



P.O. Box 2140 Overgaard AZ 85933
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I. WHAT EXACTLY IS FRACTIONAL OWNERSHIP?

Fractional Ownership is the deeded title to a share of real estate, typically of a resort or vacation property, which is shared with other co-owners of the property. At Cabin Inns at Mogollon Airpark, it is the deeded title to a share of a cabin in a vacation rental cabin resort in the White Mountains of Arizona. The owner will receive a deed to a 1/10th interest of real estate as a tenant-in-common with the other fractional share owners in the cabin. The common areas of the development will be owned by all of the owners in the development as tenants-in-common. All share owners will be members of the association

II. WHAT ARE THE ADVANTAGES OF AN INVESTMENT IN A FRACTIONAL INTEREST VACATION CABIN?

Research has shown that most owners of vacation homes only use their homes 4 to 6 times per year. With the cost of real estate and all of the associated ownership expenses, it is hard to justify sole ownership for such limited use. In addition, a significant amount of the time spent at a sole ownership cabin is devoted to housekeeping, maintenance and repairs, including winterizing and de-winterizing for cabins in the mountains. Important benefits of the rental nature of Cabin Inns at Mogollon Airpark are the presence of rental services personnel onsite on a seven-day a week basis to provide a more secure environment, to perform ongoing maintenance of each cabin, and to oversee the housekeeping/cleaning services performed in connection with the usage of the cabins. These services provide for a truly stress-free getaway experience. Fractional ownership at Cabin Inns at Mogollon Airpark allows anyone who has dreamed of owning a vacation cabin the opportunity to do so by sharing the expenses with other owners.

III. WHAT IS CABIN INNS AT MOGOLLON AIRPARK?

Cabin Inns at Mogollon Airpark is a fractional ownership resort operated as a combined owner and public hotel/motel rental facility on a "bookings or reservations" basis. Each cabin is made available for public rental for a certain number of weeks each year between the scheduled reservation times for Owners. Owners can also release their scheduled time for rental through the reservation system. Public reservations are usually for one or two nights, with occasional reservations for a week or a month.



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IV. HOW IS THE USE OF THE CABINS SCHEDULED FOR OWNERS?

The Cabin Inns reservation system is a combination of fixed and flexible use to accommodate those who like to plan well in advance and those who like to go on the spur of the moment, and includes the option for those wanting to use multiple weeks in a single stay or multiple cabins on a single stay by combining future fixed scheduled time with current scheduled time. This can be an ideal way to accommodate family reunions or sharing a vacation with friends.

Fixed Schedule: Each owner is automatically scheduled for a 6 night stay once every 13 weeks. This guarantees that every owner will have certain years when they will enjoy holiday stays at Cabin Inns. This is the fixed baseline schedule so you will know your weeks into the future. Example: Owner "A" in Cabin #1 will have fixed weeks during Week 1, Week 14, Week 27, and Week 40 for the 1st year. In year two, Owner "A" will shift one week so that the fixed weeks are Week 2, Week 15, Week 28 and Week 41.

Flexible Use: Each week there are approximately 12 Cabins available for public rental. These cabins can be available for owners wishing to use future time for multiple week stays or for multiple cabin use. Example: Owner "A" in Cabin 1 decides that during the Fixed Schedule Week 14 stay to also use their future Week 27 & Week 40 so that they can use 3 cabins at the same time to accommodate vacationing with extended family or friends. This in turn frees up Owner "A" Weeks 27 & 40 for other guests to use under the flexible use procedures or for public rental availability. Priority of use is based on a combination of an owner's original scheduled week and a first-come first-served basis.

Spur of the Moment Use: Cabin Inns Owners are eligible for bonus cabin use that does not count against their fixed scheduled weeks. Cabins not previously reserved or scheduled will be available for Spur-of-the-Moment use by Cabin Inn's owners on a first-come, first-served basis, subject to availability. Cabins can be scheduled no earlier than 72 hours before the arrival time at the resort.

V. HOW MUCH ARE THE HOMEOWNERS ASSOCIATION DUES?

Cabin Inns at Mogollon Airpark Owner's Association will charge a one-time fee per share plus association fees per month per share, which will pay for overall expenses of the cabins, and will include taxes, utilities, maintenance, repairs, housekeeping, security, marketing expenses, and reserves for future replacements and improvements of the cabins and common areas. (The current monthly association dues budget is still being developed. The goal is to encompass all expenses into a monthly amount spreading the cost equally among all the owners and is anticipated to be less than \$25.00)



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VI. WHAT FEES ARE DUE IN CONNECTION WITH THE RENTAL PROGRAM FOR THE CABINS?

Cabin Inns at Mogollon Airpark Owner's Association will be responsible for the maintenance, repair and for the reservation and related services for the cabins. The monthly association dues will include all operational costs, which may include a fee to a management company for the project. Mortgage payments for those who finance their ownership investment are the responsibility of the individual shareowner.

VII. WHAT INCOME CAN BE EXPECTED FROM THE CABIN RENTAL?

The developer cannot make any representations concerning specific revenue projections for the cabins at Cabin Inns at Mogollon Airpark, but it is anticipated that some income will be generated to offset expenses. The net income generated in the development will be used to offset Association expenses, allowing the Association to keep assessments as low as possible. Owners who release a fixed week for public rental will receive 50% of rental income received by the Association for that week. Owners should not expect these cabins to generate sufficient revenue to offset all expenses. The seasonal and cyclical nature of the transient housing industry make any predictions unreliable. Each person must determine whether purchasing a share at Cabin Inns at Mogollon Airpark is an appropriate choice for his or her individual and family financial circumstances.

VIII. IS FINANCING AVAILABLE?

Yes. The developer will offer financing for qualified purchasers. It is expected that a down payment of 10% will be required, with an interest rate of 9.9% and with monthly payments fully amortized over 20 years. For the purchase of a share in a cabin at a purchase price of \$39,500 and a 10% down payment (for a loan of \$35,550), the monthly payment will be approximately \$340.77. Purchasers may also choose financing from their own sources. Other fractional interest developments report that many purchasers choose to use an equity loan on an existing home to furnish the purchase funds. The developer can assist purchasers with identifying home equity lenders if a purchaser wishes to explore that option.



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IX. ARE PETS ALLOWED AT CABIN INNS AT MOGOLLON AIRPARK?

We recognize that many owners are closely attached to their pets and consider them part of their family. The developer does plan to designate some cabins as pet friendly and will attempt to combine ownership of those cabins with other owners of pets and to make those cabins available for rental to guests with pets. We also realize that many other owners are allergic to our furry friends so that non-pet cabins will be strictly such and neither guests or owners of those cabins will be permitted to have pets in those cabins.

X. WHO ARE THE PRINCIPALS OF THE DEVELOPER OF CABIN INNS AT MOGOLLON AIRPARK?

Dan Curtis is an Arizona attorney and certified real property law specialist and Arizona attorney real estate broker with over 30 years of experience in real estate, emphasizing property development, including condominium and planned community formation and governance.

Michael Olivieri is a real estate developer and real estate agent with over 30 years experience in the White Mountains. Michael's latest property development project, Mogollon Resort Cabins is adjacent to the Cabin Inns at Mogollon Airpark project. His emphasis on the customer and quality of services at MRC has set the standard for the hotel industry and will be continued at Cabin Inns at Mogollon Airpark.

Kent Schvaneveldt, (Lieutenant Colonel, US Army, Retired), joined the development team after serving 22 years as an Army Aviator/Acquisition Officer. He brings years of experience with DoD project/systems management and procurement activities. He is also a consultant in technical Internet marketing and owns/manages vacation rentals.

