



McCall Area Timeshare Association

P.O. Box 1767/McCall, Idaho 83638

MINUTES
of the
BOARD OF TRUSTEES MEETING
McCALL AREA TIMESHARE ASSOCIATION

November 12, 1988
10:00 a.m.

The meeting was called to order at 10:05 a.m. by President David K. Holland. Members present were David K. Holland, Corman C. Geisler, Richard Brotherton. President Holland declared this constituted a quorum.

Secretary Richard Brotherton read the minutes of the July 30, 1988, Board of Trustees meeting. The minutes were approved as read.

The first item of business was the resignation of Hugh Phillips as a Board member and the selection of an alternate. Mr. Phillips Letter of Resignation is enclosed.

Motion was made by Corman Geisler, seconded by Richard Brotherton and unanimously made that David Holland write Hugh Phillips and accept his resignation and ask Dale Krumm to fill Mr. Phillips position until the Annual Meeting in 1989.

Dave Holland gave a report on the roof settlement regarding the Aspen Village Condominium Owner's Association. Money is in the Bank. Temporary repairs on K and M buildings have been done by Wright Construction and the other buildings in the project have been repaired.

Discussion was given regarding MATA subletting to D H & Associates, Inc. (the Developer), office space for one-half ($\frac{1}{2}$) the rent and utilities. The phones to be paid individually.

Bill Geisler made the motion that D H & Associates, Inc. will be allowed to sublet the office space in Unit 149 for \$250 per month, and pay one-half ($\frac{1}{2}$) the utility expenses. The phones are to paid separately. Motion seconded by Dick Brotherton and passed unanimously. Additional motion made by Dick Brotherton, seconded by Bill Geisler and passed unanimously that a Mutual Release and Waiver be signed between McCall Area Timeshare Association, as Landlord, and D H & Associates, Inc., as Tenant, to protect each company in case of future disputes that may arise from loss by fire, etc. (Signed Release and Waiver enclosed.)

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David Holland made the suggestion that we have a drawing for prizes in connection with our annual maintenance fee collections.

Motion was made by Brotherton that we institute on a trial basis for the 1989 billing of Annual Maintenance Fees (AMF) a first, second, and third prize for Homeowner's who are current on their AMF and pay their 1989 AMF by 12/31/88. Drawing to be held two weeks later to allow ample time for delivery. First prize to be one free week exchange (travel costs not included, accommodations only) to Puerto Vallarta or Mazatlan, subject to availability, and must be used within the 1989 calendar year. Second prize, Dinner for two at the Mill Restaurant in McCall, not to exceed \$50.00, must be within the 1989 calendar year; Third prize, Dinner for two at Kimberland Meadows, not to exceed \$35.00, must be within the 1989 calendar year.

Motion was seconded by Bill and passed unanimously.

Report was given concerning action taken by Dave Holland to collect on delinquent annual maintenance fees. Of the \$56,400 considered, \$4,743 was collected to date.

Motion by Dick that owners get the first opportunity to purchase unit weeks that M.A.T.A. recovers through collection proceedings by defaulted owners regarding their AMF. Purchase price offered to owners would be the outstanding AMF and late charges and any other related collection fees associated with the week in question. If after two weeks the weeks are not sold to the owners M.A.T.A. will offer the weeks to the Developer for the AMF. Motion seconded by Bill. Motion Passed.

Motion made by Dave that Lavina Geisler be paid vacation pay for the past years that she was never compensated for vacation time. Seconded by Dick-- Motion passed unanimously.

Meeting adjourned until February 1989.

Respectfully,

Richard Brotherton, Secretary



MUTUAL RELEASE AND WAIVER

McCALL AREA TIMESHARE ASSOCIATION and
(landlord)

D H and ASSOCIATES, INC., landlord
(tenant)

and tenant respectively of certain premises more particularly described as follows:

UNIT #149 in the Aspen Village Condominium Project

for and in consideration of the execution hereof by each of said parties, do each herewith and hereby release and relieve the other, and waive their entire claim of recovery for loss or damage to property arising out of or incident to fire, lightning and the perils included in the extended coverage endorsement, in, on or about the said premises, whether due to the negligence of any of said parties, their agents or employees or otherwise.

DATED THIS 12th day of November 1988.

McCall Area Timeshare Association
(Landlord)

WITNESS Thomas Sanford By Dick Brotherton Sec

D H and ASSOCIATES, INC.
(Tenant)

WITNESS Bevrene Sanford By David K. Holland

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is made and entered into this 30th day of July, 1988, by and between THE McCALL AREA TIMESHARE ASSOCIATION, an Idaho non-profit association, hereinafter referred to as the "Association", and D. H. & ASSOCIATES, INC., a Utah corporation.

Recitals

A. The Association is the duly constituted governing body responsible for the maintenance of all Units participating in the timeshare organization known as The McCall Area Timeshare Association, comprising at this time Units located in The Aspens and Aspen Village Condominium Projects (the "Projects") in McCall, Valley County, Idaho.

B. Pursuant to the provisions of the Declaration, the Association is responsible for cleaning, maintenance, furniture, repair and replacement, maid service, and general care of the Units within the Projects. The Association is authorized to retain a professional management organization and to delegate to such organization certain of the Association's powers and responsibilities.

C. The Manager is a professional management organization. The Association desires to retain the Manager to perform and provide various services for the Projects and the Manager is willing to provide such services, all on the terms and conditions hereinafter set forth.

Therefore, in consideration of the premises and the mutual promises, covenants and agreements herein contained, the parties agree as follows:

Terms and Conditions

1. Term. The Association hereby retains the Manager to be responsible for cleaning, maintenance, furniture repair and replacement, maid service, and general care of all Units within the Projects, all as hereinafter set forth. The initial term of this Agreement shall be for a period commencing on the date hereof and continuing until the 31st day of July, 1989. This Agreement may be terminated by either party as of the end of its initial term, or as of the end of any succeeding one-year term, by giving the other party written notice of t e r m i n a t i o n at

least thirty (30) days prior to the expiration of such term. Unless so terminated, this Agreement shall automatically be extended for additional consecutive one- (1) year terms following the expiration of the initial term.

2. Manager's Compensation. The Association agrees to compensate Manager for its services hereunder as follows:

2.01 Annual Compensation. The Manager's compensation for its services hereunder shall be computed on the basis of a fiscal year commencing on the 1st day of January and ending on the following 31st day of December (hereinafter referred to as the "management year"). The Association shall pay to Manager for its services each management year a sum equal to ten percent (10%) of the total amount of all Regular Assessments, Special Assessments and Furniture and Maintenance Assessments (except any portions of such assessments pertaining to Manager's compensation hereunder, which portions shall not be included in computing Manager's compensation hereunder) levied with respect to the Project for such management year. The Manager's annual compensation shall be payable in monthly installments due on the 25th day of each month, respectively, of each management year. All unpaid portions of Manager's compensation hereunder shall bear interest at the rate of one and one-half percent (1½%) per month from the date such portions become due until paid. Annual compensation shall be paid only on actual funds collected during the management year.

2.02 Adjustments. In the event that Manager renders services hereunder or is entitled to receive compensation for only a portion of a management year, Manager's annual compensation shall be prorated (except where the assessments referred to above pertain only to the same portion of a management year for which Manager is entitled to receive compensation) and Manager shall receive only that portion of such annual sum as is attributable to the number of days during which it rendered services or was entitled to compensation in the management year concerned.

2.03 Net Compensation. The compensation to be paid Manager under this Section 2 is net above all costs, expenses and charges incurred by the Manager in performing its duties hereunder, including resident manager's salary, bad debt collection costs, maintenance personnel salaries, etc., it being the intent of this Agreement that Manager's compensation be what is popularly known as a "triple net fee."

3. Duties of Association. The Association shall furnish the Manager with copies of any and all documents connected with the Projects which may assist Manager in carrying out its duties hereunder, including without limitation the Master Declarations.

the Declaration, the Articles of Incorporation and Bylaws of the Association, any notices received by the Association, any rules and regulations promulgated by the Association, and any written instruments executed by or on behalf of the Association. The Association shall timely provide Manager with any information not known to Manager which may be relevant to Manager's performance under this Agreement. The Association shall fully cooperate with the Manager in connection with Manager's performance hereunder.

4. Duties of Manager. The Manager shall diligently and conscientiously maintain, control, operate and manage the Units within the Projects, and shall diligently and conscientiously clean, maintain, provide maid service, repair and replace furniture, and generally care for all Units within the Projects, all in accordance with the terms of this Agreement, the Master Declarations, the Declaration, the Articles of Incorporation and Bylaws of the Association, and the rules and regulations promulgated by the Association. The Manager shall perform all of its duties hereunder in a manner consistent with the best interests of the Association. The Manager's obligations and duties hereunder shall be as follows:

4.01 Maintenance. Manager shall maintain all parts of the Projects which the Association is required to maintain. Maintenance shall be as is reasonably necessary to keep said parts clean, functional, attractive and generally in good condition and repair. Unless the written approval of the Association is first obtained, the Manager shall not incur expenses in excess of \$2,500 in connection with any single item of repair or replacement; provided, however, that such limitation shall not apply with respect to liabilities incurred in connection with repairs or replacements: (i) of an emergency nature involving manifest danger to life or property; or (ii) which are immediately necessary for the preservation or safety of property located within the Projects; or (iii) which are required to avoid the suspension or interruption of necessary services to the Projects, including individual owners' occupancy of the Units during their timeshare weeks.

4.02 Utility, Equipment and Service Contracts. The Manager shall enter into such contracts and make such orders as may be necessary to provide the Units with utility and other similar services, including without limitation water, sewer, garbage collection, snow removal, electrical, telephone, gas and other necessary utility services for the Units. The Manager shall also contract for and acquire any and all equipment, tools, appliances, materials and supplies that may be necessary for the proper maintenance and management of the Units or any part thereof.

4.03 Cleaning, Maintenance and Repair. The Manager shall enter into such contracts and place such orders as may be necessary to provide maid service (on a weekly basis, or on such other basis as the Manager may from time to time be directed by the Association), all cleaning, maintenance, painting and repair of the Units, and all repair and replacement of furnishings in the Units. Manager may enter into such contracts, purchase agreements, lease agreements and other arrangements as may be necessary or appropriate to provide for the foregoing, subject to the limitation set forth in Section 4.01.

4.04 Insurance and Bonds. Manager shall contract with insurance companies on behalf of the Association for all insurance and bonds as Manager may be directed by the Association, and shall pay all premiums therefor as and when the same become due. Said insurance and bonds shall be placed with such companies, shall be in such amounts and forms, and shall contain such provisions and coverage as the Association shall direct. All such policies, as appropriate, shall name the Manager as a co-insured. The Manager shall promptly investigate and shall make a full written report to the Association concerning any damage in excess of \$1,000 per occurrence to the Units, furnishings or any other part of the Projects; and all accidents or claims for damage in excess of \$1,000 per occurrence relating to the management, control, operation or maintenance of the Units or any part thereof. The Manager shall cooperate with and make all reports required by the insurer concerned.

4.05 Governmental Orders. Subject to the limitation in Section 4.01, the Manager shall promptly take such action as may be required to comply with all orders or requirements issued by any federal, state, county, municipal or other governmental authority and pertaining to the Units. But the Manager shall not take any such action so long as the Association is contesting or affirming its intention to contest any such order or requirement. Upon learning of any such order or requirement, the Manager shall promptly notify the Association thereof in writing.

4.06 Tax Reports. The Manager shall prepare and file all tax forms, reports and returns required by law to be filed in connection with any unemployment insurance, workmen's compensation insurance, disability benefits, social security and other similar taxes and benefits applicable to the personnel involved in the management, maintenance, cleaning or operation of the Project. The Manager shall also prepare and file any income tax forms, reports and returns which may be required of the Association.

4.07 Necessary Personnel. The Manager shall hire, supervise and discharge such managerial, supervisory, legal,

accounting, custodial, maid and maintenance personnel as may be required for the Manager properly to perform its obligations under this Agreement.

4.08 Annual Budget. On or before the 1st day of December each year, the Manager shall prepare and submit to the Association a budget which sets forth an itemization of the expenses and receipts of the Association anticipated for the 12-month period commencing on the immediately following 1st day of January and a written plan of operation for such fiscal year which appropriately justifies or explains the estimates in the budget. The Association may modify said budget and plan of operation or approve the same in the form submitted. In the event that the Association should fail to modify or approve said budget within thirty (30) days after submitted, said budget shall be deemed to have been approved by the Association in the form submitted. During the year to which it relates, the budget as approved shall serve as a supporting document for assessments levied against the Owners of Timeshare Units within the Projects. The budget shall also constitute the major guideline under which the Projects shall be operated during the period covered, and liabilities incurred by the Manager shall not vary substantially therefrom without the prior consent of the Association; provided, however, that the Manager may make expenditures or commitments substantially over those provided for in the budget in the event that such expenditures or commitments are immediately necessary due to emergency conditions. The Manager shall promptly notify the Association of any such emergency expenditures or commitments and the circumstances requiring the same.

4.09 Ownership Record. The Manager shall maintain and make available to the association a current record setting forth the name of each Owner of a Timeshare Unit in the Projects and the registered address of such Owner.

4.10 Collection of Assessment. The Manager shall notify each Owner of the regular assessments, the furniture and maintenance assessments and any special assessments which are due from such Owner, shall collect all such assessments as due, and shall take such action, whether through legal process or otherwise, as may be necessary to collect delinquent assessments. All monies collected hereunder shall be deposited in such account or accounts as the Manager may establish in accordance with Section 4.12.

4.11 Financial Records. The Manager shall establish and maintain a comprehensive and accurate system of records, showing all receipts related to the Projects, the Units and/or the Unit furnishings. All such records may be examined by the Association or its authorized agents at any reasonable time. Within ninety (90) days after December 31 of each year, the Manager shall render a

statement to the Association showing all receipts, disbursements and delinquent assessments which occurred during the preceding fiscal year in connection with the Project or any part thereof.

4.12 Depository for Funds. The Manager shall establish and maintain, in its own name as trustee for the Association, checking and savings accounts with such depository or depositories as are acceptable to the Association. Sums received by the Manager or the Association in connection with the management or operation of the Project or any part thereof shall be deposited in such checking or savings accounts, at the sole discretion of Manager, and all disbursements made by Manager pursuant to this Agreement shall be by checks written on such accounts. The Manager shall be authorized to write checks on such checking accounts and to withdraw monies from such savings accounts to cover payments for: (i) All salaries, compensation and/or expenses due and payable to officers, agents and employees of the Association; (ii) all salaries and compensation due and payable to all personnel employed by Manager in carrying out its obligations under this Agreement; (iii) all premiums for insurance maintained by the Manager or the Association in connection with the Projects; (iv) any taxes or assessments levied against the Units, or the Association; (v) all amounts due and payable to the Manager for its services under this Agreement; (vi) all amounts due and payable as expenses authorized to be incurred by this Agreement; (vii) all expenses incurred by the Association on behalf of Owners; and (viii) such other amounts as the Association may from time to time direct. The Manager shall render an annual statement to the Association with respect to all funds handled hereunder, as provided in Section 4.11. If the Association so requests, Manager shall ensure that all persons who handle or who are responsible for handling funds belonging to the Association are bonded in a manner acceptable to the Association.

4.13 Relations with Owners. The Manager shall make available to all Owners and occupants of Units within the Projects copies of any rules and regulations which currently affect the Owners of Units within the Projects. The Manager shall take such action, whether by legal process or otherwise, as may be necessary to ensure that all Units and the Common Areas are used and occupied in a manner consistent with law, with the terms of the Master Declarations and the Declaration and with all rules and regulations promulgated by the Association. The Manager shall enforce, whether by legal process or otherwise, any and all rules and regulations promulgated by the Association. The Manager shall maintain business-like relations with all Owners and occupants of Units within the Projects, and shall receive, consider and (if appropriate) act upon all requests or complaints of Owners or occupants of Units within the Projects. Requests or complaints of a serious nature shall, after thorough investigation, be reported in writing to the Association with appropriate recommendations.

4.14 Aid to Association. At the request of the Association, an appropriate officer or agent of the Manager shall be in attendance at all meetings of the members of the Association and all meetings of the Board of Trustees of the Association. The Manager shall freely confer with the Association in connection with performance under this Agreement and shall furnish the Association with any assistance or suggestions which might aid in the proper management and operation of the Units.

4.15 General. In addition to those duties which are specifically mentioned herein, the Manager shall at all times do all things necessary to operate and manage the Units according to the highest achievable standards consistent with the overall policies of the Association and the interests of the Owners within the Projects. The Manager shall have all powers and authority reasonably necessary to carry out its obligations and duties under this Agreement.

5. Party Obligated for Expenses. All obligations or expenses incurred by the Manager in carrying out its duties as provided in Section 4 shall be for the account and at the expense of the Association. No part of the Manager's compensation as provided in Section 2 shall be subject to any such obligations or expenses incurred by the Manager under Section 4.

6. Contracts with Unit Owners. This Agreement is not intended and shall not be construed so as to preclude the Manager from contracting with individual Owners or occupants of Units within the Projects for payment by such Owners or occupants to the Manager of any sums intended to compensate the Manager for any services it may render to such Owners in addition to those services required of the Manager under this Agreement. Any sums received by the Manager pursuant to any such contracts shall be the property of the Manager, and the Association shall have no claim thereto.

7. Assignability. The Manager may, without the consent of the Association, assign its obligations under this Agreement in connection with any reincorporation, merger, consolidation or other corporate reorganization. In no other case shall the Manager assign its obligations under this Agreement without the prior written consent of the Association.

8. Indemnification. The Association agrees to indemnify, defend and hold harmless the Manager from and against any and all obligations, debts, damages, claims, causes of action, loss, demands, suits, controversies, costs, fees (including reasonable attorneys' fees), and liabilities which result from or which would not have been sustained or incurred but for the Manager's involvement with the Projects under this Agreement, except to the

extent that any of the foregoing result from the gross negligence or intentional misconduct of the Manager. The foregoing right of indemnification shall survive any termination of this Agreement. The obligations of the Manager under this Agreement shall be limited to the exercise of good faith, and the Manager shall not be liable for any error of judgment, or for any mistake of law or fact, or for anything which it may do or refrain from doing, except in cases of willful misconduct or gross negligence.

9. Termination. In the event of default by either party in performance of its obligations hereunder, the other party shall give written notice to the party alleged to be in default, setting forth such alleged defaults. The party receiving such notice shall have a period of thirty (30) days following delivery thereof within which to correct the default of which it has received notice. In the event that it should fail to correct such default within said thirty- (30) day period, the party which gave notice shall have the right, upon written notice to the defaulting party, to terminate this Agreement.

10. Notices. Any notice permitted or required under the terms of this Agreement shall be sufficient for all purposes if given in writing by certified or registered mail, addressed respectively as follows:

TO ASSOCIATION: McCall Area Timeshare Association
 P.O. Box 1767
 McCall, ID 83638

TO MANAGER: D. H. & ASSOCIATES, INC.
 P.O. Box 1767
 McCall, ID 83638

or to such other address as the respective party may designate to the other party by notice as herein provided. Any notice given by mail shall be deemed to have been delivered when deposited in the U.S. Mail, postage prepaid, and in the form provided for in this section.

11. Representative. For all purposes of this Agreement, the authorized representative of the Association shall be the President of the Association or such other person or persons as the Association may from time to time designate to the Manager in writing.

12. Miscellaneous Provisions.

12.01 Independent Contractors. The relationship between the parties shall be that of independent contractors, and the parties shall not be or be deemed to be partners by reason of this Agreement. All persons furnishing services in connection with the

management, operation and control shall be deemed employees of the Manager. All persons furnishing maintenance, cleaning or maid service for the Projects, or any part thereof, shall be deemed employees of the Association. Manager shall have the sole authority to engage or retain separate companies or individuals to be compensated directly by the Association for services rendered; which under no circumstances, shall such persons be deemed to be employees or agents of the Association.

12.02 Interpretations. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho. Except as otherwise provided herein or required by the context hereof, all terms defined in the Declaration shall have such defined meanings when used in this Agreement. Whenever the context include the singular, the whole shall include any part thereof, and any gender shall include all other genders. The section headings contained herein are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement. This Agreement sets forth the entire understanding between the parties with respect to the Projects, and no provisions hereof may be waived, altered or modified except through a written instrument signed by both parties hereto. Except as otherwise provided herein, this Agreement shall inure to the benefit of and bind the parties hereto and their respective successors and assigns. Time is of the essence of this Agreement.

12.03 Default. Each party hereto agrees that, should any default occur under this Agreement, the defaulting party shall pay all costs and expenses, including court costs and reasonable attorneys' fees, incurred by the other party (with or without suit) in enforcing the terms hereof or in obtaining redress for the breach.

IN WITNESS WHEREOF, the undersigned have executed this Agreement the day and year first above written.

ASSOCIATION:
McCALL AREA TIMESHARE ASSOCIATION

Date 7-30-88

By Richard Brotherton
Secretary

MANAGER:
D. H. & ASSOCIATES, INC.

Date July 30, 1988

By David K. Holland
David K. Holland, President