MARINER’S POINTE INTERVAL OWNERS ASSOCIATION, INC.

Universal Services Corporation, as Managing Agent for MPIOA, Inc.
MPIOA: Post Office Box 2869, Crossville, TN 38557, Phone 1-800-960-6676, Fax: 931-484-0609

May 30, 2017 [By Email and Regular Mail]

IMPORTANT LETTER

PLEASE READ IMMEDIATELY

Dear MPIOA Interim Member:

This letter is written to you because you are one of the faithful 166 timeshare owners who conveyed your Unit Week(s) to the Mariner’s Pointe Interval Owners Association (“MPIOA” or “Association”), as you entered into an Interim Membership Agreement (“IMA”) with the MPIOA, paid the November 2016 assessment, and thereby will benefit from a sale of the MPIOA property as an “Interim Member.”

Your Directors and Management team thank you for your initial financial support of the goal to sell the MPIOA real estate and related assets (the “Property”), for your benefit.

The purpose of this letter is to notify you that the Association requires an additional funding, which is necessary to cover accrued and anticipated expenses in order to be able to sell the Property and distribute the net sale proceeds to you and the other Interim Members. **We need your help to reach this goal. This letter explains the need and terms for this additional amount.**

BACKGROUND/HISTORY

As you know from previous correspondence and postings on the MPIOA’s website, by early 2016, the Board and the officers, and Universal Services Corporation (USC) as the management company, knew that the resort was in dire financial difficulty when many Interval Owners failed to pay the 2016 regular annual fee. The correct conclusion was that MPIOA would not continue to function as a condominium or an operational resort without significant additional infusions of funds from the members.

Consequently, the Board voted on March 17, 2016 to prepare a packet of information that included a referendum. Under the date of March 25, 2016, the Referendum packet was mailed to all Interval Owners for a response. All member accounts that were current and not in default as of the Referendum date, were counted as valid toward the outcome of voting. The Interval Owners were asked to mark and return their referendum ballots so the Board would receive them by April 18, 2016, in time for tabulating ballots before the April 23, 2016 Annual Owners’ Meeting.

The referendum gave the Interval Owners the choice of agreeing *either* to continue to pay the substantial sums that would have been required for the resort to continue to operate as such, *or in the alternative*, to cease operations as a condominium/timeshare effective May 28, 2016, and thereafter to dissolve the Association as a corporation, liquidate its assets, and then terminate its existence, all in compliance with the Tennessee Nonprofit Corporation Act. (The multi-step process of ceasing operations, dissolving, liquidating, and terminating corporate existence will be referred to, for simplicity, as “Termination,” or similar terms.)

There were 583 of the non-defaulting Interval Owners who returned their ballots in time to be counted before the meeting. Of those, 94.5% voted in favor of Termination. The Membership’s directive to the Board was clear.

In light of the referendum results, the Board took several actions at a meeting on April 22, 2016, including approving a Third Amendment to the Amended and Restated Declaration of Horizontal Property Regime and Master Deed (the “Declaration”).

The results of the referendum were announced at the April 23, 2016 Annual Members’ Meeting.

With the overwhelming preference to Terminate, it was announced at the Annual Meeting that since two long-time Board members had recently retired, leaving three long-time Directors, the two retired Directors would not be replaced, and the Association would go through the Termination with the remaining three Directors. Under the date of May 2, 2016, the Association amended its Bylaws to specify that the Board shall consist of three Directors throughout the Termination, those being Chairman Henry Phillips, and Directors Messrs. Ben Edmonson and Sidney McBee. These long-standing Interval Owners continue to serve you, without compensation, toward the goal of sale of the MPIOA Property and distribution of the net sale proceeds to Interim Members.

After the April 23, 2016 Interval Owners’ meeting, the Board, the officers, and the Management Company began to take the necessary and appropriate actions to carry out the Interval Owners’ expressed desire to Terminate.

The MPIOA ceased operations as a timeshare resort condominium at the close of business on May 28, 2016.

By letter dated July 29, 2016, the MPIOA informed Interval Owners whose accounts were current that they were being refunded unearned, prepaid fees for use of their Unit Weeks beyond 2016. They were also told that if they did not receive use-value for their Unit Week(s) for 2016, they would receive a refund for the fees from the proceeds of sale of the MPIOA assets, as net proceeds are available.

As you know, Mariner’s Pointe is in the form of a timeshare/condominium under Tennessee’s condominium and timeshare statutes. Selling the Property is the most important step in the Termination process. The ability to sell the Property requires that it be converted from timeshare/condominium to traditional real estate, so that a title insurance company can deem that the title to the Property is a clear, marketable, insurable, fee simple title. This requires that the Association become the sole owner of all Unit Weeks and all related ownership interests. Once the Association becomes the sole owner, the condominium/timeshare form of ownership will convert to traditional real estate. It can then either be (1) listed for sale in the real estate marketplace and sold for a price that the Directors consider reasonable under the circumstances, or (2) sold in a well-advertised auction (in the event an offer worthy of negotiating is not received within a reasonable period of time).

In order for the Association to become the owner of all assets, the Interval Owners whose accounts were current, were informed they had two available choices. [1]

Option 1: One option was for an Interval Owner to convey his or her Unit Week(s) to the Association in exchange for a release from liability for existing and future expenses of management, operations, maintenance, and professional fees. Interval Owners who chose this option would not share in the proceeds from the sale of the Property and other assets.

Option 2: The other option was for an Interval Owner to convey his or her Unit Week(s) to the Association and enter into an IMA. The result of this arrangement is that those who became Interim Members agreed to continue to fund the Association’s financial needs until the Termination is complete, and in return, they will be entitled to share in the proceeds from the sale of the real Property and other assets. You are in this group of supportive Interval Owners, referred to as “Interim Members.”

The Association sent a letter dated August 26, 2016 to the Interval Owners who had indicated in the referendum that they wished to simply convey their Unit Weeks to the Association without further obligation. The letter contained information and enclosed an “Acknowledgement, Waiver and Release” to accomplish their release from existing and future expenses of management, operations, maintenance, and professional fees.

The Association also sent a letter to Interval Owners under the date of October 14, 2016. The letter covered several topics. It informed Interval Owners that the Association had begun the process of foreclosing on Unit Weeks whose owners were in default on their accounts. Second, the letter enclosed the IMA, which was then entered into by you and the other Interval Owners who wished to continue to financially support the Association throughout the Termination, and therefore entitled to receive a share of the proceeds of sale. The IMA was to be returned to the Association by October 31, 2016. Third, it gave another opportunity to Interval Owners who had decided, after all, that they did not wish to share in the sale proceeds, another opportunity to exercise Option 1 described above, and to sign and return the Acknowledgement, Waiver and Release.

As the response deadline for entering into IMA's was October 31, 2016, the Board adopted several resolutions dated October 31, 2016:

1. The first resolution stated that the Board of the Association, due to the existing financial and operational emergency, would initiate the steps necessary to complete the Termination as expediently and efficiently as possible, as provided under Tennessee and federal law, for the benefit and protection of the Association's supporting membership.

2. The second resolution confirmed the Association's engagement of Joe M. Looney, Esq., of the firm of Looney, Looney & Chadwell, PLLC, and Olana J. Burgess, Esq. to serve as Special Counsel to the Association for matters designated by the Board regarding the Termination, for the benefit and protection of the Association. This resolution further stated that the Board recognized that, depending upon additional requirements of potential judicial actions, additional counsel might be necessary to accomplish specific objectives.

3. The third resolution stated that, due to the financial and operational emergency, the Board would assess all remaining member accounts.

4. The fourth resolution stated that the Board determined that the responsibility for appropriate marketing and sale of the assets of the Association would be assigned to the Association's management company, Universal Services Corporation, through Pointe Realty Company, which is the marketing and sales division of USC.

The Association sent another letter to you and the other Interim Members dated November 1, 2016, assessing each Unit Week the compulsory $1,000.00 to be used toward the cost of pursuing Termination. This was necessary due to the Association's inability to borrow funds from an institutional lender to carry out the Termination, because the Association is no longer an operating entity and does not have regular cash flow. That letter stated that there were four (4) categories of Interval Owners:

1. Interval Owners owing $100.00 or less, who had neither responded nor complied with the Board's directives to choose, and carry out, either Option 1 or Option 2 presented to them;

2. Interval Owners with Unit Week(s) in foreclosure;

3. The Association as owner of Unit Weeks; and

4. Interval Owners whose accounts were current, had conveyed their Unit Weeks to the Association, and had entered into IMA's.

Interval Owners in Category 1 were given another opportunity to exercise either Option 1 or Option 2, and in either case, deliver all required documentation by December 1, 2016. If Interval Owners in Category 1 did not timely and properly respond, and if Interval Owners in Category 4 (Interim Members) did not timely pay the assessment, they would be deemed in default. The Association would then be entitled to file a Notice of Lien against their Unit Weeks and foreclose upon them in due course.

As the result of foreclosing on all Unit Weeks that were not voluntarily conveyed to the Association (and where applicable, with IMA's and payment of assessments), the Association would own all Unit Weeks. The Property could be converted from timeshare/condominium property to traditional real estate. This would enable the Association, through USC and Pointe Realty, to market and sell both the Property, as marketable, insurable real estate, and the other Association assets.

Upon such sale, the Association would receive cash proceeds that would be used to pay the following:

1. Payment of the commissions, professional fees, title insurance, and other expenses of the sale;
2. Payment of the debts of the Association, such as accrued management and professional fees and expenses, any city and county taxes, recurring insurance premiums, general operating expenses, any court costs, as well as fees owed to the timeshare exchange program and the refund owed to Interval Owners who had paid their 2016 annual fees, but did not receive value for their Unit Weeks (referenced in the July 29, 2016 letter, see above at pg. 2); and
3. Payment of the net sale proceeds to the Interim Members who were in good standing; that is, those members whose accounts are current, in accordance with the determined Distribution Plan as established by the Board of Directors.

CURRENT STATUS

After the steps listed above, 194 Unit Weeks were conveyed to the Association in exchange for IMA's. Of those, 166 paid the initial assessment of $1,000.00. The other 28 did not pay the assessment, and the Association terminated their IMA's by letter dated January 30, 2017.

The 166 Interim Members who paid the initial assessment will share in the net proceeds of sale. You are in this group of supportive members entitled to benefit from a sale of the MPIOA Property.

Interval Owners of 963 Unit Weeks (including the 28 Interim Members who did not pay their requisite $1,000.00 assessments) voluntarily conveyed their Unit Weeks to the Association, and were released from liability for past and future expenses of the Termination, but will not share in the net proceeds of sale.

The Association already owned 804 Unit Weeks before the Termination began, through either previous foreclosures or voluntary conveyances, or because certain Unit Weeks were set aside for maintenance and were never sold. Importantly, the Association, as the owner of those Unit Weeks, will not receive and/or retain any of the net proceeds of the sale. **Only you and the other Interim Members will share in the net proceeds of the sale of the MPIOA Property**.

Regrettably, Interval Owners of 58 Unit Weeks who had previously maintained a current account status, and were therefore not included in the December 7 foreclosure sale, failed to respond to the Association's correspondence, and did not exercise compliance with the governing authority. Such action by the non-compliant members prompted the Board as Developer to create a Fourth Amendment to the Declaration (posted on the 'Owners' tab on the MPR website). The purpose of the Fourth Amendment was to confirm the authority and ability of the Association to hold the non-responsive members accountable for intentionally disregarding the actions as set forth by the Board. It is this failure to comply that has caused such hardship, expense, and damages for the compliant members.

Regarding <u>Option 1</u>; Any Interval Owner who did not exercise Option 1, is deemed to have chosen Option 2, and thus became obligated to pay the $1,000.00 assessment. These 58 Interval Owners were therefore in default and their Unit Weeks are in foreclosure. The foreclosure is underway. Their lack of cooperation and continued support has cost the Association, and consequently you as Interim Members, a great deal of extra expense and additional delay, which would not have happened if everyone had timely and properly responded and complied.

On December 7, 2016, the Association foreclosed on 399 Unit Weeks that were in default, purchased those Unit Weeks at the foreclosure sale, and now owns those Unit Weeks. If all Interval Owners had timely exercised and performed either Option 1 or Option 2 above, this sale should have been the final action required to allow the Association to own all Unit Weeks, convert the timeshare/condominium form of ownership to traditional real Property, and then to effectively market and sell the MPIOA assets. In summary, the following is the status of all 2,392 existing Unit Week intervals:

• Intervals owned by the Association, including maintenance weeks	804
• Intervals foreclosed on December 7, 2016, and acquired by the Association	399
• Intervals conveyed to the Association (Deed-backs), not parties to IMA's	965
• Intervals conveyed to the Association for IMA's and funded the initial November 2016 assessment (your Group)	166
• Intervals now in default, owners who failed to respond or pay assessment	58
	Total: 2,392

As has been stated before, the failures by non-compliant Interval Owners to respond and cooperate, so the Association could convert the condominium/timeshare Property to traditional real estate in an expeditious manner, has caused the Association to incur substantial additional expense that their performance would have avoided. If these Interval Owners had timely performed, the Association would have owned 100% of the Unit Weeks by December 7, 2016 (the date of the foreclosure sale), and would have begun marketing the Property as traditional real estate (rather than timeshare/condominium property), and it is reasonable to assume it may have sold it by now.

Instead, professional service fees, costs of maintenance, utilities, and security have continued and will continue to be an expense. The Property has to be insured. Property taxes accrue every day until the Property is sold. Substantial legal fees have been incurred. The Association has utilized the legal services of not only Mr. Looney and Ms. Burgess, but also of the Nashville law firm of 'Gullett, Sanford, Robinson & Martin, PLLC (GSRM)' after the non-compliant members determined to resist the process. GSRM successfully represented the Association in a Chapter 11 Reorganization case filed post-developer in 1994, and in a complex litigation of a property dispute in the state courts of Tennessee. Therefore, GSRM is very familiar with the Association and the Resort. GSRM has substantial expertise in litigation, insolvency, and real estate matters, including condominium and timeshare laws and related litigation, including terminating timeshare/condominiums and other condominiums. GSRM has again worked closely with the Association since November 2016, when it became apparent to the Board and management that full cooperation and performance by all Interval Owners would not be forthcoming.

After exploring all possible options for pursuing the Termination, the Association is now engaged in the foreclosure on the last remaining 58 Unit Weeks in default. The Board has adopted an appropriate resolution under date of April 19, 2017. The April 19, 2017 resolution adopted a Fourth Amendment to the Declaration, to facilitate the MPIOA's acquisition of title to all Unit Weeks and related assets. The Fourth Amendment was recorded in the Office of the Register of Deeds for Cumberland County, TN, Book 1500, Page 688, on April 28, 2017.

If obstacles are raised to hinder the final foreclosure, the Association is <u>prepared to file litigation in the state courts of Tennessee to clear the title to the Property</u>, so that it can be sold as traditional real estate for the benefit of all Interim Members in good standing.

THE NEED FOR ADDITIONAL FUNDING

The initial November 2016 assessment of $1,000.00 per Interim Member was helpful, but due to the non-compliance of the resisting accounts, it was not sufficient to enable the Association to defray all of its operating expenses and professional fees until the Termination is concluded, largely due to the delays caused by those few Interval Owners who failed to perform as explained above. As noted above, these expenses include, but are not limited to, the accrued and accruing expenses including legal, accounting, professional services fees, costs for maintaining and protecting the Property, recurring insurance premiums, and multiple property tax due-dates.

As Management and the Board hopes was clear to all members from the beginning, the original November 2016 assessment for the process was expected to be mostly sufficient to carry out the Termination process in a best-case scenario. One of the numerous 'unknowns' eluded to at the time and earlier was the potential for challenge by any number of members who refuse to cooperate with the Association, and other potential unknowns. It should be obvious from this letter that due to such an event since November, additional funding is now and may again be required, which would again depend upon any other unanticipated actions or expense for the necessary response to protect the credibility of the Association's position on all issues in defense of its supporting members. The Board of Directors presently estimates that these costs and expenses, based upon the statements and/or invoices currently received, through Termination, will not be less than *$325,000.00*. Even so, the payment of as many expenses as possible is deferred until the closing of the sale of the real Property and other assets.

The additional amount presently needed equals $1,958.00 for each of the 166 participating Interim Members, but with appropriate terms. The fundamental basis of the terms includes the factors of reimbursement, and a 'Bonus' for the receipt of the appropriate funds paid.

As background information:

1. In or about March 2016, the Association received a tentative offer of $3,000,000.00, to open negotiations to purchase the entire Mariner's Pointe Resort, but the offer was conditioned upon the Association's ability to quickly convey clear, marketable, insurable, fee simple title. Consequently, this offer could not be negotiated further.
2. The appraised value for property tax purposes, as shown in the Cumberland County Tax Assessor's Office for all parcels, is $4,737,579.00.
3. A February 2016 appraisal valued the Property at $5,000,000.00 by the "Sales-Comparison Approach" as well as the "Income Approach". A copy of summary pages from that appraisal can be viewed on the 'Owners' tab of the MPR website.

Although the Association understandably cannot make any representation as to what the sale price of the assets will be, it appears at this time, based on the foregoing information, that it may be reasonable to anticipate the net proceeds as potentially sufficient to pay all accrued expenses through Termination, leaving net proceeds for distribution to the Interim Members who have supported the Association, which will hopefully exceed, by a fair margin, the amounts of the assessments and other funding that will share in the distribution of the net proceeds.

WHAT IS NEEDED *NOW*—AND AN *INCENTIVE*

Interim Members who pay as set forth in this letter toward the objective of the $325,000.00 needed may receive a bonus out of the proceeds of sale, as proceeds are available for that purpose. At an appropriate time after the sale of the Property, the bonus will be payable to those Interim Members who have participated at the level of providing such bonus. The terms of this Assessment of $1,958.00 are set forth below:

1. The minimum payment amount required regarding this assessment is $489.50 to remain an Interim Member. This payment keeps your account in full compliance for receipt of your pro-rata share of the net proceeds for each unit held less any balance due of any unpaid amount of assessment. The Association must receive the minimum required payment **within 21-days** from the date of the statement to follow, or earlier if possible.

2. Anyone who pays the full assessment of $1,958.00 or more will be rewarded with a bonus of **10%** of the full amount paid in, as an expense to be paid from of the net sale proceeds as available, **plus a refund** of any amount paid **above** the $489.50 minimum. To be eligible for the bonus, the minimum payment of $489.50 must be received within 21 days from the date of this letter, and the remaining balance or any additional funding must be received within 90 days from the date of this letter.

This bonus schedule is an incentive to assist the Association in meeting its needs in anticipation that there will possibly be Interim Members who are truly unable to pay the full assessment needed, therefore rewarding those Interim Members that are supporting such deficiency.

i. For example, anyone who pays $1,958.00 will be entitled to receive a bonus of $195.80, in addition to a refund of the amount paid above the $489.50 minimum. The total funded to such member would be a refund of $1,468.50 plus a $195.80 bonus.

ii. In another example, if an Interim Member is able and willing to remit $5,000.00 or more to help support the Association, such member will then receive the $500.00 bonus (or 10% of the amount paid), in addition to a refund of the amount paid above the $489.50 minimum. The total paid to a member who funded $5,000.00 would be a refund of $4,510.50 plus $500.00 bonus.

Payments above the full assessment amount will be accepted on a ***first-come, first-served*, *basis*,** until the Association has received its objective of $325,000.00.

Please note: The intention of the Board in this assessment is to satisfy their obligation to provide for the needs of the Association while in these complex circumstances, and to reward those members who have remained supportive of the Association with apparent confidence in its Board of Directors. In doing so, it should be generally obvious there are several 'What if's' remaining with each step, and therein lies a 'chance', or potential negative influence, for each funding member to consider. In an effort to assure all members who determine to fund an amount of $1,958.00 and above, it is the intent of the Board to treat these members with significant consideration for their benevolence. In doing so, there are the following disclosures, and a particular '*condition*' which is unique to the Association and its circumstances, but within the boundaries of Board's authority. Examples of the 'conditions' creating consideration are;

- Unknowns, including the *possibility* of a court proceeding for action to clear the title to the Unit Weeks and convert the timeshare/condominium form of ownership to traditional real estate; or, possible challenge(s) to the Foreclosure proceedings; or, other possible issues not yet known requiring further court proceedings. Therefore, there is a possibility that the $325,000.00 assessment objective could potentially be insufficient, should there be protracted arguments in state court over possible issues. Therefore, the availability and amount of net sale proceeds can only be determined once the sale of the Property and other assets finally occur, which should be a consideration in any discussion of expense and funding.
- Should expenses continue beyond those currently anticipated through December 2017, there would be an impact to any net proceeds anticipated. In the event the net sale proceeds are insufficient to repay the bonuses, the bonuses could possibly be limited to the amount of available proceeds should the net proceeds be lighter than anticipated. It is the Board's desire for those who fund the assessment of at least $1,958.00 or more, to receive reimbursement of the amounts paid above the minimum assessment amount of $489.50, as well as the Bonus

reward. Such reimbursement and Bonus are expected to be funded as an expense to the process of Termination. To the extent that the 'Sale' net proceeds are sufficient to reimburse the appropriate amounts paid-in, above the minimum portion required, the remaining net proceeds will be disbursed to all who paid the November 2016 assessment, and also funded the minimum required portion of this assessment (less any balance due on the account), as funds are available. The set-off amounts produced from any balance due on the account will be disbursed to those members who fully funded the May, 2017 assessment of $1,958.00.

- Payment of the $489.50 minimum portion maintains the equitable interests for the recipients of all net proceeds as available for distribution to all supporting members fairly and equitably, in the distribution of each pro rata share of net proceeds, as such net proceeds are available for distribution.

For those accounts that fund the minimum amount required, but remain unable to fund the entire assessment amount of $1,958.00, the amount of difference between the amount funded and the amount remaining due up to $1,958 shall be charged to (deducted from) their share of net proceeds they would have otherwise received. The remaining amount of their share of the net proceeds above the $1,958.00 will be credited to their account for disbursement. This consideration is the motive for structuring the described procedure regarding the needed assessment, to remove the maximum amount of financial burden for those who need relief, and reward those who step-up and fund the Association's needs.

IN CLOSING

It is important to remember that the Association will not receive any of the net sale proceeds. Only the 166 Interim Members who paid the initial November 2016 assessment, *and* fund at least the minimum required portion (1/4th, or $489.50) of this assessment, will share in the net sale proceeds. It is also important to remember that the Directors and officers of the Association serve on a volunteer basis and have not received, nor will they receive, any compensation for their services. They have served, and continue to serve, sacrificially, for the benefit of all Interim Members.

Your Management Company has not been paid its contractual management fees for more than a year. This means management has not been compensated, and has been advancing USC funds to the Association to assist with the maintenance, security, insurance, utilities, and other miscellaneous expenses such as staffing to the benefit of maintaining value as much as possible for the Association. The Association's liabilities are entered in the posted 2017 Budget Forecast, updated through April. With the amounts funded since the last posted Budget Projection, MPIOA now shows a payable to USC in excess of $100,000.00. Your Attorneys, who also need to be paid for their past and future work, may find it difficult to continue their efforts on your behalf without proper and routine payment on the Association's accounts.

The Association's Directors, and the staff of Universal Services Corporation, have worked purposefully and carefully to protect your rights and your best interests. We are grateful for your support, your loyalty to the Association, and your participation in the process as determined by the membership at large in March 2016. You are making it possible for the Association to market this unique and desirable Property in its attempt to sell the MPIOA assets for the greatest possible value, to your benefit. Your continued support is needed in order to achieve that end. An additional "May 2017 Update" article is expected to be posted on the Association's website, along with an updated Budget projection, as this letter is distributed.

If you have any questions about the Termination process, or the accrued and accruing expenses, please do not hesitate to contact your **Member Advocate, Sheila Strock**. Email is best, to Sheila@universalservicescorp.com, but you may also call 800-955-8531. Your other Member Advocate, Chris Green has served you well in this effort as a Member Advocate and Account Manager. However, on June 16, we will sadly wish her well in her new adventures as she leaves her position with

USC for other endeavors. Your Advocates, Chris and Sheila have always viewed each issue with their primary concern for the rights and benefits of the members! Chris and Sheila have both made a discernible difference making sure *you* were foremost in every administrative approach to any issue, as the required steps to conduct the process have been and continue to be undertaken. There will be a concluding article written for publication on the MPR website, so these 166 members may access as they wish, near the end of this process. This article will discuss some of the unique issues and identify those who have made a positive difference in this process.

Please remember, time is of the essence, and as we receive your *expedited* payment in response to this letter, we can achieve our shared goal, as expeditiously and economically as possible. Your continued full support for this journey allows for the light at the end of what has thus far been an often chilly, longer than expected, darker than preferred, tunnel. However, I believe I can see the light!

Sincerely,

T. Dave Burgess

President, Mariner's Pointe Interval Owners Association, Inc., and
President, Universal Services Corporation as Managing Agent for MPIOA, Inc.

[Upon Consent and approval by the Board of Directors, as Resolved effective May 30, 2017.]

[Below is the worksheet for the assumptions used to estimate expenses, revenues, and Net Proceeds.]

Potential Net Proceeds w/Assumptions for Negotiated Price at Sale w/ Today's Circumstances

	Potentials for Distribution	(Appraisal)	Buyers Market (Anticipated Range)		
1	Estimated Asset Sale Amount	$5,000,000.00	$4,500,000.00	$4,000,000.00	$3,333,300.00
2	Forecast Expenses	$1,651,648.87	$1,651,648.87	$1,651,648.87	$1,651,648.87
3	Potential Net Proceeds	$3,348,351.13	$2,848,351.13	$2,348,351.13	$1,681,651.13
4	Number of IMA Accounts	166	166	166	166
5	Est. Gross Recovery/Account (1st Distribution)	$20,170.79	$17,158.74	$14,146.69	$10,130.43
6	Est. Set-Offs of Partial-Paid Accts. (see potential scenario below)	(TBD)	(TBD)	(TBD)	(TBD)
7	# of IMA Accts @ 2nd Disbursement (see potential scenario below)	(TBD)	(TBD)	(TBD)	(TBD)
8	2nd Distribution To Entitled IMA's (see potential scenario below)	(TBD)	(TBD)	(TBD)	(TBD)

2nd Distribution to IMA Accounts funding of $1,958 or more Assessment (Based upon % of IMA Assessment Participants)

9	Assumptions for 3 Potential Scenarios of Assessment Participation		Notice the variations of total set-Off amounts depending upon the percentage or number of remaining accounts, which fund the minimum vs. the full amount of Assessment.		
10	Assessment Amount Due	$1,958.00			
11	Minimum Payment Required for Assessment Amount	$489.50			
12	Set-Off Produced w/Minimum Funding	$1,468.50			
13	Set-Off Amount/Non-Funded Accts.	# of Non-Funded Accts	# of Fully Funded (FF) Accts	Amount of Set-Off	Amt Per FF Acct
14	If **25%** IMA's fund only **$489.50**, Set-Off X =	42	124	$61,677.00	$497.40
15	If **50%** IMA's fund only **$489.50**, Set-Off X =	83	83	$121,885.50	$1,468.50
16	If **75%** IMA's fund only **$489.50**, Set-Off X =	124	42	$182,094.00	$4,335.57

[*Note:* A more complete worksheet reflecting the potential financial scenario should the assets sell for ***less*** than 2/3rds of the Appraised Value, can be found on the MPR Website 'Owner's Tab']

[*Important*: The representations and/or estimates in the worksheets above and below, and their potential outcomes, are to be considered "Best-case scenarios" under ideal circumstances, and do not include unknown potential expenses, events, or losses. You must use your own judgment as to the potential for risk or benefit to you regarding the merits or hazards within the representations in the described scenarios.]

	MPR Exit Expense Forecast as of May 30, 2017				
	Not Including Itemization of Routine Operating Expenses - Refer to the 2017 Budget Forecast of Expenses				
	Actions	**Code**	**Date**	**Total Amt**	**Recipients**
1	Real Estate Appraisal	PD	Jan '16	$1,500.00	Mike Fuller
2	Record Liens (1st Foreclosure)	PD	Sept '16	$564.00	Cumb. Co. Reg. Office
3	Service Notice of Lien and Sale (1st Fcl)	PD	Oct '16	$2,505.10	USPS (October 2016)
4	Record Trustee's Affidavit (1st Fcl)	PD	Dec '16	$47.00	Cumb. Co. Reg. Office
5	Publication-1x/week for 3 weeks (1st Fcl)	PD	Oct '16	$4,000.20	Crossville Chronicle
6	Record Trustee's Deed (1st Foreclosure)	PD	Dec '16	$197.11	Cumb. Co. Reg. Office
7	Declaration Amendment Recording	PD	Nov '16	$17.00	Cumb. Co. Reg. Office
8	**Record Liens (2nd Foreclosure)**	PP		$720.00	Cumb. Co. Reg. Office
9	**Service Notice of Lien and Sale (2nd Fcl)**	PP		$350.00	USPS
10	**Record Trustee's Affidavit (2nd Fcl)**	PP		$47.00	Cumb. Co. Reg. Office
11	**Publication-1x/week for 3 weeks (2nd Fcl)**	PP		$971.80	Crossville Chronicle
12	**Record Trustee's Deed (2nd Foreclosure)**	PP		$47.00	Cumb. Co. Reg. Office
13	Recording Declaration 4th Amendment	PD		$52.00	Cumb. Co. Reg. Office
14	Recording 1st Amendment to Bi-Laws	PD		$12.00	Cumb. Co. Reg. Office
15	**Legal/Title/Fcl & Closing fees at Sale (Est.)**	PC		$140,000.00	Local Counsels
16	Legal Fees - Retainer	PD	Dec '16	$25,000.00	GSRM
17	Legal Fees - GSRM[2]	PD	Jan '17	$7,209.50	GSRM
18	**Legal Fees - to Date (Estimate)**	PP		$71,345.00	GSRM
19	**Title Insurance Fees (Neg. in Purchase Agmt)[1]**	PC		$8,000.00	Fidelity National Title
20	**Admin. Fees (10%) of assumed sale price[3]**	PC		$333,330.00	USC
21	**Prof. Serv. Fees - Mktg/Sale of RE assets (6%)[3]**	PC		$199,980.00	USC/PRC
22	**Survey (Negotiable in Purch. Agmt, if req.)**	PC		$3,500.00	TBD
23	**Liquidation of Non-Real Estate Assets (Min.$)**	PC		$2,500.00	TBD
24	**Dissolution of Corporation w/State**	PC		$100.00	State of Tennessee
25	**RCI Fees for Honoring Member Exchanges**	PC		$79,092.00	RCI
26	**Reimb. Voluntary Assessment, & Incentive[4]**	PC		$370,000.00	Entitled IMA Members
27	**Refund for 2016 Unearned Maint. Fees**	PC		$276,180.07	Entitled Members
28	**Real Estate Taxes**	PC		$20,750.00	Cumb. Co. Trustee
29	**Notes Payable to USC**	PC		$59,229.04	USC
30	**2015 Management Fee Due USC**	PC		$21,426.04	USC
31	**2016 Management Fee Due USC**	PC		$11,280.92	USC
32	**Storage Fees/Supply Expense for 13 Months**	PC		$2,800.00	USC
33	**Escrows for Future Funding Requirements[5]**	PC		$50,000.00	MPIOA
34	**Total Expense Forecast[2]**			**$1,692,752.78**	

EXAMPLE OF POTENTIAL DISTRIBUTION SCENARIO

35	**Est. Sale Amount Assumption to demonstrate Financial Considerations**	**$3,333,300.00**
36	**Total Forecast Expenses Left To Be Prepaid (PP) and Paid At Closing (PC)**	**$1,651,648.87**
37	**Estimated Operating Expenses and Pre-Paid Expenses May to December, 2017**	**$325,000.00**
38	**Funding of May 2017 Assessment for Operations**	**$325,000.00**
39	**Potential Net Proceeds To Association With Assumed Sale Price**	**$1,681,651.13**
40	**Divided by the Number of IMA Accounts (Entitled Members)**	**166**
41	**Estimated Recovery Per Account With Assumed Sale Price & Assumptions**	**$10,130.43**

42	**[1]Does not include fees for Title Opinion nor more extensive title work if required by Title Underwriter.**
43	**[2]Does not include the expense of a Chapter 11 Bankruptcy, should such action be required.**
44	**[3]Will Vary with the amount of final sale price, which is currently estimated at 2/3rds of Appraisal.**
45	**[4]May '17 Assessment (voluntary above $489.50) revenues will depend upon the # of Fully-Funding IMA Accts.**
46	**[5]Any unused escrow funds will be disbursed according to distribution plan set forth by the Board.**