



## IMPORTANT NOTICE REGARDING OWNERSHIP TRANSFERS

As we previously forewarned, timeshare owners throughout the country are being solicited and victimized by a variety of companies which sometimes refer to themselves as “timeshare relief companies” or “timeshare rescue companies” who offer to take over the ownership of timeshare intervals. Some of your fellow owners have reported losing considerable sums of money to them and regrettably a number of Sea Mist Resort intervals are now in default of the maintenance fees. We then have to incur additional collection expense, bad debt and legal fees with funds that could otherwise be spent on renovations and improvements. The problem has created considerable frustration for us, your fellow owners and resorts throughout the industry.

Sea Mist has joined other timeshare resorts and the American Resort Development Association (ARDA) in taking a stand against these companies and we implore you: **DO NOT** be taken in by them. **PLEASE** check with the resort before you pay anyone for any kind of transaction fee involving your interval. We are truly here to provide personalized help with your ownership; changes in life or financial status or to help you get the maximum vacation value.

For more information please contact General Manager, John Livingston at (508) 477-0549. Accordingly, the Board in consultation with legal counsel, has adopted procedures governing interval sales and transfers. The Board enforces this policy to protect you and your fellow owners against potentially fraudulent practices related to ownership transfers and resales. Please read the Policies and Procedures for Transfer of Intervals included below.

### *Policies and Procedures for Transfer of Intervals*

**Purpose:** The viability of the resort is threatened by transfers of intervals to a variety of companies and their agents (“related persons”) which sometimes refer to themselves as “timeshare relief companies” or “timeshare rescue companies” and which offer to take over the ownership of such owners’ deeded or licensed intervals upon the payment of a transfer fee (each such company is referred to herein as a “Relief Company”) where such Relief Companies have no intention of fulfilling their obligations of ownership. These Relief Companies frequently change identities, but sometimes share common characteristics which allow them to be identified. Transfers to a Relief Company which do not satisfy the assessment and ownership obligations associated with the transferred intervals result in significant losses of assessment income and additional expense related with foreclosing on delinquent intervals. That lost revenue and increased expense is transferred to the remaining owners. Both the selling owners and remaining owners are negatively impacted by these transfers. The following policies are necessary to allow the resort (1) to do appropriate background searches to identify the potential involvement of a Relief Company – one which assumes ownership of an interval without a good faith intent to also assume and satisfy all of the assessment and ownership obligations associated with the transferred interval - and (2) to recover the cost of such searches, and (3) to stop these transfers before they are finalized for the purpose of protecting the interests of all owners and the financial security of the resort:

#### **Transfer Policy:**

If an owner (transferor) or transferee fails to comply with any element of these rules or provides a false or misleading statement in relation to these rules, the Manager shall be entitled to disregard the transfer and, hold the transferor liable for all usual costs, fees, and assessments related to ownership of the interval in question as well as any special costs incurred by the Trust or its agents in resolving a transfer pursued in violation of these rules, including, but not limited to, collection costs, reasonable attorneys’ fees and costs of quieting title to the interval in the event of a recorded conveyance.

1. **Notice.** Prior written notice must be given to the Manager by transferor of a proposed transfer at least 10 days prior, identifying the name, address and phone number of the transferee and whether any sum of money was or will be paid by or to the transferor in conjunction with the proposed transfer. A process fee of \$100 payable in cash or by check shall be charged for each transfer unless waived by the Manager for good cause.

## *Policies and Procedures for Transfer of Intervals Continued...*

If a check is used, the 10-day period shall not begin until the check clears in the Trust's bank account. The transferor is required to obtain and submit a state-issued photo ID for the transferee in conjunction with said notice. If the transferee is a corporation, limited liability company, trust or any other form of entity, the transferor shall obtain and submit to the Manager the full name and address of the entity, together with a certificate of good standing from the state in which the entity was organized, and the name and address of all directors, officers, managers, trustees and principals, which information shall be verified by the transferee under oath. In addition, the transferor will supply a release signed by the transferee, in a form reasonably prescribed by the Trust, for the purpose of facilitating the Manager's performance of a background and credit check of such transferee as contemplated by Paragraph 2 below.

**2. Background and Credit Checks.** The Manager may do an appropriate background research, including without limitation a credit check, of the transferee and related persons to confirm their identity and assess their intent to become an owner in good standing. In determining the scope of such background research, the Manager may take into consideration multiple factors, including without limitation, whether the proposed transferee and/or its related persons own multiple intervals at this resort or other resorts and whether or not those intervals are in good standing. If there is a pattern of multiple ownerships by the proposed transferee or its related persons or the proposed transferee's record indicates an unwillingness or lack of capability to meet the obligations of ownership, the Manager will assume that the proposed transferee is not acquiring the interval with the proper intent to be a bona fide owner and may prohibit the transaction. The Manager shall notify the transferor in writing no later than the expiration of the 10-day notice period whether the proposed transfer is authorized or prohibited. If prohibited, the Manager will indicate in said notice the basis of its decision.

**3. No Power of Attorney.** Transfers under a power of attorney are prohibited and will be disregarded unless the transferor obtains a waiver from the Manager. A waiver may be issued in the Manager's reasonable discretion if the transferor sufficiently demonstrates a legitimate reason for the power (such as physical incapacity) and that the power is not merely intended to facilitate the transfer of an interval to a Relief Company, or other third party, previously having not satisfied the assessment and ownership obligations associated with transferred intervals, or deemed not reasonably likely not to do so in the future.

**4. No Transfers to Entities.** Transfers to an entity other than a natural person are prohibited and will be disregarded unless the transferor, transferee and the directors, officers, managers or principals of the transferee: (i) guarantee payment of the transferee's obligations for the transferred interval while it is owned by the transferee; or (ii) obtain a waiver from the Manager. A waiver may be issued in the Manager's discretion if the transferor sufficiently demonstrates that the entity will fulfill its obligations as an owner and is not merely intended to facilitate the transfer of an interval to a Relief Company or Related Person, who has previously not satisfied the assessment and ownership obligations associated with transferred intervals, or deemed not reasonable likely not to do so in the future.

**5. Cross Reference List of Companies and Related Persons Engaged in Improper Transfers.** The Manager will act in good faith to maintain a list based on professional and industry experience of Relief Companies, and other third parties that have historically been known to engage in transfers that result in title to the interval being taken by entities or persons who fail to pay assessments or otherwise satisfy ownership obligations associated with the transferred interval. Proposed transfers to any entity or person on this list are prohibited. If a proposed transferee appears on the list, the Manager will so notify the owner within the 10-day notice period that the transfer is prohibited.

**6. Authorized Transferee is Required to Acknowledge and Consent to the Resort's Documents.** Each authorized transferee shall be required to obtain a copy of the Resort's material documents (Declaration, Articles, Bylaws, Rules, etc.) which will be provided by the Manager and consent to the terms and conditions of ownership.

**7. Exemption.** These requirements shall not apply to transfers between owners or family members who are in good standing with and/or otherwise known to the resort.