



OWNERSHIP INQUIRY PACKET

Thank you for your interest in purchasing one of our beautiful condominiums! Included in this packet is a fact sheet covering the most frequently asked questions and a copy of the Owners Rental Agreement. We would be happy to schedule a tour of the available units and answer any questions not addressed in the following pages.

You may also view each unit by visiting our website: <https://www.thegreygull.com>

We hope to welcome you as a new owner soon!

GREY GULL OWNERSHIP-FACT SHEET

- There are no monthly management or association fees.
- Annual Owner profit distributions are based on the overall financial health of the corporation as determined by the board of directors and are calculated based on owner shares.
- All units stay on the rental pool 100% of the time.
- Owners are encouraged to book out their annual usage reservations for an entire year to secure their units (further out for peak holidays).
- Owners pay a nightly fee of \$30 off season; \$80 peak season (Friday of Memorial Day-Monday of Labor Day)
- Immediate family members (spouses, children) are the only family entitled to the owner rate.
- The Grey Gull opened in June of 1969 and has always operated as a hotel to generate revenues for the invested owners when not using their condominiums.
- The Grey Gull is a C Corporation-each owner is given a stock certificate based on the square footage owned.
- Common areas and other holdings (the lot in front of the Chalets) are also configured into the stock amount each owner has.
- The corporation has an elected board of directors consisting of 9 unit owners that operate the facility with a hired General Manager and staff to run the daily operations.
- Full ownership meetings are held annually-the last week in January.
- Quarterly financial reports are emailed to all ownership.
- A signed rental agreement between owners and the corporation state the required set up of each unit and its rental operation rules; with a designation of common items and owner responsibility items.
- Assessments may be established in accordance with TCW 64.34.020 should financial circumstances or capital necessities require such an enactment. Amounts to be determined by the board of directions in accordance with long-term maintenance plan.

THE GREY GULL HOMEOWNER'S ASSOCIATION, INC.

Rental Agreement and Rules and Regulations

This AGREEMENT is made as of the date below between the undersigned owners of a unit in The Grey Gull, a condominium-motel, hereafter-designated "Board":

WITNESSETH:

Owner has purchased one of those certain condominium units in The Grey Gull, a condominium residential resort apartment-hotel/motel at Ocean Shores, Washington, and

The Owner (circle one) wishes/does not wish to enter into an agreement with The Grey Gull Homeowner's Association, Inc. and to participate in the "rental Pool" established for such Owners, not, therefore,

1. IT IS AGREED:
The undersigned Owner hereby appoints The Board as his Agent, and Agent hereby accepts said appointment to rent his unit as a hotel/motel accommodation under the terms and conditions herein set forth.
2. Owner recognizes that other Owners in The Grey Gull will be invited to join this "rental Pool" and that such action creates a joint-venture of all said condominium unit owners who may join this "Plan" and is in full agreement therewith.
3. The purpose of this joint-venture is to establish a means whereby the condominium unit Owner and others similarly situation may rent their units when available to members of the public as part of a hotel-motel operation.
4. The Board, or its designee, shall be authorized to collect rent.
5. The Board is the exclusive renter of Owner's unit and shall rent it only as a complete unit. The Board shall charge the rents agreed as from time to time established by the Board for each type condominium apartment unit. Such rent schedules may from time to time be changed by The Board, providing only that all similar rentals in The Grey Gull shall be so changed.
6. Rents thus received shall be divided according to the Board's adopted policy. Rental distribution shall be based on both corporate ownership and each unit's actual transient rent. The Board as the right to modify such policy from time to time.
7. Owners shall not be restricted in his full occupancy of his unit, but shall be required to give (6) months' notice, in writing, to assure that he may have access to his unit. It is requested that all Owners advise the Manager of the days they wish to use their unit,

particularly during prime time. This will assist the Manager in being able to book conventions.

8. From the Owner's Rental Pool, the Board shall pay all costs of the motel/condominium operation except those costs attributable to unit owners who do not participate in the Rental Pool. The level of costs of non-pool owners will be based on their share of operational and maintenance costs and will be reviewed and determined annually by the Board. The annual amount due from non-pool owners may be paid in monthly installments.
9. The Board shall render a statement of account quarterly to the Owner. The Board shall remit Rental Pool proceeds to the Owners annually. However, the Board shall maintain a sufficient surplus in the Rental Pool to meet all anticipated net operation expenses and obligations.
10. Owner shall furnish his condominium apartment unit, but shall be required and agrees to meet minimum standards established by the Board. The owner shall be responsible for repair and maintenance resulting from normal wear and tear on all furniture and carpet. When in opinion of the Board, repair or replacing of the above items are required, the Owners shall be notified as to the action necessary. If after a period of 45 days, the owner has not notified the Board of his intention to repair or replace the item, the Board shall then proceed with repairs or replacement. The cost for such repairs or replacement shall be borne by the Owners and shall be paid within 45 days of receipt of the expenses. If the owner fails to repay the expenses within the 45 days, the board may pursue collection of the debt by and legal means available.
11. Owner shall be solely responsible for insurance against all loss sustained to personal property and furnishing in his unit. The Board shall purchase and maintain comprehensive fire and liability coverage on the building and premises.
12. Owners desiring to remove their unit from the rental pool must do so for a minimum period of (1) year. Notification must be in writing and received by the Board at least six (6) months before the effective removal date. The owner's unit shall remain out of the Pool for that period of time unless the Board shall agree to place said unit back into the Rental Pool within a shorter period of time.
13. The Board shall be empowered to set rates for Owners' occupancy at its discretion. These rates are to be based on total participation in the Rental Pool, 365 days per year.
14. The Board shall promulgate from time to time specific rules and regulations affecting Owner's use of his unit. Owner agrees to abide by and follow said rules and regulations. Owner acknowledges receipt of a copy of the current Rental Agreement and Regulations, as amended January 27, 2007.

15. The agency intended to be created hereby shall last for a minimum period of one (1) year, and shall be renewable for one-year periods thereafter, upon the same terms and conditions set forth herein, or as modified by mutual agreement of the Board and the Owner.
16. The attached "Exhibit A, Furnishings required in a Standard One-bedroom Unit", is incorporated herein by this reference.
17. If Owner decided to sell or transfer his unit, he must notify the Stock Transfer Agent of the sale and provide the Agent a copy of the Buy/Sell Agreement in order for him to properly transfer the stock and issue a new stock certificate. Costs of such stock transfer will be borne by the Owner/Seller and will be paid directly to the Stock Transfer Agent by the Owner.
18. At time of closing, a signed copy of the Rental Agreement and Rules and Regulations must be sent to the Manager of The Grey Gull at the current mailing address, for updating ownership files.
19. The Board has the right of first refusal for the sale or transfer of any unit, as state in Article VII, Section 1, of the By-Laws.
20. Owner agrees to use his unit for personal usage only by owner, owner's children, Owner's grandchildren or owner's parents.

IN WITNESS WHEREOF, this Agreement has been signed at

_____, on this ____ day of _____.

Board of Directors of

THE GREYGULL HOMEOWNERS' ASSOCIATION, INC.

By: _____

President

Owner

Owner (Spouse)

Owner of Unit No. _____

EXHIBIT "A"

FURNISHINGS REQUIRED IN A STANDARS ONE-BEDROOM UNIT

Furniture consisting of:

- | | | |
|---------------------|----------------------------|-----------------------------------|
| 1. Hide-a-bed couch | 8. Lamps | 13. Sound system (optional) |
| 2. Chairs | 9. Bookcases (optional) | 14. Wall decorations, pictures |
| 3. Coffee table | 10. Dining table | 15. Ceiling fan (optional) |
| 4. End table | 11. Dining chairs | |
| 5. Nightstands | 12. Carpets | |
| 6. Chest of Drawers | | |
| 7. Bed headboard | | |

Common items: The following items shall be considered common unit items under this Rental Agreement and will be maintained or replaced as needed and treated as common operating expense:

- | | |
|-----------------------------|----------------------------|
| 1. Kitchen: | h. Night Light |
| a. Microwave | 3. Bedroom: |
| b. Refrigerator | a. Linens |
| c. Stove | b. Bed Springs & Mattress |
| d. Dishwasher | c. Alarm clock |
| e. Disposal | d. Bedspreads |
| f. Flatware and Linens | e. Wall heater |
| g. Kitchen utensils | f. TV/VCR |
| h. Small Appliances | g. Drapes/Window coverings |
| i. Cooking and serving pans | 4. Living Room: |
| 2. Bathroom: | a. Wall heaters |
| a. Terry (towels) | b. Drapes/Window coverings |
| b. Shower curtain | c. TV/DVD |
| c. Light fixtures | d. Spotlight |
| d. Heat lamp | |
| e. Fan | |
| f. Mirror | |
| g. Hair dryer | |

The Board may add other items as they become standard for rental condominiums after consultation with the Owners at an annual meeting.

(12) Motel Common Items also include all furniture, appointments, decorations, etc., in all Common Areas of the motel.

CONDOMINIUM UNIT TYPE DESCRIPTIONS

Studio Units:

These cozy single room units include a King bed, clean-burning gas fireplace, HD Flat screen TV and DVD player, a full bathroom, kitchenette with a t top burner (no stove), mini-fridge, microwave, and seating for two. All studio units connect to our Deluxe corner units. Max occupancy 2.

One Bedroom Units:

Relax in our spacious two room suites with a King bed in a separate bedroom, a sleeper sofa or Murphy bed in the living room, a clean-burning gas fireplace, HD flat screen TV and DVD player, a full bathroom, a kitchen complete with cookware, tableware, and full sized appliances, and balcony or patio depending on the floor. Max Occupancy 4.

Deluxe Corner Units:

Enjoy a larger floorplan in these corner condos with tow Queen beds in the bedroom, sleeper sofa in the living room, full kitchen complete with cookware, tableware, and full sized appliances, clean-burning gas fireplace, HD Flat screen TV and DVD player, and a wraparound balcony or patio depending on the floor. All Deluxe units connect to our Studios. Max occupancy6.

Two Bedroom Unit (#207):

Located in the center of the building on the second floor, this unit offers a fantastic view of the ocean. It includes a king bed in the master bedroom, two queen beds in the second bedroom, a sleeper sofa in the living room, HD Flat screen TV and DVD player, Two full bathrooms, a kitchen complete with cookware, tableware, and full-sized appliances, and a balcony. Max occupancy 7.

Penthouse Unit (307):

Our largest condominium, located in the center of the building on the 3rd floor is two stories. It has a King bed in the Master bedroom, two Queen beds in a second bedroom, two full bathrooms, a full kitchen complete with cookware, tableware, and a full sized appliances, clean-burning gas fireplace, HD flat screen TV and DVD player, and a large living room with a balcony all on the lower floor. A spiral staircase leads to the loft which as a second seating area with TV and DVD player, two Twin beds, a Queen bed, and another full bathroom. Max occupancy 10.