

A portion 40-210-02
RPTT \$7,800

AFTER RECORDING, MAIL TO:

Suzanne M. Freburg
Preston Gates & Ellis LLP
701 Fifth Avenue, Suite 5000
Seattle, WA 98104-7078

REMAINDER INTEREST WARRANTY DEED
(KINGSBURY OF TAHOE)

This deed, made this 22nd day of November, 1999, between SUNTERRA PACIFIC, INC., a Washington corporation f/k/a Vacation Internationale, Ltd., at 1417 116th Avenue N.E., Bellevue, WA 98004, the Grantor, for valuable consideration of the sum of Five Thousand Seven Hundred and No/100 Dollars (\$5,700.00) and other valuable consideration received, hereby grants, bargains, sells and conveys to VALDEAN LOU GUSTAFSON, an unmarried woman, as Tenant in Severalty, whose legal address is P.O. Box 36057, Tucson, AZ 85740, hereinafter called Grantee, a 3/50th undivided fee remainder interest in Apartment 42 in the Kingsbury of Tahoe Condominiums, the property situated in Douglas County, Nevada, and described in Exhibit A attached hereto and by this reference made a part hereof, subject to exceptions, reservations, covenants and other matters of record including those more particularly described in Exhibit B attached hereto and by this reference made a part hereof.

To have and to hold the said premises above described unto Grantee, its successors and assigns, issues, profits and rights thereof, date, right, title and interest of the Grantor unto the Grantee and to the Grantee's heirs and assigns, together with the rents, issues, profits, and rights thereof, and all of the estate, right, title, and interest of the Grantor unto the Grantee.

The Grantor does hereby covenant and agree that it shall and will WARRANT AND FOREVER DEFEND the above described premises in fee simple in the quiet and peaceable possession of Grantee, its successors and assigns, and against all and every person or persons claiming the whole or any part thereof, by, through, or under Grantor. Grantor hereby further covenants that it is owner of the personal property, if any, a part thereof, and will warrant and defend the same from all lawful claims.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be executed by its proper officers and its corporate seal to be hereunto affixed the day and year first above written.

SUNTERRA PACIFIC, INC., a Washington corporation
f/k/a Vacation Internationale, Ltd.

SEAL

By Michael A. Stewart
Michael A. Stewart
Controller

By Landon R. Estep
Landon R. Estep
Secretary

THIS DOCUMENT IS RECORDED AS AN ACCOMODATION ONLY
and without liability for the consideration therefor; or as to the validity or
sufficiency of said instrument or for the effect of such recording on the title of
the property involved.

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 22ND day of November, 1999, before me, a Notary Public in and for the State of Washington, personally appeared Michael A. Stewart and Landon R. Estep, to me known to be the persons who signed as Controller and Secretary, respectively, of Sunterra Pacific, Inc., a Washington corporation f/k/a Vacation Internationale, Ltd., the corporation that executed the within and foregoing instrument; acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned; and on oath stated that they were authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



La Gates
Notary Public in and for the State of Washington,
residing at Kirkland
My commission expires: 02-08-03

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EXHIBIT A TO REMAINDER INTEREST WARRANTY DEED
LEGAL DESCRIPTION
(KINGSBURY OF TAHOE)

All that certain Condominium Estate located in the County of Douglas, State of Nevada, more particularly described as follows:

PARCEL A

An undivided 3/50th interest in and to the Condominium Estates hereinafter described:

Lot 8, in Unit B, Level 4, Plan B, (Unit 42), together with an undivided 1/20th interest in and to those portions designated as Common Areas, as set forth in the Condominium Map of Kingsbury Towers, being a subdivision of Lot 58, Tahoe Village Unit No. 1, amended map, filed for record September 28, 1979, as Document No. 37124, Official Records of Douglas County, Nevada, and as corrected certificate recorded December 29, 1982, in Book 1282 of Official Records at Page 1556, Douglas County, State of Nevada, as Document No. 74361, and as defined in that certain Declaration of Covenants, Conditions and Restrictions for Lot 58, Tahoe Village Unit No. 1, recorded April 9, 1982, in Book 482 of Official Records, at Page 499, as Document No. 66722, and First Amendment to said Declaration recorded June 18, 1982, in Book 682 of Official Records at Page 1016, as Document No. 68648, and also Supplemental Declaration recorded June 18, 1982, in Book 682 of Official Records at Page 1020, as Document No. 68649, all said instruments being recorded in Official Records of Douglas County, State of Nevada.

EXCEPTING THEREFROM PARCEL A above described and RESERVING UNTO GRANTOR, its successors and assigns (including all other "Owners" as defined in that certain Declaration of Covenants, Conditions and Restrictions for Time Share Ownership (KINGSBURY OF TAHOE RESORT), recorded December 29, 1982, in Book 1282, of Official Records at Page 1565, Douglas County, Nevada, as Document No. 74363, and Amendments thereto, an exclusive right to use and occupy said PARCEL A during all "Use Weeks" (as defined in the Time Sharing Declaration).

PARCEL B

The exclusive right to use and occupy the above described Parcel A during the annual Use Weeks No. 1 through 52, inclusive, as said term is defined in that certain Declaration of Covenants, Conditions and Restrictions for Time Share Ownership (KINGSBURY OF TAHOE RESORT) recorded December 29, 1982, in Book 1282 of Official Records at Page 1565, Douglas County, Nevada, as Document No. 74363, and Amendments thereto.

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EXHIBIT B
TO REMAINDER INTEREST WARRANTY DEED
(KINGSBURY OF TAHOE)
VACATION TIME SHARE APARTMENT REMAINDER UNDIVIDED INTEREST
DECLARATION OF COVENANTS AND RESTRICTIONS

By acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privilege of use or enjoyment, respecting the Apartment identified in the attached Deed or Conveyance Document, it is agreed that this Declaration states covenants, conditions and restrictions affecting the use and subsequent disposal of the Apartment, mutually beneficial to all of the described Grantees or Assignees, and that the covenants, conditions and restrictions are binding upon the Apartment owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Apartment or any security interest therein.

ARTICLE I.

INTERPRETATION

1.1 **Liberal Construction.** The provisions of this Declaration shall be liberally construed to effectuate its purpose of providing an orderly mechanism within which the owners of the Apartment can make certain choices or elections, and through which decisions can be communicated regarding such choices or elections.

1.2 **Apartment.** The residential unit identified in the attached Deed or Conveyance Document.

1.3 **Estate for Years.** The interest of the Trustee, expiring at 12:00 p.m. on June 30, 2034.

1.4 **Manager.** The manager of the Vacation Time Share (VTS) Program.

1.5 **Remainder.** The interests of Grantees or Assignees vesting from and after the expiration of the Trustee's Estate for Years.

1.6 **Remaindermen.** All of the Grantees or Assignees identified in the enclosed Deed or Conveyance Document in whose name title shall vest after the expiration of the Estate for Years created in favor of the Trustee.

1.7 **Transfer Date.** The date on which the Trustee's Estate for Years expires and title to the Apartment shall vest in the Remaindermen of the Apartment.

1.8 **Trustee.** Trustee shall mean the Trustee under that certain Trust Agreement entitled Vacation Time Share (VTS) Trust Agreement dated July 26, 1990, which was duly recorded in the County Recorder of Douglas County, Nevada on August 28, 1990 under Document No. 233399, Book 890, Page 4570, and which Trust Agreement has been amended from time to time.

ARTICLE II.

DISPOSITION OF APARTMENT

2.1 **Disposition at end of the Estate for Years.** At the end of the Estate for Years created in favor of Trustee for the period specified in the Deed or Conveyance Document, the property shall automatically vest with the Remaindermen.

The Remaindermen shall have two choices with regard to disposition of the Apartment at the time of vesting. First, the Apartment may remain in the VTS Program, subject to the approval of the Manager, and subject to the provisions of the VTS Trust Agreement. Second, the Apartment can be sold by the Trustee pursuant to paragraphs 2.2 and 2.3 below and the proceeds disbursed to the Remaindermen as their interests appear.

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2.2 Election of Remaindermen. It shall be the responsibility of the Trustee to poll the Remaindermen with regard to whether the Apartment shall remain in the VTS Program or be sold. Trustee shall provide Remaindermen with Trustee's appraisal as to the current market value of the Apartment, and the minimum price which Trustee will be authorized to accept for purposes of the poll. All Remaindermen shall be sent written notice, no sooner than 390 days or later than 364 days before the Apartment's Transfer Date, mailed to their last known address, which notice shall advise the Remaindermen of their options, the time period for responding, and provide a ballot upon which their election can be registered. To be counted, the ballot must be marked, signed and returned to the Trustee, no later than 330 days prior to the Transfer Date. The determination of whether the Apartment shall be sold or kept in the VTS Program shall be made by a majority vote based on interest owned, of the ballots returned within the prescribed time. The decision shall be promptly communicated to all of the Remaindermen.

2.3 Sale of Apartment. If the decision is made to sell the Apartment pursuant to paragraphs 2.2, 2.5 and 2.6 herein, then all Grantees or Assignees, by this Declaration, hereby give to the Trustee, their irrevocable power of attorney allowing Trustee to list, sell and convey, the Apartment for and on behalf of the Remaindermen. Trustee shall use due diligence to dispose of the Apartment and may exercise its reasonable discretion in accepting the terms and conditions of sale, provided the sale price exceeds the minimum price authorized pursuant to paragraph 2.2 above, all without liability to any Remaindermen. Proceeds from the sale of the Apartment shall be disbursed to the Remainderman as their interests appear. Manager will use its best efforts, provided that there are sufficient proceeds from the sale, to offer to any Remaindermen who so desires, an opportunity to exchange their Remainder Interest for a Remainder Interest in an equivalent apartment and to remain in the VTS Program in lieu of receiving proceeds from the sale of the Apartment. Outstanding reservations for the use of the Apartment within the VTS Program which exist at the time of the decision to sell the Apartment, shall be honored.

2.4 Election to keep Apartment in the VTS Program. If the Remaindermen elect to have the Apartment continue in the VTS Program, such election shall be effective on a year-to-year basis until the Remaindermen representing a majority of the undivided interest provide the Trustee with written notice of their election to withdraw the apartment from the VTS Program, or the Manager has notified the Trustee that the Apartment, in Manager's sole discretion, is no longer suitable for use in the VTS Program and must be withdrawn. When the Apartment is withdrawn, either by the Remaindermen or at the insistence of the Manager, it shall be sold pursuant to paragraph 2.3.

2.5 Damage, Destruction, Condemnation or Loss of Use Prior To the Transfer Date. If, in the Manger's judgment, the Apartment becomes unsuitable for use in the VTS Program due to damage, destruction, condemnation, or loss of use (collectively called a "Contingency") prior to the Transfer Date when the VTS Manager may use any proceeds received as a result of the Contingency to purchase a replacement apartment provided that the replacement apartment must:

- (i) have the same Annual Occupancy Point Value within the VTS Program as the Apartment purchased herein,
- (ii) have a leasehold term in excess of the term of the Apartment purchased herein, or be owned in fee if the Apartment purchased herein is owned in fee, and
- (iii) be approved by a majority vote of the Remaindermen based on the undivided interest owned.

If the above conditions are not met, then the Apartment shall be withdrawn from the Trust and the Proceeds received by the Trustee as a result of the Contingency shall be disbursed to the Remaindermen as their interests appear, in the manner provided for in Section 10.04 of the Trust Agreement.

2.6 Substitution of a Replacement Apartment. If the Manager decides that it would benefit the VTS Program to replace the Apartment with a Substitute Apartment prior to the expiration of Trustee's Estate for Years, the Manager may request Trustee to withdraw and dispose of the Apartment and use the Proceeds therefrom to acquire a substitute Apartment provided that the Substitute Apartment meets the conditions of paragraphs 2.5(i), (ii) and (iii) above.

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COPY

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WESTERN TITLE COMPANY, INC.
IN OFFICIAL RECORDS OF
DOUGLAS CO., NEVADA

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LINDA SLATER
RECORDER

\$ 11.00 PAID kg DEPUTY

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