

Recording Requested By:

MTC 40270

When Recorded Mail To:

Trendwest Resorts, Inc.
Legal Department
12301 N.E. 10th Place
Bellevue, Washington 98005

NOTICE OF VACATION OWNER CLUB

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
FOR PROTECTION OF VACATION CLUB OWNERS**

(WORLDMARK, THE CLUB - THE RUNNING Y RANCH RESORT)

This Declaration and Notice is made July 24, 1997, by TRENDWEST RESORTS, INC., an Oregon corporation, and WORLDMARK, THE CLUB ("Club"), a California nonprofit mutual benefit corporation (jointly and severally herein referred to as the "Developer").

RECITALS

WHEREAS, the Developer previously recorded that certain Declaration of Vacation Owner Program (Worldmark, The Club - The Running Y Ranch Resort) dated December 23, 1996, and recorded on February 5, 1997, in Volume M97, at Page 3592, and amended by instrument dated July 24, 1997, and recorded on Aug. 12, 1997, in Volume M97, at Page 26377 as the same may be amended from time to time (the "Declaration"); and

WHEREAS, the Declaration provides for the rights of the Owners of Vacation Club Memberships and "Vacation Credits" ("Members") in the Club's Vacation Owner Program; and

WHEREAS, the Developer wishes to give notice of the existence of the rights afforded to Owners of Vacation Credits, for the purpose of compliance with Chapter 514E, Hawaii Revised Statutes.

NOW THEREFORE, upon execution and recordation of this Declaration and Notice the Developer does hereby declare and gives notice of the following:

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1. Vacation Owner Program. By this document, notice is given of the existence of the Vacation Owner Program consisting of Vacation Credits in the Club which include the right to use the Units in the Project and notice is also given of the mutual and reciprocal non-exclusive easements (Easements) for the use and enjoyment of the Project created in favor of the Declarant, the Club and the owners of Vacation Credits in the Club under the terms of Sections 5.7 and 6.5 of the Declaration as the Declaration exists on the date hereof, whether such owners of Vacation Credits are Members of the Club as of the date of recordation hereof or become Members of the Club by reason of their purchase of Vacation Credits in the future. The Units, the Project and the quantity of Vacation Credits allocated to each Unit are more particularly described in Exhibit A. The Vacation Owner Program and the rights of owners of Vacation Credits therein were created and exist pursuant to the Declaration, the Bylaws of the Club, the Club Rules, and the Vacation Owner Agreement (Membership Agreement). The Easements created by the Declaration shall be appurtenant to the Vacation Credits and the memberships in the Club attributable thereto, all as set forth in the Membership Agreement.

2. Units Affected. This Declaration and Notice affects only those Units described in Exhibit A ("Unit" or "Units"). However, nothing in this document will prevent the subsequent annexation of additional Units of the Project into the Vacation Owner Program.

3. Effect of Recordation. This Declaration and Notice shall exist independently of all other documents, including but not limited to the Declaration, and shall be interpreted and construed according to its own terms. This Declaration and Notice and the covenants, conditions, and restrictions set forth herein are made for the mutual and reciprocal benefit of each and every Member, of the Units, and of the Club, and are intended to: (a) create mutual equitable servitudes upon each of the Units, in favor of each and all of the Members and the Club, and (b) to operate as covenants running with the land as to each owner of the Units and the Club, for the benefit and burden of the Units and the Members of the Club. A substantially similar Declaration and Notice shall be recorded by Developer in each county or other recording office with respect to each Unit the Club owns or leases in that jurisdiction. From and after the time that this Declaration and Notice is recorded, claims by creditors of the Developer, and claims upon, or by successors to, the interest of the Developer in and to the Units, shall be subordinate to the interests of Owners of Vacation Credits in the Vacation Owner Program, whether their purchases are closed before or after this Declaration and Notice is recorded. However, the recordation of this Declaration and Notice shall not affect:

a. The rights or lien upon or in a Unit or any interest therein of a lienholder whose lien was recorded prior to this Declaration and Notice.

b. The rights of the holder of an option on a Unit or any interest therein recorded before this Declaration and Notice.

c. The rights or lien of a lienholder having a purchase money lien on time share interests or Vacation Credits.

4. Amendment. Except as provided in paragraph 5 below, this Declaration and Notice cannot be amended or otherwise modified.

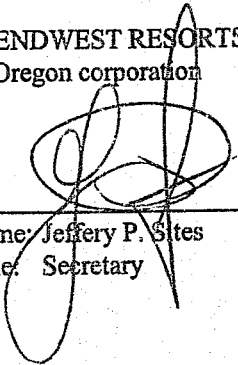
5. Termination. This Declaration and Notice will remain in effect as to each Unit for the duration of the Vacation Owner Program, except this Notice may be terminated earlier if any of the following events happens:

- a. The Unit is destroyed and a decision is made not to repair, rebuild, or restore it, or
- b. The Unit is taken in condemnation proceedings or under threat of condemnation, or
- c. The Developer records a document terminating this Notice; provided, however, that any such document must be signed and acknowledged by (1) an officer of the Club pursuant to a written resolution of the Club Board of Directors, and (2) the Director of the Department of Commerce and Consumer Affairs of the State of Hawaii.

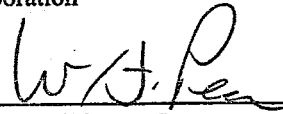
6. Subordination. The Developer hereby subordinates to this Declaration and Notice, and to the operation thereof, (a) the Declaration; and (b) any rights it now has or may in the future have in the Units under the Declaration or under, but not limited to, any deed of trust, mortgage, or other security instrument giving rise to a lien or claim upon any Unit.

IN WITNESS WHEREOF, this Declaration and Notice was executed the day and year first above written.

TRENDWEST RESORTS, INC.,
an Oregon corporation

By 
Name: Jeffery P. Sites
Title: Secretary

WORLDMARK, THE CLUB,
a California nonprofit mutual benefit
corporation

By 
Name: William F. Pearce
Title: President

STATE OF WASHINGTON)

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SS

COUNTY OF KING)

On this 9 day of August, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared

Jeffery P. Sites to me known to be the Secretary of Trendwest Resorts, Inc. the corporation that executed the foregoing instrument, and acknowledged the 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 he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Stacey Lawrence
Marianne M. Kuehnell *Stacey Lawrence*

Notary Public in and for the State of Washington, residing at King County.

My commission expires: 10/09/00 8/98

STATE OF WASHINGTON)

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SS

COUNTY OF KING)

On this 9 day of August, 1997, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared

William F. Peare to me known to be the President of WorldMark, The Club the corporation that executed the foregoing instrument, and acknowledged the 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 he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Stacey Lawrence
Marianne M. Kuehnell *Stacey Lawrence*

Notary Public in and for the State of Washington, residing at King County.

My commission expires: 10/09/00 8/98

EXHIBIT A

PROPERTY DESCRIPTION and ALLOCATION OF VACATION CREDITS

Lot 87, RUNNING Y RESORT, PHASE 1, according to the official plat recorded August 2, 1996, on file in the office of the Klamath County Clerk, and all improvements located thereon; located in the County of Klamath, State of Oregon.

Vacation Credits are allocated to the Units as follows:

<u>Unit No.</u>	<u>Vacation Credits</u>
208	502,000

Important Notice:

Vacation Credits are not allocated to the above Units for the Vacation Credit equivalent of one (1) week per year so that time is available for maintenance. The Vacation Credit equivalent of this one (1) week cannot be rented, sold or offered for sale. In addition, Vacation Credits are not allocated to the above Units for the Vacation Credit equivalent of three (3) weeks per year so that time is available for Bonus Time. The Vacation Credit equivalent of these three (3) weeks cannot be (i) sold or offered for sale, or (ii) rented before Members have an opportunity to reserve them as Bonus Time in accordance with the then-current Club Guidelines (Rules). Subject to restrictions on the availability of Bonus Time contained in the Declaration and the Rules, Bonus Time is available for use by Members when there is unreserved time in the project covered by this Notice.

Exhibit A to
Notice of Vacation Owner Club

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 12th day
of August A.D., 19 97 at 11:08 o'clock A. M., and duly recorded in Vol. M97,
of Deeds on Page 26382.

FEE \$30.00

By Bernetha G. Letsch, County Clerk
Kathleen Ross