

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

[Note: It is not the intent of MPIOA's Management, or its Board of Directors, to offer or provide legal advice. The information contained herein, or in any article or memorandum published by Management or otherwise presented for a member's consideration, should not be relied upon regarding any legal position you may determine to take. If you have legal questions about the issues or matters presented herein, you are urged to consult an attorney to discuss your legal rights in this case. The following material is presented as the personal opinion of Management regarding the issues and matters in consideration and presented here as general information for the benefit of improved understanding of the members, whether compliant or non-compliant.]

CHAPTER 1

For MPIOA, Inc., 2016 was a memorable challenge, with frustrated efforts and an awareness of a newly acquired education. A proper industry precedent similar to the Termination of operations and Dissolution of Mariner's Pointe Interval Owners Association, Inc. (MPIOA) is noticeably absent, or difficult to identify. MPIOA's Declaration, as well as Tennessee governing Codes in general, focuses upon neither the circumstantial issues, nor their resolutions, dictating closer examination of the components and sub-components in search of the solutions. The resulting 'education' required to administer the issues, must therefore be acquired by experiencing the 'what-if's', or the implications of such components and sub-components within the process, as each may occur to, for, about, or because of, real people (families) as interval owners/members. The importance of definitive detailed provisions providing explicit guidance within the Declaration and Master Deed have remained poorly considered when the Termination of a timeshare condominium is at issue, primarily due to the absence of such experience prior to the drafting of the Declaration. As recognized with this process, the Declaration and Master Deed is the 'preeminent authority' for any Timeshare non-profit enterprise, (at least in the non-judicial states). As a result, the frequently unrecognized and therefore poorly contemplated provisions for TD&L, which has typically remained **absent** from the original or last amended Declaration and Master Deed for resorts considering the process, were absent because they were neither contemplated nor ever needed before this era, **until now!** Accommodating the Termination, Dissolution, and Liquidation (TD&L) processes facing multiple timeshare resorts have suddenly become a new science, due to the lack of clear precedence.

*With specific provisions identifying each of; Authority, Responsibility, Accountability, and Enforceability for leadership, which also happens to be the key tenets of governing and control for any enterprise, the specifics of each, as each may pertain to any official action to be taken, or position determined, while in an emergent condition of Association jeopardy or change in purpose, allows critical issues to become resolvable. However, **if provided and applied** appropriately for governance during the TD&L process as with MPIOA, greater protections for the association and its supportive membership are accomplished, and the Association's subsequent authority prevails in benefitting the supporting members and their equity while holding the non-supporting members accountable. Should such non-existing, or existing but inappropriate governing provisions for proper governance be properly crafted without the necessary 'teeth' for leadership to perform the required steps of duty through the condominium's governing documents, increased effectiveness and a reduction of stress for the staff facilitators cannot happen. Proper preparation for governance allows free functionality to the ultimate benefit of the supporting members in meeting the determined objectives, and within that process, the leadership concurrently provides greater protections for the supporting membership's equitable standing, while creating a structure within the approach, which simplifies the emerging new purpose for meeting the otherwise complex needs of response to the Association's circumstances. Failure to accomplish this step guarantee's hardship, greater potential for liability, less than ideal judgment,*

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

emotional and antagonistic responses by an increasing number of members who sense the instability and disarray of confidence in the steps in process. As a result, extraneous expense begins to accumulate for the Association (and its supporting members who are expected to fund such expense), the critical and complex set of issues confronting the Associations are amplified by the 'Nay-Sayers' of the membership, as the supporting members become fewer.

While thinking about that vision, throw into the mix the various uncontrollable circumstances for many resorts in similar circumstances, but with a Mortgage or other encumbrance, or an absent Developer demanding certain steps beneficial to his company, or a venue not desired by the emerging generations spending their leisure/travel dollars. Suddenly, the reality of complexities has become an exponential boil-over, and what was an issue of instability becomes chaos with total loss of control over the outcome. In such event, the normal response for action is to turn everything over to the attorneys and let them sort-out the issues. In this regard, your Association and its 'new' purpose are blessed. Why? Read on...

CHAPTER 2

Stating all attorneys are the same is like stating everyone who plays a sport is the same. As a member of the human species, they are all as unique as the population. However, if you think it is important to have the right counsel, one may begin to differentiate using multiple criteria. With MPIOA engaged in the TD&L processes, it *is* important. Routinely confronted with the same or similar challenges, more or less, the tools of the trade for experienced attorneys are largely their reference sources of law, and the Uniform Code of their jurisdiction of practice. For many attorneys, the outcome of their general approach regarding 'the case' is due to the repetition of fitting their actions and cases into a comfortable 'box', from which they seldom stray. In this hypothetical 'box', attorneys all must function within their individual level of competency. They apply their craft within the confines, which, for them, is dictated by the statutes and jurisdictions of their practice. However, the statutes do not necessarily state what you CAN or CANNOT do under unique circumstances not yet acted upon by the lawmakers, as in unique circumstances not before at issue.

Without specific statutes to negate efforts toward an objective, and when all fundamental aspects of the statutes are otherwise satisfied, an opportunity exists for setting new precedence beneficial to the intended objective. For this, experienced counsel who are willing to peer out of the confines of their 'box' and embrace the possibility of setting a proper precedent not yet supported by statute, requires courage and fortitude. Otherwise, as with most counsel, their comfort zone is only within their familiar 'box', where they generally prefer to dwell. Many attorneys are unable to function outside their 'box' comfortably and confidently, and keep the true intent of the client's best interest as priority without having their own self perceived agendas come into play. For any judicial action involving a timeshare association, the case has the real potential for becoming a local notorious drama. If the members are a party to an action, (such as the members as Defendants in a Partition Action), it may well be the largest action to occur ever, in the jurisdiction! Finding the right counsel becomes paramount to all this, in dealing with all the "what if's" and the ever changing reality that the resort and its Board faces daily. We are grateful for the assistance and guidance provided to us by our counsel so far along this process.

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)

Chapters 1 - 7

CHAPTER 3

As the MPIOA membership's Board and Management had been dealing with the chronic annual attrition of active accounts as well as the chronic lack of desirability for sales due to industry-changes in the product for sale, they found themselves facing the prospect of the TD&L process in 2016. Their first consideration was to communicate with the membership as preparations began for fulfilling the legal requirements for their actions in response. The immediate priorities were to insure protection of the membership's interest, as well as protection for themselves under the burden of such monumental responsibility in making the hard decisions. However, hypothetical assumptions, based upon the principles and spirit of the Declaration, coupled with the normal limited experience for resolving such unique circumstances as routine, combined with the natural void of a complete and beneficial knowledge of the probable outcome of their efforts, may or may not fully protect all the parties should a 'what if' occur. The Association's leadership recognized the complex issues that emerged within the 'State of Emergency', as the burdens for which the leadership must make full preparations to bear.

The Association's constituency is a society, exactly like any other free society. Each member of this Timeshare society is a member with an ownership 'interest'. Therefore, whatever happens to the Association also happens to each individual member, and such an 'event' has an immediate effect upon the 'person' and their entire family, which includes their respective personalities, perceptions, and their fundamental principles (which always come in to play) in their responses/reactions. Each family member will express their individual perception of the event 'problem', regarding what they are willing to accept, support, or resist and criticize, with only the degree of understanding permitted by the individual member. In such a circumstance with the Association, it is typical for all members to lack a 'full and complete' understanding of the complex actions at play and considered for response. This fact stratifies member comprehension at multiple levels for complete knowledge of the dynamics of the causative factors of the event, the complexities, and legal implications of the event, and the internal requirements for effectiveness and fairness in administering the orchestrated response to the event. Even if a member has experienced similar circumstances with another resort, the other resort's response to the event may or may not have been the best for the most positive outcome, and therefore the previous experience has created a bias within the member's expectations regarding the new event. Often, due to such misunderstandings, the individual's perception of those charged with the leadership responsibility of administration for the circumstance, are suspect at least, and at most, are assumed the perpetrators of some conspiracy against them and other members who do not understand. Such manifestation is common in today's generational culture, and especially in the newly evolved culture of ideology conflict.

Since the members have a voice, they are; (a), often internally driven to vocalize their suspicions or concerns in their efforts to either inform themselves with deeper details, or (b), attempt to generate allies and galvanize their perceived 'cause' in resistance (which denotes an agenda). The Association must maintain control of such circumstance to reduce or avoid unnecessary loss of time and the propensity for resulting expense (time=dollars). The time spent informing those members seeking to understand clearly, is a justifiable and beneficial effort and expense. The time required for dealing with (b) above, always equates to expense in the resolution of such issue(s). The learning curve for MPIOA in this regard, has required the creation of appropriate provisions within the Declaration, such that response to the issues will result in appropriate accommodation as they manifest, and for those issues which manifest inappropriately through non-compliance, there must be accountability. Each move considered by the Association and/or its counsel has required study and research to explore the effect and counter-effect for each option considered for response, particularly in an environment of threatened or implied litigation. The resulting opportunities for guidance as provided through each action taken and the experience in resolving the resulting issues have produced the methods and most appropriate

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

courses of action for MPIOA and its leadership's safe progression. The outline of an article is underway to update supporting members with further discussion of this aspect of the delays and the resulting damages as we progress into the future.

As frequently communicated, in order for the Association to appropriately market and sell its assets for receiving the maximum amount of value, membership cooperation is a required component for the Association to convey clear, marketable, insurable, fee simple title to any potential purchaser. As numerous communications to the membership have advised, that objective requires the Association to have marketable ownership of all Unit Weeks owned by our members. Once the Association has clear title to all outstanding interests, a sale of the Association's assets may occur. Until achieved, the Association properties shall remain appropriately maintained, fully protected, and properly insured. This circumstance has not yet occurred as anticipated (with the 2016 December 7th Foreclosure), and relates specifically to the remaining uncooperative, delinquent, and non-compliant interval owners of the Association.

CHAPTER 4

There are two 'common' approaches to the non-compliant member issue, when involved in a TD&L of a non-profit association. The primary reason either of these two options are the typical 'choice' for immediate recourse for many associations to deal with this problem is the 'effect' of each on the outcome. Initiating either action has the effect of a dam bursting and washing away all components of the issue without question, challenge, or increased potential for litigation. The kneejerk response is 'Bankruptcy' protection in Federal Court, which is structured as absolute and most expedient; or by using the documented suggestion in the Declaration for a 'Partition Action' in State Court, which can take a significant amount of time, particularly with legal processes and challenges. Both actions are in a court of proper jurisdiction, and both require the association to relinquish control and raise lots of cash from its members, or relinquish all or most of its value (in expenses) at the time assets are sold, especially if sold at auction. Either choice is effective, but after case action is filed, the dam breaks, and the effective purpose for the outcome is less controlled by the participants of the journey, as 'client'. The benefits of either or both of these actions for the Association and its membership are greatly diminished from the benefits derived from a voluntary action with an eye on the potential for greatest return of equity as possible for the individual supporting members. Obviously, those two choices are not the only choices! In researching as many other associations as time was available to pursue, it appears the Declaration appears to be the common factor for governance and authority. In the case of Mariner's Pointe Resort, the Declaration is dominant over the fundamentals of both the 'Condominium Act', and the 'Timeshare Act' in Tennessee, regarding specific governance outside the normal protections of those uniform statutes. This means, as long as the fundamental aspects of the codified law of the land are in place, the Association should be able to govern itself with complete authority through the existing official governing documents. The Declaration as Amended and Recorded is instructive in its contained provisions, for all to see. It even instructs us to amend the document as necessary to protect the integrity and intent of the mutual benefit entity and its purpose of serving and protecting the interests of the supporting membership.

The 'compliant' members apparently read and/or generally understand the intent of the governing documents and the mutual benefit, nonprofit structure of the MPIOA. For example, in the 1981 original Association Charter (ARTICLE VIII, BOARD OF DIRECTORS), "*...the affairs of the corporation shall be managed and governed by the Board of Directors of not fewer than three (3), nor more than the number specified in the By-Laws of the corporation, as amended from time to time*". Further, the Board has full control over the affairs and business transactions of the corporation. The Board has the

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

authority to make, alter, amend, and repeal the By-Laws of this corporation, subject to such limitations as may be imposed by law and the By-Laws of the corporation. In addition, an interesting provision of the original 1981 Association 'Charter' addresses much of the dialogue brought forth at the April annual meeting. Within the Declaration, ARTICLE VIII, CONFLICTS OF INTEREST states; *"No transaction by this corporation in which a Director or Officer has personal or adverse interest, shall be void or voidable solely for this reason, or solely because such person is present, or participates in the meeting of the Directors or the members."* Those members familiar with the corporate structure of the Association understand the *"...Association is hereby irrevocably appointed agent for each unit owner"* (XIX, F.), and that restrictions, alterations, actions, or activity (emphasis is mine) by any member are *"...subject to the Rules and Regulations adopted by the Board of Directors"* (XX, D.), and *"All provisions of this Declaration, including all exhibits attached hereto and any amendments hereof, shall be construed as covenants running with the land, and of every part thereof and interest therein, including but not limited to every unit and the appurtenances thereto, and every unit owner and occupant of the property, or any part thereof, or of any interest therein, and his heirs, executors, administrators, successors, and assigns, shall be bound by all of the provisions of this Declaration, all exhibits, hereto, and any amendments hereof"* (XXVI, E.). *"Each Unit Owner and the Association shall be governed by and shall comply with this Declaration, the By-Laws attached hereto, the Condominium Act of the State of Tennessee, and the Timeshare Act of the State of Tennessee"* (XXVI, I). Further, regarding authority, the Association and Developer are similar, but with a different scope of authority, as MPIOA derives certain rights and responsibilities by virtue of its being the Association; it also derives certain rights and responsibilities by virtue of being the Developer, under the Declaration (I, Definitions, B.). Therefore, the provisions of the Declaration and the Exhibits attached are paramount to the Condominium Act and the Timeshare Act as to those provisions where permissive variances exist, as well as to those provisions where restrictive variances do not exist. This need was determined in 1992, after the Developer abandoned the Association, and Management realized acquisition of the Developer's Rights for MPIOA would become critical for the Association's future safe existence.

The few non-compliant members remaining (57) appear to have difficulty with the concept of their deed, which is a deed for a 1/51st 'interest' in property, as opposed to a deed for a parcel of real property. Their deed conveyed only the 'use of' and 'access to' property owned by the Association, without the individual or perpetual right to property ownership. This 1/51st 'interest' provides for the individual 'use' of the unit property for the interval of time represented by the deed, as an 'Estate For Years', together with a remainder over as a Tenant in Common with all other purchasers of unit intervals in their particular unit (XXVI, P). The member's deed provides ownership of such 1/51st interest until the end of the 'Estate For Years' in 2021, or for as long as the Association (which owns the real property), continues to operate in accordance with its purpose and intent, as originally determined by the original developer, and subsequently conveyed to the third-party 'member' upon sale of the interval in accordance with the terms of conveyance (subject to the Declaration and Master Deed) to the interval owner, creating a membership in the Association. This sentence means, if the Association finds itself in circumstances which requires a determination to modify or alter the objective from the Association's original purpose and intent for use of the intervals, and the action complies with the requirements in the Declaration, all members become subject to the resulting intent and purpose as determined by such vote held within proper protocol. In the case of MPIOA, monitoring the attrition of the annual supporting member accounts, and the dramatic decline in member response to the 2016 annual billing of fees, the Board was compelled to declare a 'State of Emergency' for the Association and mandate a vote of the membership (Referendum) due to the emergent circumstances which dictated the action seeking the member's preferences of the options provided. In this process, the re-purposing of the Association due to these new circumstances (lack of sustainability due to attrition

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

became confirmed by the member's response to the Referendum), as reported at the April 23, 2016, annual meeting.

Throughout the TD&L process to date, a number of deadlines were necessarily imposed to expedite the process of carrying out the member mandate. With each deadline date, the resulting action was dependent upon the timetable, or duration, of the preceding event, which adjusted itself by the circumstances dictating the response action timetable for any number of member families engaged in the process. The time 'assumed' for each action and referred to in conversations with members or meetings was an anticipated determination as such, for accommodating the routine needs of the process, but circumstances outside the control of any given member family of ownership frequently interfered with their ability and/or opportunity to respond to firm deadlines, and by communication from the member, accommodation was possible. If you are thinking coordination of your family is like herding cats, try coordinating more than 1,000 families, with the prevalence of divorces with a non-local ex-spouse, or considering deceased owners with multiple heirs, often without Probate, or the presence of an Estate ownership with a less than interested Administrator or Executor. In many cases, deadlines had little effect upon some members during the process who had traditionally been supportive, positive members, even though the needs of the process were ever-present. Once contact with the correct member-account authority (interval owner, or person in control of the account) occurred, and where cooperation was forthcoming, solutions for the Association's needs ***and*** the ***member's*** needs as accomplished satisfactorily while maintaining appropriate equity and justifiable fairness for every participant of the issue. There were also numerous accounts where the owner was deceased, and the Association had remained uninformed, and the heirs or others continued to fund the account's annual maintenance fees for their continued use of the interval, either through RCI or by occupying the unit, without proper attention to the unit 'ownership' protocol, or the legal implications for ownership succession (continuation) regarding the asset.

Most members understand such a process is necessarily 'fluid' in order to accommodate the unique issues of member families, in meeting the needs of the Association for the benefit of the membership. Although the Association seeks to accommodate the needs of its members, it must do so within the parameters determined for reaching the objective as resolved by the majority of the membership upon a proper vote, in order to remain void of 'preference' or 'outside agenda' regarding how the Association treats any member account over the other member's accounts.

CHAPTER 5

The original purpose of the Association was created as determined and established by the original Developer. This circumstance existed from 1981 until the deadline to respond to the March 2016 Referendum. As an outcome of the March 2016 Referendum, the membership determined a 'change' and subsequent 're-purposing' of the Association, followed by the appropriate actions required thereafter in the effort for following the preferences of the majority of the Association as officially established. The deadlines for each of the steps and actions taken, as previously discussed and described in detail, have produced the following results:

	SUMMARY – Deeds by CLASS as of May 31, 2017	Count	% of 2,392
Foreclosure	Delinquent & Non-Compliant – (Non-Responsive to Deed-back & IMA)*	57	2.38%
MPIOA Deeds	MPIOA Developer Accounts	1157	48.37%
MPIOA Deeds	IMA executed, but Delinquent (Deeded back, but Assessment not paid)	22	0.92%
MPIOA Deeds	Preferred/requested Deed-back, opted-out of support participation	944	39.46%
MPIOA Deeds	Maintenance Weeks (Developer)	46	1.92%

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

MPIOA Deeds	IMA's - \$0.00 Balance (Paid Assessment, Executed Deed-back & IMA)	166	6.90%
Total Number of Intervals		2392	100.00%
SUMMARY – DEEDED to MPIOA as of May 31, 2017		Count	% of 2,392
MPIOA Deeds	Intervals Deeded to MPIOA, including Foreclosed & IMA's	2335	97.62%
Foreclosure	Non-Compliant Accts (Have not Conveyed clear title to MPIOA)*	57	2.38%
Total Number of Intervals		2392	100.00%
* Breakdown of the 57 Noncompliant Accounts (No IMA, delinquent with 'Assessment', no deed-back)			
Non-Compliant with the March Referendum & Delinquent with the November Assessment			37
Voted 'support the Board' on the Referendum, but unresponsive on each subsequent step			11
Preferred/requested deed-back on Referendum response, but unresponsive thereafter			3
Accounts with Estate issues (must Foreclose to clear Title)			5
Accounts with unresolved co-owner interests (must Foreclose to clear Title)			1
Total Number of Non-compliant Accounts			57

Of the 57 accounts noted, the continued communication attempts with 28 of the above accounts have not been possible, due to obsolete addresses and phone numbers, or intentional non-response.

The December 1st deadline for receipt of the November assessment, and MPIOA's *final plea* for receipt of the member's preference in the outstanding documents, was required for all members to maintain compliant status. Those who failed to respond with an attempt at resolution by this date were classed as Non-Compliant as a result, if they had not already been classified as such by delinquency. The Association received *none* of the required documents for most of the **57** non-compliant accounts, as they had determined not to respond to communication attempts, including messages left by phone after the action providing for an IMA. Therefore, those accounts that neither funded nor acknowledged the November assessment by the deadline, which automatically led to Foreclosure by the Association. The receipt of one payment, which occurred *after* the deadline, accompanied with refusal to execute the required documents as instructed, resulted in the return of the late payment of the assessment to that member, and the account remained non-compliant, in default, and engaged in the final foreclosure, unless the member's pro-active and timely efforts are timely taken in an effort to resolve. The Association's approach with specific instructions provided to members in accordance with the options available to the Association for proceeding with the determined courses of action. Regarding those of the 57 non-compliant accounts who failed appropriate response in a timely manner, and apparently determined to ignore the instructions provided choosing not to respond further; mistakenly assumed they were in control of the outcome in some fashion, or control of the officially established protocol for completing the objective of TD&L. However, for the 57 non-compliant as well as the 166 compliant members, the outcome for those non-compliant members is 'jeopardy', and for the remaining members is 'expense', and the component which separates the two are known as, or considered to be '*damages*'!

The increased delays caused by the non-compliant Association members, has cost the Association the continued expense of maintaining, paying property taxes, insuring the Association's properties, and incurring legal expense toward resolving those accounts. The Association's financial injury to the and loss of opportunity must be considered for action by the Board of Directors in their responsibility for accountability. As communications from your Directors, Officers, and Management have warned, obtaining a marketable title to the Association's property to allow for its conveyance is a critical step in providing the appropriate asset value. Due to argumentative attitudes of a few members, many of the remaining 57 non-compliant members attempted to justify with unreasonable actions, attempted intimidation (real or implied), and/or ultimately attempting to subvert the totally transparent efforts of the

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

Association in its pursuit of maximizing value unto the supportive members with the final outcome. Since the general bearing of many of the non-compliant accounts reflected a lack of consideration for the effect of their actions/inactions upon the other members remaining in support, the Association was forced into a position of preparation for the potential of litigation regarding the final Foreclosure, the sale of the property and assets in TD&L, and the distribution of any net proceeds generated in the process to those supporting members remaining compliant, reasonable, and benevolent to the Association in its efforts.

Granted, the Association is several months beyond where we expected to be December 7, 2016 (the date of what was anticipated to be the final Foreclosure). Had all the Association's membership remained compliant, the final foreclosure activity may have begun in 2016, instead of May 2017. The continuing expenses during such preventable delays, includes many obligations, such as maintaining the property, security for infrastructure assets, maintaining utilities as necessary to protect the assets, support for very limited staff engaged in the processes required for support of the processes with the non-compliant accounts. Such expense continues *monthly* until TD&L resolution and conclusion. Historically, the monthly expense has averaged \$40,000 per month through 2016, and \$25,000 to \$32,000 per month for 2017, not including the additional legal fees required due to the non-compliant accounts. The non-compliance by a minority of members required the Board of Directors to now act on behalf of the Association as Developer by Amending the Declaration, to better prepare for dealing with these extra expenses attributable to the actions/inactions of the non-compliant owners. As a result, such 'Damages' could potentially be allocated to each non-compliant individual, in a separate individual action from the final foreclosure action if so desired by the Board. In addition to the extraneous expenses as herein discussed, the additional expense of the 'second' final foreclosure upon the Association's non-compliant interval owner interests must also be considered for charging unto the delinquent accounts. Should a conflict arise during or resulting from the final Foreclosure action, by and due to the actions of any one or all non-compliant minority owner(s), and the Association prevails, the additional expense of the delays and such other legal or operational expenses for achieving marketable title, remain subject to charge unto the non-compliant owner(s) in accordance with the Declaration and Amendments.

After the final foreclosure and prior to the final dissolution of the Association, MPIOA's independent Auditor shall first audit all amounts for consideration for allocation and his report shall be provided to the Board of Directors as part of an Agenda for any meeting where action may be taken. In such a process, as a component for consideration by the Board for their distinct posture of fairness, justice, and equity for the supporting membership, the Board may consider a questionnaire to be distributed to all compliant members as a 'Class' of victims, created inadvertently by the actions/inactions of the non-compliant members, and forced to fund such extraneous expense. Such a Questionnaire for the supporting member's responses either in favor of, or opposed to, or non-committal, for the Board's consideration in taking such action against the non-compliant members. The Board shall then determine whether to file an action for pursuit of collection of such extraneous expenses from each individual non-compliant owner/member. Should the Board determine to allocate and pursue collection of such extraneous expense from the non-compliant accounts, any economic benefit from collecting such charges shall be applied first to the expenses at issue with any surplus distributed to the benefit of the compliant members, who were obligated to fund the unnecessary expenses as incurred by the MPIOA.

The basis of the Association's position in the above circumstance as described, relates to the following general assumption that failing to act pursuant to the Board's directive in early 2016, has possibly created its own injury and damage to the Association as a whole. The Declaration and Master

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

Deed stipulates the authority for action through its Board of Directors, as well as the duty for each member to the Association, with the responsibilities and principles as defined for the Association, its members, and the Board of Directors. However, the reality of the circumstance regarding the Association became an issue of necessary complexity, unanticipated delay, and significant expense as time passed due to non-compliance with the principles and spirit of the Declaration by a small minority (2.38%) of the total membership's voting power. Due to this delay and inactivity of the non-compliant members, the Board will need to consider taking further legal action against this class of members, based on the response it receives from the questionnaire of its supporting members, and upon advice of counsel.

The impact of the non-compliant accounts upon the Association's process began in March 2016 with the Referendum, and escalated in April 23, 2016, with the annual membership meeting. The facilitation of the process began immediately thereafter, and deed-backs commenced based upon the preferences expressed with the referendum responses. The deed-back opportunity required four (4) months to complete, and the opportunity for deed-back expired August 31, 2016. The Foreclosure process began in September 2016. The Interim Membership Agreements (IMA) were mailed out October 18, 2016, with an extension for the deed-back opportunity provided until October 31, which was when execution of either the Interim Membership Agreement (IMA) or a deed-in Lieu of foreclosure with Waiver was required.

Of the 57 accounts now non-compliant, several repeatedly claimed various issues during the process, such as; 'We lost the documents.', or 'We did not receive the documents mailed!', or they simply changed their mind and now 'wants to participate' and promised to 'follow through', etc. However, during the period after the annual meeting and before the October 31 IMA deadline for response, members called the Association reporting having been contacted by a member attempting to solicit support for a Class Action against the Association, its Board of Directors, and Management. This 'alert' provided evidence by statement and implication, of a sufficient potential threat to the legal standing of the Association in our pursuit of the TD&L process objective as determined with the March Referendum. The November 3, 2016, assessment, which was determined as necessary for support of the process and for fund expenses resulting from the delays by the non-compliant accounts, was due to be funded by **December 1, 2016** deadline. This communication also granted another opportunity to all members not in compliance, as the final opportunity for the requested member document responses allowing these members the final opportunity to become compliant. At the time, the planned December 7, 2016, foreclosure sale was anticipated to have successfully concluded the title-clearing process. However, the 57 accounts, which had remained current with their account until the due date passed for the November 2016 assessment, changed the effect of title as it pertained to the December 7 foreclosure. Non-compliance with both the execution of the appropriate documents and payment of the assessment forced the need for an additional foreclosure action when these previously 'current' accounts failed to fund the assessment and refused to execute the documents as requested.

One-hundred and ninety-five (195) current and compliant member accounts executed the IMA by the final deadline, with full intent for supporting the Association through the process. One-hundred and sixty-six (166) funded the November 2016 assessment. The 29 accounts that 'intended' to support the Association by executing the October Interim Membership Agreement (IMA), unfortunately lacked the readily available resources to be able to fund such an assessment, and their IMA contract was unfortunately but necessarily terminated, in accordance with its terms and conditions. Of the **57** non-compliant accounts, **6** accounts have unique title issues requiring foreclosure action to clear. There are **30** accounts with contact information considered as 'obsolete', and many of these accounts are likely regarding deceased members whose heirs apparently maintained the account's 'current' status for

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

continued use. There are **18** accounts that remained perpetually 'undecided', which eventually placed them into the 'non-compliant' category by delinquency. The remaining **3** accounts adamantly refused to sign anything or take any action. A few of the non-compliant and 'refusal' group apparently convinced themselves that the Board and Management were in 'collusion' to somehow personally profit from the value of the Association's assets, thereby victimizing the supporting members funding the TD&L process. Although such assumptions of a 'conspiracy' were unreasonable and without basis, their unwillingness to accept the outcome of the referendum, and their failure to comply with the options available, created costly delays in the Association's efforts to clear title for proper marketing and conveyance. Such delays are at an end, as the completed title research has identified all potential areas for title issues prior to the 2017 'final' Foreclosure, which is expected to fully resolve and 'clear' those issues.

The Association's need to fund the ongoing expenses while dealing with the non-compliant issues continues regardless of the detrimental delays by these non-compliant accounts. As of February 2017, an estimated amount of damages in excess of \$300,000.00 (unaudited) as potentially allocable to the non-compliant accounts as determined. In the event any one (or more) of the 57 accounts should file an action against the Association, MPIOA will pursue a counter-action to recover all cost to defend such action, as well as seek reimbursement for all other un-necessary expenses and delays against such non-compliant members.

In November 2016, Management contacted the Association's Counsel (Gullet, Sanford, Robinson & Martin, PLLC, in Nashville, TN), which was Counsel for the Association's previous litigation and reorganization, for review of the steps taken to date in facilitating the determined objective, and seeking their recommendation regarding the potential risk of future litigation. Upon their thorough review evaluating the risks associated with the threat, one recommendation to the Board of Directors was for the Board to consider Liquidation through Chapter 11 of the US Bankruptcy Court should litigation arise in State Court. This continues to remain an option should a state court action ensue, which is unfortunate since the Association is without encumbrance (Mortgage).

With 57 member accounts remaining non-compliant, the ongoing expenses required for dealing with such accounts are detrimental for meeting the objective as mandated by the majority, and must be an expense endured by the supporting compliant members. Such a circumstance is unusual for several reasons. The referendum provided the options available for the membership to select as their preferences of the available options as chosen. In the process of representation and Referendum, the consistent message from Association leadership to the Association membership, fundamentally expressed and/or implied the following:

1. The membership, thoroughly advised regarding the emergent issues at hand requiring response by the MPIOA in 2016, responded overwhelmingly in favor of Termination, Dissolution, and Liquidation of assets, by 94.3% of the vote of a proper Referendum.
2. The logical options available to the Association and represented to the membership included:
 - (i) The members ***either*** must pay the cost to continue resort operations, update and maintain the resort going forward (which would require a mortgage and thousands of dollars in fees per year, per member), ***or***...
 - (ii) The members must support the Association through the dissolution process with the necessary funding as needed for completing the objective timely through the IMA, retaining member-rights to surplus funds net of expenses upon liquidation of assets, if any, ***or***...

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

(iii) The members may avoid future membership expense completely should they prefer, by expressing their preference to the Association's offered opportunity for deeding their unit interval's deeded interest to the Association. However, if the member exercises this option as their preference, upon final execution of this option, they defer their rights to claim any net proceeds at conclusion, as well as any further obligation to fund expenses as determined to complete the process at issue.

3. *If* one or more members determine to refuse compliance with the options presented after the legal majority of a vote has determined support for the course of action by the governing authority (the Board of Directors), it is reasonable to assume that such non-compliant members may be held accountable for any damages, should such non-compliance result in extraneous expense, which would have been avoided had the non-compliant members remained in compliance.

Fortunately, most members understand that the Association accumulates the funds from the sale and liquidation of all Association assets, which provides payment of the expense charged unto the Association for facilitating the Termination of operations, Dissolution of the corporate entity, and Liquidation of the Association's assets. After funding the expenses, the distribution of any remaining net proceeds shall be in accordance with the Disbursement Plan as determined by the Board of Directors. Other than the relationship as an MPIOA member, the same as all other compliant MPIOA members, neither the Association, nor its Board of Directors, nor its Officers, nor its Management, shall receive any distribution upon a sale of assets from net proceeds by or through their relationship to or position with the Association. However, should there be a recorded contract agreement for Professional Services with any of these parties as approved by the Board of Directors and declared appropriate in the governing documents (such as Management); there is no contest. It is important to know the Association's long-serving Board of Directors have never received compensation, and will receive no compensation for their time or efforts, serving sacrificially on behalf of the MPIOA members, with the exception of benefits received as with any other compliant member of the Association.

Regarding the accounting of unanticipated expenses endured by the Association while in this condition of TD&L, when such expense is attributable as damages by the actions or inactions of the non-compliant member(s), the Board of Directors shall determine the manner and method of the Association's response. Regarding the potential application of a charge to the non-compliant member(s) individually for such expense as may be attributable to them, such option exists beyond the action of Foreclosure upon their account(s). The Board, therefore, as the requirement for a Board decision may dictate, determine whether to pursue collection of such amounts. If the determination is to pursue accountability, such charge as determined shall accrue to the non-compliant members individually, separate from the unit account, and should such charge be determined and billed for collection, it shall accumulate, subject to the same terms, conditions, rates of penalties and interest charged, in accordance with the Declaration as determined by the Board, beginning 30-days after the date of the charge and billing to the individual(s). If, after the final foreclosure, the account balance is satisfied for closure of the account and recovery of the unit, the objective for clearing title is met. The legal remedy regarding the amount allocable to the non-compliant members individually, may commence as determined by the Board. The Board is committed to resolve the Association's affairs with regard to Termination, Dissolution, and Liquidation of the entity and its assets as previously determined. MPIOA's Counsel for the Foreclosure Action has agreed to perform the final foreclosure without additional legal expense to the Association under its circumstances, other than the routine publication and document filing expenses. In the event one or more members file an action in State Court to challenge the Association's position or its authority in its attempt to resolve the mandate of the

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

referendum through the final foreclosure, or raise a challenge under any other proceeding, the Board may authorize Management to charge the non-compliant members with the losses incurred as allocable to them individually, and then move forward with Liquidation under the protection of Chapter 11 of the U.S. Code, should such action be determined. Although this action would provide the Association and its supporting members with enhanced judicial benefits and additional judicial protections from the actions of the non-compliant members, it comes with a significant price tag attached, which will have to be dealt with once/if this option is exercised.

CHAPTER 6

A fair question is, "How does MPIOA's current circumstance compare with other resorts, which may have endured similar events?" In a recent conversation with Mr. Shep Altshuler [Publisher and Editor of Timesharing Today magazine <www.tstoday.com>, and President of the national Timeshare Board Member's Association (TBMA)], the issue of an increasing number of legacy resorts expressing concerns of sustainability has been discussed. Our conversation occurred as Mr. Altshuler was preparing for a TBMA meeting where scheduled discussions would occur regarding the issue. Mr. Altshuler explained about 80 resorts; each represented by a Board Member or an on-site Manager, attended the previous TBMA conference, and expressed interest in more detailed information regarding the causative factors, facilitation processes, and general outcomes of resorts known to have experienced the termination and dissolution circumstance.

Both the 'Timesharing Today' website and other timeshare websites have been a source for limited information regarding the circumstance of resort closings, as a number of members of these sites have communicated such issues on their 'Forum', 'Blog', or 'Comments' areas of their websites. A recent review of the accumulated resort comments revealed 32 resorts as 'closed' properties, as provided by their contributing members attempting to discuss, and with my adding to the list both Mariner's Pointe and Apple Valley, of the now 34 properties listed, 23-resort venues are in the USA. A few appear to have closed during the 2008+ economic winter. In looking for the common-thread of their demise, the lack of sustainability for the few for which I had time to examine appeared as a near-similar circumstance as Mariner's Pointe. In discussing generalities with Mr. Altshuler, he was of the opinion regarding the resorts similarly engaged for which he was aware, an **average of about "two-years or so" was required for each to complete their dissolution processes**, and after a year of intense effort, I concurred. We also discussed a resort property in Daytona, FL, which had experienced the TD&L process after a hurricane destroyed the majority of its campus. In that case, the issues in State Court required seven-years for completion.

The list of closed resorts garnered thus far from various sites may or may not specifically apply to the circumstances of Mariner's Pointe, but until in-depth investigation can occur, the following list of closed resorts is all we have for immediate review, and it includes the following properties:

	VENUE	LOCATION
1	River Grove Chalets	Felton, CA
2	Palm Springs Villas	Palm Springs, CA
3	Warner Springs Ranch	Warner Springs CA
4	Club Vacances Magog	Quebec, Canada
5	Sutherland Crossing	Crystal Beach, FL
6	Neptune Hollywood Beach Club	Hollywood, FL
7	Spanish River Resort	Delray Beach, FL
8	Ocean Palms (Hurricane)	New Smyrna Beach, FL
9	Jolly Harbour Marina and Golf Resort	Antigua

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

10	Prospect Reef Resort	Tortola, British Virgin Islands
11	Lodge at Horseshoe Resort	Quebec, Canada
12	Indies Suites	Cayman Islands
13	Divi Tiara Beach Resort (Hurricane)	Cayman Islands
14	Royal Caraibes	Guadeloupe
15	Xpu-Ha Palace	Quintana Roo, Mexico
16	Encanto Timeshares	Playa Del Carmen, Mexico
17	Vacation Club at Bahamia at Royal Oasis	Crown Plaza, Bahamas
18	North Harbor III (Hurricane)	Slidell, LA
19	Club at Cape Cod	Cape Cod, MA
20	Harbor Hill	Provincetown, MA.
21	Indian Point - Branson, MO	Branson, MO
22	Peppertree Atlantic Beach Phase I	Atlantic Beach, NC
23	Legend Resort	Vernon, NJ
24	560 Ocean Club	Atlantic City, NJ
25	Deer Run Village	Samford, NY
26	Grossinger's Catskill Resort	New York
27	Gurneys Inn	Montauk, NY
28	Nottingham Village (with Friar Tuck Inn)	Catskill, NY
29	Lake Mead Lodge	Lake Mead Nat. Rec. Area
30	Deschutes River Ranch	Bend, Oregon
31	Club La Costa Hustyns	United Kingdom
32	Apple Valley - Howard, Ohio	Howard, OH
33	"The White Pines" - Poconos Mountains	Pennsylvania
34	Mariner's Pointe Resort	Crossville, TN

There are other timeshare resorts closed and/or closing, which are not yet added to this list. There are also others in doubt about their sustainability and engaged in exploration for optional alternatives. A few resorts ceased their operations after the millennium, and have since been conveyed to a new owner and back in operations after a major makeover, or converted to whole-ownership condominiums. The unique issues at play are as numerous as the properties that endure them. Aside from the effect of the cultural shift and product evolution, a lack of time prevents further pursuit of the common connections between those resorts until our issues are resolved. The contributing causative factors relating to their demise may or may not be similar with any other legacy property. However, I suspect the similarity in the responses taken and the outcome for each may be significant. It is USC's intent to pursue further study of these properties for answers to several questions as time permits, which may prove beneficial in the future for other associations, as their future becomes their reality. What is certain, the value of the outcome of the process to the supporting membership is directly related to and dependent upon the decisions made by the leadership at the outset and throughout the process.

CHAPTER 7

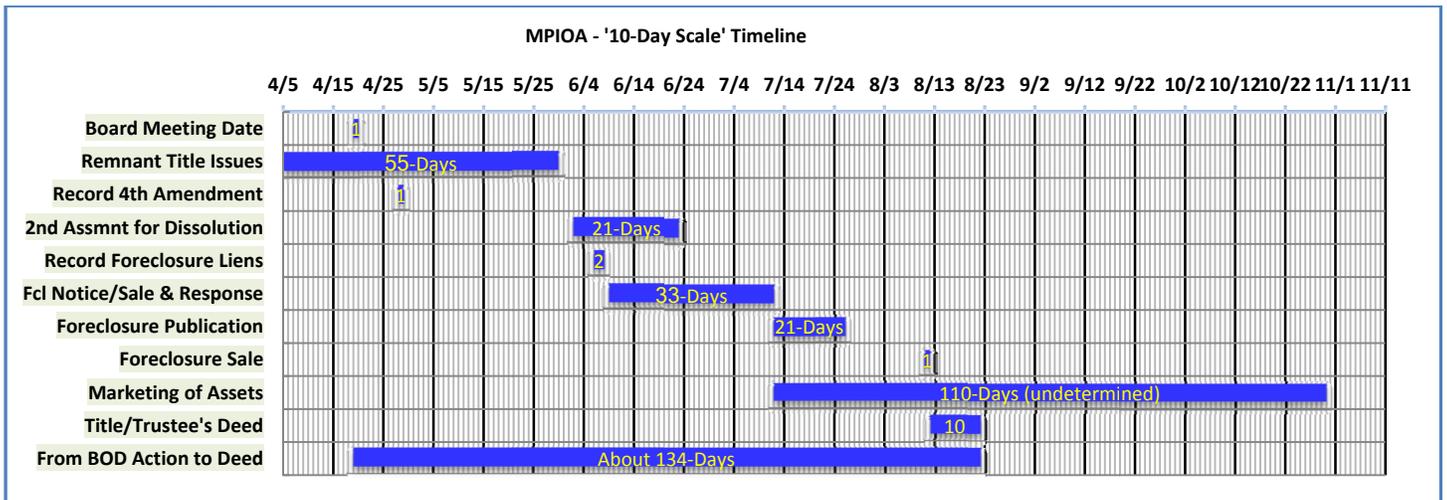
Regarding 'Marketing' of the real assets, only a limited, unofficial marketing effort has occurred to date, as official public marketing cannot begin until a 'marketable' (insurable) title is in place. Should the final foreclosure conclude without challenge, a significant 'Marketing' splash will begin as the Foreclosure sale date approaches, unless a current or new prospect determines to make a suitable offer, or acquire an appropriate option to purchase prior to that event. As public Marketing begins, the focus is upon the procurement of a ready, able, and qualified buyer of the real assets, rather than the legal 'what if's' with the non-compliant accounts. In anticipation of a clean title opinion by the

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

Underwriter, a marketing plan is prepared to begin execution as the final Foreclosure sale approaches. There have been a few prospects to express interest in the purchase of the property, requesting information regarding the boundaries, etc. One prospect is engaged in due diligence, but with strict confidentiality requirements in place. Further information regarding this prospect is not possible at this time. An early prospect also remains engaged, as recent inquiries by their representative(s) indicate continued consideration.

A promising market for the property is the corporate marketplace, of which several entities are seeking acquisitions for development for multiple purposes. Many of those investigated are attempting to procure more acreage than we can offer for their purposes, but others will look with interest in our offering. A significant disadvantage is the lack of updated infrastructure, such as fiber Optic cable access for higher-speed Wi-Fi capability. The current prospect, which remains confidential, asked several questions upon their initial visit to the property. The first question asked before they inquired further about the property was; "Do you have fiber optic Wi-Fi service?" Since we do not, and realizing this feature availability may be critical to the sale of the resort campus, the necessary research was required to identify the reasonably acceptable possibilities. As a result, such desirable feature availability may now be addressed appropriately as a negotiable component of any sale opportunity.

A time-line estimate (living, fluid document) was prepared for the Board of Directors and an updated version is provided for you below:



The durations and dates represented above are a best-estimate assumption of a best-case scenario. Some actions may begin in advance of the estimate, or an action may be delayed for any number of causes. Actions and reactions depend upon people as participants. Both actions and inactions can affect the scheduling of events, as well as the costs involved for resolution of the issues as they may arise. The finely crafted documents recently concluded are of record. Both these and numerous other documents from official Board actions now provide the Association and its leadership with the improved confidence in authority and direction as we move forward. Today, the Association and its Board of Directors may act from a clearly defined position of authority and responsibility in accordance with the MPIOA Declaration and Master Deed as Amended and of record. With such definitive provisions in place, the Board of Directors can function with assurance regarding their responsibility.

'The Journey'
2017 - MPIOA, Inc. (2nd Qtr.)
Chapters 1 - 7

The delays endured since last fall are unfortunate and were expensive for us all. However, the level of stress for staff attempting to process and facilitate the necessary solutions through Counsel, while concurrently embracing a myriad of issues relative to the non-compliant minority resistance, has been a worthwhile burden. The natural reduction of adequate support (staff), together with the intricacies of the required processes, has contributed to staff's frustrations regarding the delays. The outcome of the legal-jousting has allowed for strategic positioning of the Association, along with the evolved effectiveness of the now-firm authority for the Association's leadership, providing a refreshing view of the steps taken to this point, as well as the steps required going forward to completion. During this period of delay over multiple enforcement concerns regarding the non-compliant accounts, Counsel cautioned us early to restrict published dialogue until the necessary legal preparations were concluded. Fortunately, although still somewhat limited for now, the flow of carefully considered general information has resumed, and more will be published on the website as time allows for article development, by adding the 'Chapters' to 'The Journey'.

The information contained within the 'Owner's' tab of the website is current with regard to financial reporting, document updates, and this report of "The Journey". Additional Chapters of this Article shall be added as time allows and events progress.

Be aware, the information contained in this article is privileged and confidential and intended for the individual owners only, and sharing of the access information to the 'Owner's' tab on the website, or data received from the website, with those not entitled (unauthorized and/or non-compliant), may compromise the best interests of the remaining supporting members and will likely create greater issues (and therefore more expense), and further delays for the Association and its supporting membership. *Do not do it, please*, as this information is intended for the complaint Owner's use only. If any reader of this message is not a compliant Owner, you are hereby notified that any dissemination, distribution, or copy of this communication is strictly prohibited.