plus any accrued late charges and interest.

G. The failure to cure said defaults within thirty (30) days of mailing of this notice, or if personally served on you within thirty (30) days of the date of personal services thereof, may lead to recordation, transmittal and publication of a Notice of Sale, and that the property described in paragraph "A" above may be sold at public auction.

H. The effect of the recordation, transmittal and publication of a Notice of Sale will be to (1) increase the cost and fees, and (2) publicize the default and advertise the owner's property for sale.

I. You, as owner, or your successor in interest, has recourse to the courts pursuant to RCW 61.24.130 to contest the alleged default on any proper ground.

Dated this 18th day of March, 2011

KALA POINT OWNERS' ASSOCIATION
Formerly Kala Point Swim & Racquet Club

By: *Michael Machette*
Michael Machette
Chief Financial Officer
Kala Point Owners' Association
1760 Kala Point Drive
Port Townsend WA 98368
Phone: (360) 385-0814

STATE OF WASHINGTON)

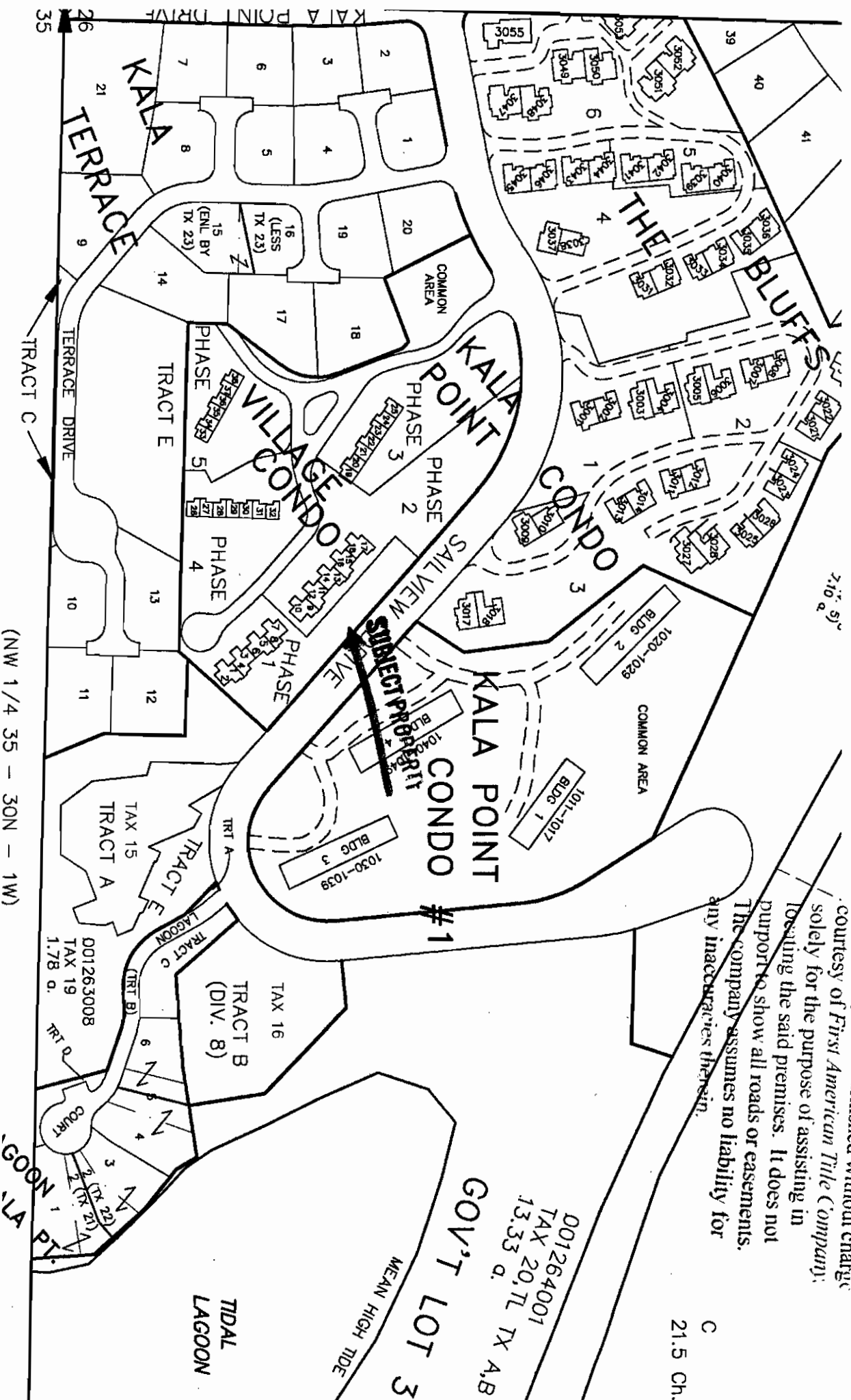
) SS

COUNTY OF JEFFERSON)

I certify that I know or have satisfactory evidence that Michael Machette signed this instrument, on oath stated that (s)he was authorized to execute the instrument and acknowledged it as the Chief Financial Officer of Kala Point Owners' Association to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated March 18, 2011
Tamara D Barber
Tamara D. Barber
Notary Public in and for the County
Of Jefferson, residing in Port Townsend
My appointment expires 05-06-2013





(NW 1/4 35 - 30N - 1W)

This sketch is not based on a survey of the property. It is furnished without charge, solely for the purpose of assisting in locating the said premises. It does not purport to show all roads or easements. The company assumes no liability for any inaccuracies therein.

C
21.5 Ch.

GOV'T LOT 3
MEAN HIGH TIDE
D01264001
TAX 20, TL TX A,B
13.33 a.

TAX 16
TRACT B (DIV. 8)
TAX 19
D01263008
1.78 a.
TAX 15
TRACT A
D01263008
TAX 19
1.78 a.
TAX 19
D01263008
1.78 a.

GOV'T LOT 3
TAX 20, TL TX A,B
13.33 a.

TIDAL LAGOON

C
21.5 Ch.