



**OWNERS ASSOCIATION AGREEMENT
RESORT CONDOMINIUMS INTERNATIONAL, INC.**

This OWNERS ASSOCIATION AGREEMENT ("Agreement") is made and entered into at Indianapolis, Indiana, by and between RESORT CONDOMINIUMS INTERNATIONAL, INC., an Indiana corporation having offices and its principal place of business at Indianapolis, Indiana ("RCI"), and Harbor Cove Timeshare Condominium Association
(name of owners association)

an owners association ("Association").

Recitals

A. RCI makes available its program of conducting exchanges of possessory rights in timeshare interests, whole-owner condominiums and other accommodations ("RCI Exchange Program") to individuals who purchase such rights at resorts subject to Resort Affiliation Agreements or Owners Association Agreements with RCI ("RCI Affiliated Resorts") and who execute Enrollment Applications and meet the Terms and Conditions of RCI membership contained in such Enrollment Applications ("RCI Members").

B. Association represents owners at a timeshare interest and/or whole-owner condominium and/or other accommodation resort project described as follows:

Name of Resort: Harbor Cove
 Location and Description of Resort: 8769 Page Hill
Harbor Springs, MI 49740

(As used in this Agreement, the term "Resort" refers to the resort project described above and to all subsequent buildings or phases of the resort project constructed at or adjacent to such resort project.)

C. Association is an owners association comprised of individuals who have purchased timeshare interests, whole-owner condominiums or other accommodations at the Resort ("Owners").

D. Association and RCI desire the Resort to be an RCI Affiliated Resort and for the Association to coordinate activities and perform other services in connection with the RCI Exchange Program in accordance with the provisions of this Agreement.

E. In consideration of the mutual covenants and obligations contained in this Agreement, the parties make and enter into this Agreement.

Agreement

1. **Acknowledgements.** RCI and Association acknowledge and agree that (a) RCI membership is available only to individuals, and if the timeshare or other accommodations are owned by a corporation or a partnership, the RCI membership must be in the name of a corporate officer or partner, (b) receipt and acceptance by RCI of an Enrollment Application and the applicable fee for an Owner desiring to become an RCI Member ("Applicant") shall entitle the Applicant to be an RCI Member in accordance with the Terms and Conditions of RCI Membership, (c) the terms and conditions of the RCI Exchange Program, including but not limited to the services and benefits provided by RCI to RCI Members, exchange privileges, the practices, procedures and priorities for effectuating exchanges, and the fees payable by RCI Members, do not constitute a part of this Agreement and may be changed by RCI from time to time in its discretion in accordance with the Terms and Conditions of RCI Membership, and (d) RCI's efforts to develop a rental system are intended for the mutual benefit of Association, RCI Members and RCI by increasing the long term availability of highly demanded space and thus encouraging participation in the RCI Exchange Program and Association will attempt to cooperate in these efforts by giving RCI at least thirty (30) days prior written notice before entering into any agreement to rent space at the Resort through any off-site rental company.

2. **Management Duties.** Association agrees to (a) remain informed of new services and benefits provided by RCI to RCI Members, (b) perform the managerial functions at the Resort in the RCI Exchange Program in accordance with the RCI Procedures Manual and other materials furnished to it by RCI from time to time, (c) maintain high fiscal, qualitative and managerial standards, (d) honor all RCI confirmed exchanges at the Resort, (e) provide all RCI Members and their guests the same rights and privileges and at the same rates afforded to Owners at the Resort, and (f) submit to RCI on or before January 31 of each year the name, current billing address and current RCI Member information for each Owner at the Resort as of the immediately preceding December 31.

3. **Exchange Requests.** Association agrees that, during the term of this Agreement, all requests for exchanges at the Resort both internal and external shall be processed through RCI.

4. **Assignment.** Association may assign its rights and obligations under this Agreement to another person or entity approved in advance in writing by RCI. Any person or entity to which Association wishes to assign its rights and obligations shall enter into an agreement with Association and RCI in the form then in use by RCI. If Association tries to assign this Agreement without the written approval of RCI, this Agreement may be terminated at the option of RCI.

5. **Representations and Warranties.** Association represents and warrants to RCI that the statements made in the Application for Affiliation submitted to RCI are true. Association shall immediately notify RCI of any change in any information set forth in the Application for Affiliation or in any other fact or circumstance affecting the operation of the RCI Exchange Program with respect to the Resort.

6. **Right of Termination, Notice and Cure.** Either party may terminate this Agreement (a) if any representation of the other party in this Agreement is false or misleading, (b) if the other party fails to observe or comply with the provisions of this Agreement, or (c) upon the declaration of bankruptcy or insolvency of the other party according to law or if any assignment shall be made of the other party's property for the benefit of creditors. In the event that either party intends to terminate this Agreement pursuant to this Section, it shall send written notice of its intention to terminate and the grounds for such termination to the other party. This Agreement shall terminate effective the thirtieth (30th) day following the date such notice is given unless the grounds for termination as stated in the notice have been cured to the satisfaction of the party giving such notice.

7. **Exchange Program.** Upon termination of this Agreement (a) RCI and Association shall honor all confirmed exchanges and exchange privileges of RCI Members exchanging into the Resort that are confirmed or accrued prior to termination, (b) RCI and Association shall honor confirmed exchanges and exchange privileges of RCI Members who are Owners at the Resort that are confirmed or accrued prior to termination of this Agreement, and (c) RCI may allow RCI Members who are Owners at the Resort to participate in the RCI Exchange Program provided that the Resort maintains high fiscal, qualitative and managerial standards.

8. **Denial of Access.** In the event that Association fails to perform its obligations under this Agreement to the extent that an RCI Member with a confirmed exchange into the Resort is denied access to a unit at the Resort, then Association shall immediately correct such denial of access at its own expense, including reimbursing RCI for its reasonable costs in securing alternate accommodations for the RCI Member.

9. **Suspension.** RCI may, without prejudice to its right to terminate this Agreement pursuant to Section 6, suspend operation of the RCI Exchange Program at the Resort or impose such conditions or limitations thereon as RCI deems necessary or appropriate.

10. **Equitable Relief.** Each party acknowledges that damages cannot adequately compensate the other party for a breach of any of the provisions of this Agreement, and therefore the parties agree that each party shall be entitled to a remedy of specific performance or injunctive relief, as appropriate, in the event of a breach or threatened breach of any such provisions by the other, in addition to any other appropriate legal or equitable remedies.

11. Indemnification. Each party agrees to indemnify and hold harmless the other party from and protect any and all claims, demands, obligations, deficiencies, judgments, damages, suits, losses, penalties, expenses, costs (including attorneys' fees) and liability of any kind, type or nature whatsoever (including any liability for Association wrongfully denying RCI Members access to their resort units) directly or indirectly resulting from, arising out of or in connection with any breach or violation of this Agreement, or the operation of its business contemplated by this Agreement, or the result of any acts or omissions by it or any of its directors, officers, partners, employees, representatives, agents, brokers, salesmen or associates. RCI's total obligations to indemnify Association under this Section 11 shall not exceed an aggregate of Five Thousand United States Dollars (\$5,000 U.S.).

12. Term. This Agreement shall become effective on the date it is executed by RCI in Indianapolis, Indiana, U.S.A. (the "Effective Date"). The initial term of this Agreement shall be six (6) years from the Effective Date of this Agreement. Upon expiration of the initial term of this Agreement, this Agreement will be automatically renewed for consecutive two (2) year renewal terms unless, at least ninety (90) days prior to the expiration of any such term, either RCI or the Association gives notice to the other party of its intention to terminate this Agreement.

13. Notices. All notices and other communications made pursuant to this Agreement shall be in writing and shall be deemed to have been given if mailed by registered or certified mail to the appropriate party at the following address (or such other address as shall be specified by notice given pursuant to this Section 13):

(a) If to Association:
Harbor Cove Timeshare
Condominium Association
c/o Resort Property Management
8430 M-119 Ste #1
Harbor Plaza
Harbor Springs, MI 49740

(b) If to RCI:
Resort Condominiums International, Inc.
One RCI Plaza
3502 Woodview Trace
P.O. Box 80229
Indianapolis, Indiana 46280-2902
U.S.A.

14. General. All references in this Agreement to particular Sections are references to Sections of this Agreement. In the event that any clause or provisions of this Agreement is held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any other provision of this Agreement. Failure of either party to insist on strict compliance with the provisions of this Agreement shall not constitute waiver of that party's right to demand later compliance with the same or other provisions of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. This Agreement constitutes the entire understanding and agreement between the parties concerning the subject matter of this Agreement. This Agreement may be modified only by a writing executed by the parties with the same formality with which this Agreement has been executed. All understandings between the parties are merged into this Agreement, and there are no representations, warranties, covenants, obligations, understandings or agreements, oral or otherwise, in relation thereto between the parties other than those incorporated herein. Association acknowledges that this Agreement has been executed, made and entered into in Indianapolis, Indiana, U.S.A. and consents to the personal jurisdiction of the courts of the State of Indiana. This Agreement shall in all respects be interpreted and construed in accordance with and governed by the laws of the State of Indiana, U.S.A., and any action at law or in equity under this Agreement shall be submitted exclusively to the jurisdiction of the courts of Marion County, Indiana, U.S.A., unless RCI determines in its sole discretion that, because of the injunctive or other equitable relief sought by it, the action should be brought in a jurisdiction in which Association or the Resort are located. This Agreement and all of its provisions shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

15. Legal and Binding Obligation. Association and the person executing this Agreement on behalf of Association represent and warrant to RCI that this Agreement has been duly and validly executed and delivered by Association and constitutes the legal, valid, binding and enforceable agreement of Association.

ASSOCIATION
Name of Legal Entity:

Harbor Cove Timeshare Condominium Association

By: _____

Printed Name: John Johnson

Title: President

Date: December 18, 1989

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 19____.

RESORT CONDOMINIUMS INTERNATIONAL, INC.

By: _____
Jon H. DeHaan, President



RESORT CONDOMINIUMS INTERNATIONAL, INC.
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