

**CRAGUN'S RESORT
UNIT RENTAL AGREEMENT**

This Unit RENTAL AGREEMENT (“**Agreement**”) is made and entered into on or before the DATE (the “**Effective Date**”) by and between Cragun’s Rental Management, LLC, a Minnesota limited liability company, (the “**Company**”) and the below identified owner(s) of the resort Unit as specified below, (collectively and jointly and severally referred to in this Agreement as “**Owner**”).

OWNER NAME:

ADDRESS:

CITY:

STATE:

ZIP CODE:

EMAIL:

CELL PHONE:

- A. Owner has clear title and right to use the Unit located at: LOCATION (the “**Unit**”).
- B. The Unit is located within Cragun’s South Beach Association located within Cass County (hereinafter referred to as “**Association**”).
- C. Company is the designated Rental Manager for the Rental Management Program within the Cragun’s Resort.
- D. Owner wishes to participate in the Company’s voluntary rental program with Company to offer Owner’s Unit for rental under the terms and conditions set forth in this Agreement.
- E. The Company may engage an affiliated or unaffiliated third party (the “**Manager**”) to manage and operate the rental program and to include the Unit in the inventory of Units available for rental to guests. All references to the Company in this Agreement refer to either the Company or Manager, acting as agent of the Company.

NOW, THEREFORE, in consideration of the terms, conditions and the mutual covenants herein set forth, the parties agree as follows:

1. **Definitions.** Capitalized terms will have the meanings set forth below or are defined elsewhere in this Agreement.

(a) “**Association**” means the Cragun’s South Beach Association which is the Owners’ association for the Unit at the Cragun’s Resort.

(b) “**Blackout Dates**” means the dates established annually by the Company in accordance with Section 10(c) hereof which will not be available for Owner’s use of the Unit in order that the Company may book guest business on those dates.

(c) “**Company**” means Cragun’s Rental Management, LLC or its assigns, which may act through a Manager appointed by the Company to provide the services described herein as agent of the Company.

(d) “**Resort Unit Services**” means the services provided by the Company in connection with the operation, maintenance, repair and renovation of the Unit, as provided in this Agreement.

(e) “**Daily Use Fees**” means the fees charged by the Company when Owner requests daily housekeeping, linens, towels, small wares and toiletries for any day that an Owner or Owner’s family or Owner’s non-paying guests use the Unit.

(f) “**Declaration**” means the Declaration of the plat and the Association.

(g) “**Departure Cleaning Charge**” means the mandatory cleaning, replacement of linens, towels, small wares and toiletries necessary to return the Unit to rental circulation following a stay in the Unit by Owner, Owner’s family or Owner’s non-paying guests.

(h) “**Furnishings Package**” means the furnishings, furniture, accessories, appliances, curtains, carpeting, wall coverings, kitchen small wares, kitchen equipment, technology equipment, bath and bedding accessories and linens, and such other personal Unit property initially purchased with the Unit from the contractor building the resort Units; provided by the developer as part of the sale of one of their resort Units; or approved property present within the Units upon purchase by Owner from a prior Unit Owner.

(i) **“Guest(s)”** means any person or persons who rents the Unit, including complimentary Guests from the Company but excluding Owner and Owner’s immediate family or Owner’s non-paying guests.

(j) **“Guest Housekeeping Fee”** means a fee that the Company shall have the right to implement at its sole discretion as a guest housekeeping fee that will serve to reimburse the Company in full or in part for the checkout/check-for cleaning of the Unit. This fee will be paid by the guest and is retained by the Company.

(k) **“Manager”** means any company or individual appointed by the Company to provide operational and other management services described herein as agent of the Company.

(l) **“Marketing Services”** means the brand and marketing services provided to the Unit by the Company, such as marketing, reservations, guest frequency programs and related accounting services.

(m) **“Net Room Revenue”** means all room revenue derived and collected from the rental of the Unit (but not including food and beverage, spa services, in-room entertainment, parking, telephone, internet rental, resort fees, pet fees, marina fees, green fees, parking revenue, package component revenue added to enhance the marketing of rooms, or other incidental revenue incident to the rental of Unit in the rental program or any gratuities, state, local or other taxes paid by any Guest in the Unit in respect of his or her occupancy, and any other revenue that is not considered direct rent attributable to the Unit); less a five percent (5.0%) administrative fee that also covers the cost of credit card merchant service fees of the Resort; and less uncollected accounts receivable and walked guest expenses.

(n) **“Non-Routine Maintenance and Emergency Repair Charges”** means the charges made by the Company for arranging and/or completing non-routine maintenance and emergency repairs to the Unit, as provided in Schedule A which may be changed from time to time.

(o) **“Owner”** means the owner of the Unit identified in the introductory paragraph of this Agreement.

(p) **“Rate Structure”** means the guest rental rate structure for the Unit, as further described in Section 4(b).

(q) **“Reinstatement Fee”** means the administrative fee of Three Thousand Dollars (\$3,000), as may be adjusted by Company from time to time, charged to Owner and payable to Company in order to add a Unit back to the rental program after termination by Owner.

(r) **“Rent”** shall have the meaning ascribed to such term in Section 8.

(s) **“Resort”** shall mean Cragun’s Resort located on Gull Lake Minnesota including surrounding areas.

(t) **“Resort Fee”**, this is a fee charged to a Guest to cover amenities usage of the Resort. This fee is set by the Company as a percentage of revenue charged to Guests or as a fixed dollar amount and is retained solely by the Company.

(u) **“Set-up Fee”** means a fee assessed to the Owner at the inception of this agreement for the provision of initial linens and small wares when not in conformity with the Company standards for the rental program. Such fee shall be established annually by the Company and dependent upon the number of bedrooms and size of the Unit.

(v) **“Unit”** means the Unit identified in Recitals.

2. **Exclusive Rental.** During the term of this Agreement, Owner agrees that the Company shall have the sole and exclusive right to rent the Unit to guests. Owner shall not lease or arrange for any short-term or long-term rental of the Unit other than by referral of prospective Guest to the Company. In addition, Owner agrees not to accept any remuneration from any party other than the Company or Manager for rental of the Unit and agrees to refer to the Company all rental inquires during the term of the Agreement. Should Owner collect any money or other consideration directly for use of the Unit, the consideration shall be deemed Net Room Revenue and shall be subject to the rental revenue sharing with Company set forth at Section 8(b) with the Company’s share remitted to Company within thirty (30) days of receipt by Owner. Failure to remit such revenue to Company shall be considered a violation of this Agreement and Owner shall be liable to Company for all related collection costs including legal and court costs and expenses.

3. **Term.**

(a) **Termination at End of Term.** The initial term of this Agreement shall be for three (3) years, commencing as of the Effective Date and ending on the third anniversary of the Effective Date, unless terminated earlier as provided in this Agreement. Upon expiration of the initial term, this Agreement shall be automatically renewed for additional terms of three (3) years on a rolling three-year basis unless terminated as provided for herein. Owner or the Company may, with at least three hundred sixty-

five (365) days prior to the expiration date of this Agreement or of any renewal period as the case may be, give written notice to the other party of its desire not to renew this Agreement. In such case, the Agreement shall terminate at the end of the then current contract year.

(b) Reconciliation of Account at Termination. Upon any termination of this Agreement, the Company shall prepare a final reconciliation of accounts (including all sums owed under any provision of this Agreement) and a final settlement shall be accomplished between Owner and the Company within thirty (30) days of the Company's delivery to Owner of such final reconciliation.

(c) Reinstatement Following Termination. If Owner thereafter wishes to reinstate this Agreement, Owner may request that the Company accept the Unit in the rental program, and the Company may, in its sole discretion, accept the Unit upon reinstatement of this Agreement, or the then current form of the Unit Rental Agreement offered by the Company to Unit Owners, and the payment to the Company of the then applicable Reinstatement Fee. Owner will be required, at the time of reinstatement, to upgrade the FF&E Furnishings Package, and return other Unit features to the original condition, so that the Unit is uniform in appearance and amenities with all other Units in the rental program.

(d) Notwithstanding the provisions of this Section 3, Owner and Company may agree in writing to terminate this Agreement other than as provided herein.

4. Rental Procedures. The Company shall use its good faith efforts to rent the Unit in accordance with the following provisions:

(a) Short Term Rentals. The Company agrees that it will offer the Unit for rent on any days not reserved by Owner on the Owner Usage Calendar. All rentals will be on a short-term basis, and the Unit shall not be rented to anyone Guest for a period of thirty (30) or more days, without consent of Owner. Rentals may be arranged up to one year in advance by Company. The Company agrees to use best efforts to balance the number of nights rented in like kind Units, after accounting for guest preference and amount of owner usage.

(b) Rental Rates. The Company has the exclusive right to establish and adjust, from time to time, the rental rates for the Unit without notice to Owner, and to rent the Unit for the rates that it considers appropriate, in its discretion, based upon occupancy levels, seasonal demand, changes in operating costs, period of rental, group rate considerations, rates of competitive properties, and other prevailing market conditions.

(c) Collection of Accounts. The Company shall collect rental revenue from Guests and shall provide all accounting services necessary for the collection of such room revenue. The Company and Owner shall jointly bear all in-house costs associated with the attempt to collect outstanding amounts due from Guests. In the event third party collection efforts are required, Company shall remit collections of Guest's Net Room Revenue less any and all collection costs, in accordance with Paragraph 8.

(d) Sales and Lodging Tax. The Company shall collect all lodging, sales or other tax on rental income, from Guests, on behalf of Owner and will remit such to the respective governmental entity or agency to which such tax is due.

5. Owner Responsibilities. Owner shall be responsible for maintaining the following standards for the Unit during the Term of this Agreement:

(a) Unit Furnishings. Owner shall, at Owner's sole expense, furnish and maintain the Unit consistent with the standards maintained by the Company for all Units in the Rental Management Program. Owner shall be responsible for the cost of replacing any item of the Unit Furnishings necessary to maintain the Unit in accordance with the Company's standards. Determinations of occupiable condition shall be within the absolute discretion of the Company. Owner understands and agrees that the Unit shall be required to comply with the standards for uniform standard of appearance of the Units in the discretion of the Company for so long as the Unit remains in the Rental Management Program. Owner agrees Company may replace missing or no longer useable items when essential to maintain occupancy at Owner's cost without Owner approval, up to a five-hundred dollars (\$500) expenditure per occurrence escalated annually by the amount of the national Consumer Price Index used by the Company for such determination. Owner shall not hold the Company or Manager responsible for repair, restoration, redecorating or other expenses arising as the result of the use of the Unit, including wear and tear, and acknowledges that such expenditures are Owner's responsibility. Owner shall not store any personal belongings in the Unit except in Owner's locked closet. Owner shall remove all personal belongings from the Unit, other than the items stored in Owner's locked closets, except during the days of Owner's personal use of the Unit. Owner is responsible for any lost, stolen or damaged personal belongings and Company shall have no obligation to Owner or Owner's family or personal guests.

(b) Inspection of Unit. The Company shall, at least once annually, or more frequently as needed, inventory all furniture, fixtures, and equipment in the Unit, inspect the general condition of the Unit, and provide Owner with a written statement regarding the general condition of the Unit. Based upon such inspection, the Company shall assign an acceptable or unacceptable rating to the Unit. The term "**acceptable**" shall refer to those Units, which, in the sole judgment of the Company, meet the

Company's rental standards and are in an occupiable condition. If the Company assigns an unacceptable rating to the Unit, the Company shall deliver to Owner a written statement detailing the Company's requirements to make the Unit acceptable. Owner hereby authorizes the Company to undertake such actions as are necessary to comply with the Company's requirements and to charge Owner for any Non-Routine Maintenance and Emergency Repair charge applicable.

(c) Unit Maintenance Standards. Throughout the term of this Agreement, Owner shall be required to maintain and repair the Unit so that it shall comply at all times with the Company's standards for renting Units in the Rental Management Program. The Company shall undertake during the year (during low occupancy season), at Owner's expense, an annual deep general interior house cleaning, including carpets, upholstery, window washing, closets, shelves, cleaning filter, refrigerator and tile, of the Unit at a cost set forth in Schedule A, and billed in the month of July, which shall be paid from Owner's share of the Rent for the Unit in July. In the event Owner's share of the Rent does not exceed the amount due to Owner inclusive of such charges, Owner shall pay said amount as part of the monthly settlement. The Owner shall have the right to hire a third-party contract cleaning service for annual deep cleaning of the Unit in lieu of the Company performing such services. Following any such service by a third party, the Company will conduct an inspection of the Unit to ensure such cleaning meets established standards established by the Company. If the third-party contracted service fails to meet reasonable cleanliness standards, the Company reserves the right to perform additional cleaning as necessary and charge the Owner a cleaning fee to bring the Unit to acceptable standards based upon the Company's discretion. The Company shall provide all other seasonal maintenance and repair services in addition to other Resort Unit Services necessary to meet Company's acceptable standard, but except as specifically provided in this Agreement, Owner shall be responsible for payment of the costs of these services, in the amount provided in Schedule A. Company may direct Owner to prepay in advance the estimated cost of any repair or maintenance expenses incurred by third parties. The Company may refuse to rent the Unit if, in the Company's sole discretion, the Unit is not being maintained in a condition acceptable for the accommodations offered by the Company in the Rental Management Program.

(d) Unit Improvement Plan. Company shall prepare and maintain a Unit Improvement Plan for the Unit on a multi-year rolling basis so that the Owner shall have general knowledge as to what items will likely need to be replaced, repaired or upgraded. There are no guarantees that the Unit Improvement Plan will mirror actual results as the condition of the Unit, including personal property, etc, can vary depending upon usage and inconsistent wear and tear from use. Some items may need to be replaced sooner than reflected on the Unit Improvement Plan and other items may need to be added that were not previously reflected on the plan. The Owner should utilize the Unit Improvement Plan as a general guide so as to have sufficient funding available for which to make such improvements to the Unit as may be required by the Company.

(e) Failure to Maintain Unit. In the event that Owner does not fund the repair, refurbishing, upgrading or modifying the Unit as required, or does not respond to the Company's request for funding within thirty (30) days after such request is made, the Company may, at its option, terminate this Agreement with sixty (60) days notice to Owner. In the event of termination, the Company is only liable for Rent (as hereafter defined) due Owner up to the date of termination, offset by any charges or fees incurred by Company in said repair, replacement, refurbish, upgrade or modification of the Unit plus all costs of the Company incurred to collect any amounts due them including legal costs.

(f) Linen, Housekeeping and Unit Maintenance Supplies. The Company shall provide all linen, towels and housekeeping services for the Unit on each day that it is occupied in accordance with the Resort policy. An annual fee, as identified in Schedule A, will be charged to the Owner for replacement of linens, kitchen wares, minor maintenance items, and guest supplies. This fee covers kitchen supplies, bathroom supplies (including wastebaskets and shower curtains); bedroom supplies (including clocks, hangers, mattress pads, blankets, and pillows); furnace filters; light bulbs; and other minor maintenance items.

(g) Damage to Unit. Owner understands and agrees that, as a result of the rental of the Unit to Guests, damage to the Unit and its contents may occur, inadvertently or otherwise. The Company shall take reasonable steps to ensure that Guests leave the Unit in the same condition as received, normal wear and tear accepted. In the event of damage, breakage or theft by Guests, the Company shall take reasonable steps to see that the Guests responsible restore the breakage or damage as necessary, in a timely manner. If the Company is unable to obtain restitution from the Guest, the Owner shall be responsible for filing a claim with the insurance company for the Unit, and for any insurance deductible amount on the Unit plus any out-of-pocket costs incurred by Owner with respect to such damage which shall be Owner's sole expense without right of subrogation to Company or Company's agents.

(h) Rental of Unit to Guests with Pets. Owner acknowledges and agrees that the Company may rent the Unit to Guests with pets pursuant to the terms of the Declaration and other Governing Documents of the Association unless Owner has specifically elected out of allowing pets within their Unit (other than for service animals). Owner acknowledges that use of the Unit by pets may result in potential damage, stains and odors. The Company will use its best efforts to clean and deodorize the Unit, but Owner acknowledges that it may not be possible to remove all traces of prior use of the Unit by pets. In the event Owner desires NOT to have the Unit rented to Guests with pets, Owner must designate the Unit as a "No Pet Unit" on the final page of this Agreement.

(i) Rental of Unit to Smoking Guests. All resort Units shall be non-smoking are designated as a non-smoking.

(j) Insurance. Pursuant to the governing documents of the Association and the provisions of this Agreement, Owner shall carry commercial liability insurance for his or her Unit as a rental Unit in a minimum amount of \$1 million and NO/100 Dollars (\$1,000,000.00) for liability coverage which may be inclusive of a commercial umbrella policy for such limits. Company shall be listed as an "Additional Insured" and Owner shall furnish Company a copy of Owner's policy or Certificate of Insurance for each renewal period, change in insurance and cancellation. Owner agrees that losses and replacement from theft, vandalism, liability, elements and acts of God shall be sole responsibility of Owner. Any injury to Guests that occur within the Unit shall be at the sole cost and expense of Owner and Owner hereby agrees to indemnify Company for any such injury or loss to Guests that occur within Owner's Unit.

6. **Unit Costs, Expenses and Assessments.**

(a) Owner agrees to pay all monthly mortgage payments (if any), real estate taxes, insurance payments, Association fees, expenses or assessments promptly when due. Owner shall not allow title to the Unit to be encumbered by a lien for non-payment of fees or assessments due to the Association or the Company. In the event that any expenses, fees and/or assessments due pursuant to this Section 6 are not paid promptly when due, then the Company may, in its sole and absolute discretion and without notice or demand upon Owner, either: (i) withhold and remit Owner's Rent (as hereinafter defined) to the parties for whom it is due until such funds are sufficient to bring the unpaid accounts current, or (ii) terminate this Agreement upon five (5) days prior written notice to Owner with Owner being responsible to remit to Company all other fees and expenses due Company. The Company's decision to apply all or any portion of Owner's Rent (as hereinafter defined) to the payment of any expenses, fees and/or assessments pursuant to this Section 6 shall be made in the Company's sole and absolute discretion. In no event whatsoever shall the Company be obligated to apply any Owner's Rent (as hereinafter defined) to the payment of any expenses, fees and/or assessments or to advance any of its own funds for such purposes.

(b) "Rental Marketing Fee". Provided that Owner is in good standing under this Agreement, then Owner shall not be required to pay a Rental Marketing Fee to the Company that is charged to Unit Owners who rent their Units to customers and use Cragun's trademarks and tradenames and such Units are not within the Cragun's Rental Program.

(c) "Cragun's Resort Recreational Facilities" During the term of this Agreement, while staying at the Unit, the Owner, Owner's family, Owner's non-paying guests, and rental customers will have access to Cragun's Resort Recreational Facilities the same as any other paying overnight Resort guests. Additionally, during the term of this Agreement, the Owner will receive a complimentary Resort Club Membership for its sole use, which provides exclusive benefits, discounts, and use of facilities (refer to Resort Club Membership Program for additional details). Children and grandchildren of Owner are also eligible upon request to receive the benefits of the Resort Club Membership during the term of this Agreement.

Annual Golf Memberships & Boat Club Memberships may be purchased on an annual basis.

7. **Unit Rental.** The Company and Owner agree to the following:

(a) Maximize Rentals. Company shall use its best efforts to maximize rentals of all Units. Company shall adjust rates and marketing efforts reasonable to the seasons and holidays based upon the sole discretion of Company.

(b) Discount Rates. The Company shall have the right, in its sole and absolute discretion, to grant Guests a discount of up to one hundred percent (100%) of the daily gross rent in the event any repairs of the Unit are required during the period of occupancy or for other guest satisfaction issues with such discount reducing Rent for purposes of Section 8. The Company shall also have the right, in its sole discretion, to transfer the Guest renting the Unit to another Unit in the event the rebate is unacceptable to the Guest; provided that Owner shall be paid a pro rata portion of any rent received by the Company for the period in which Guest occupied the Unit.

(c) Forfeited Deposits. All reservation deposits that are forfeited and captured, and all other related cancellation charges pursuant to the Company's cancellation policy shall be retained by the Company to reimburse it for its cost of marketing and initial booking.

(d) Reservations. All reservations, including Owner referrals, must be made through the Company so that they may be coordinated with other confirmed reservations. Owner shall schedule personal use of the Unit with the Company in accordance with Section 10(a) and will register with the Company upon Owner's arrival. No notice of reservations secured by the Company for Guests will be provided to Owner, except by specific request and subject to the discretion of the Company. Owner will not be able to occupy, use or enter the Unit during periods of time when the Unit has been rented, and will not be able to schedule occupancy of the Unit during periods of time when the Unit has been reserved unless the reservation can be moved to a similar Unit prior to the time of occupancy. IN ALL EVENTS, ACCESS TO THE UNIT SHALL BE COORDINATED BY THE COMPANY, INCLUDING ACCESS DURING OWNER'S USE OF THE UNIT.

(e) Photographs of Unit. Owner shall allow the Company to photograph the interior and/or exterior of the Unit for marketing purposes. Such photographs shall be the sole property of the Company and may be used for marketing purposes.

(f) Changes in Rules. The rules set forth in this Section may, at the discretion of the Company, be modified so long as reasonable notice of such changes is provided to Owner.

8. **Rent**. The Company shall pay Owner out of the Net Room Revenue of the Unit as follows:

(a) Monthly Profit and Loss. The Company will maintain a separate profit and loss statement on an accrual basis for the Unit on a monthly basis. The monthly statements shall include calculation of Net Room Revenue, the Daily Use Fees, and any deductions from the Rent to pay amounts owed by Owner under this Agreement.

(b) Calculation of Rent. Within twenty (20) days following the end of each calendar month during the term, the Company shall calculate Rent to be paid to Owner for the prior month by:

i) Calculating Net Room Revenue; then

ii) The Net Room Revenue shall be allocated fifty percent (50%) to the Company and fifty percent (50%) to Owner as rent (such calculated amount referred to as “**Rent**”).

(c) Payment of Rent to Owner. Within thirty (30) days following the end of each calendar month during the term, the Company shall pay to Owner the Owner’s share of Rent for the prior month, less:

i) Owner Departure Cleaning Fee and/or Daily Use Fees;

ii) Amounts payable and past due by the Owner under the Declaration and Governing Documents for Association Expenses and Assessments and for any other expenses necessary to keep the Unit functional and in good condition for rentals;

iii) Any Routine Maintenance Charges or Annual Deep Cleaning Charges owed;

iv) Any Restoration of Utility Service Charges or Non-Routine Maintenance and Emergency Repairs Charges; and

v) Any other fees, expense, or uncollectible accrued rent posted as revenue from a prior period as provided for within this Agreement.

Except as otherwise provided in this Agreement, the Owner shall be paid by check on or before the thirtieth (30th) day of the month following the month for which Rent is calculated. To the extent that the amount of Owner’s Rent for any month is insufficient to offset the amounts owed by Owner to the Company, the Company shall send an invoice for the amount owed by Owner, and Owner shall pay the Company the amount owed within fifteen (15) days of receipt of the invoice.

9. **Limitation on Company’s Duty to Owner**. Except as specifically provided herein, Owner acknowledges and agrees that the Company owes no duties of any kind to Owner, including, without limitation, duties of a fiduciary nature, and the Company’s non-fiduciary duties shall be limited to the payment of Rent to the extent and as and when due, and the maintenance of accurate books of account with respect to Owner’s Unit.

10. **Owner’s Use of the Unit**. Owner and the Company agree that:

(a) Owner Usage. Owner acknowledges that their use or the use by their family and non-paying guests are subject to the terms and conditions of this Agreement and Owner relinquishes all rights to use the Unit and further assigns the use of the Unit, except by prior reservation with Manager, and only if the Unit has not been rented for any portion of such period by the time a request for such reservation is received by Manager. Owner agrees to abide by the conditions of personal use as set forth by the Manager and County of Cass, specifically that personal use of the Unit will be limited to not more than 42 days between May 1 and November 1. Owner may request additional occupancy of the Unit for Owner’s own personal use on an “as-available” basis (as solely determined by Manager) subject to certain business limitations imposed by Manager. Owner, Owner’s family and non-paying guests of Owner reservation requests should be made as far in advance as possible, but not less than 13 months in advance of desired occupancy dates in order to assure that the Owner has first option on the selected dates. Requests for Owner, Owner’s family, or non-paying guests of Owner reservations that are made less than 13 months in advance will be accommodated provided the unit has not been rented by the time the request has been made. Manager will attempt to accommodate Owner’s requested

occupancy dates provided Manager receives such written notice prior to the requested periods of occupancy and provided the Owner's unit has not already been rented for any portion of such period by the time the request has been made.

(b) **Registration, Check-in and Check-out Policies.** Owner shall register at the front desk of the Resort located at Cragun's Resort or other location designated by the Company, in order to receive a key to Owner's Unit. Owner and his or her personal guests shall: (i) comply with any applicable arrival/departure requirements established by the Company for use of the Unit during holidays, special events, and peak occupancy periods; and (ii) comply with any established check-in and check-out procedures and times. Owner shall not enter the Unit, nor use any common areas appurtenant to the Unit, nor permit any person, whether family member, repairman, or Owner's non-paying guests to do so, other than during previously reserved dates of occupancy by Owner, without prior notification to, approval of, and coordination with the Company. If Owner, Owner's family or Owner's non-paying guests fail to vacate by checkout times applicable to all tenants, Company may move a subsequent rental reservation from Owner's Unit to a comparable Unit in order to allow time for Owner's Departure Cleaning. However, if a Guest is placed in another Unit that rents for a higher rate or if any remuneration is paid or allowed to the Guest for such relocation, Owner will be charged the difference between the agreed rate and higher rental rate for length of Guests stay plus any remuneration paid or allowed to such Guest.

(c) **Departure Cleaning and Daily Use Fees.** For any day that Owner, Owner's family or Owner's non-paying guests use the Unit, the Company will provide its standard daily housekeeping and cleaning services and supply the standard amenities (such as soap, shampoo, coffee, etc), to the Unit at Owner's request. The Company may charge a Daily Use Fee for such services for any day that Owner, Owner's family or Owner's non-paying guest, other than a Guest, uses the Unit and requests such service, provided that the Resort provides such services. The Company may adjust the Daily Use Fee to reflect changes in the Company's costs of services. Regardless of whether daily housekeeping or cleaning services are requested, upon checkout by Owner, Owner's family or Owner's non-paying guest, Company shall conduct a Departure Cleaning and charge the Owner the Departure Cleaning Charge set forth at Schedule A.

(d) **Credit Card Authorization.** In order to assure Owner's timely payment of any amounts that may be owed by Owner under this Agreement, Owner agrees to maintain a valid credit card authorization on file with the Company subject to PCA merchant service requirements. A form of credit card authorization will be provided by the Company to Owner. This card will be used to pay all expenses owed that are past due by 30 days from the date of the invoice and to immediately pay any incidental charges, including food, beverage, spa services, or in room entertainment used by Owner, Owner's family or Owner's non-paying guests during a stay at the Unit and charged to the Unit. The Company will mail Owner a copy of the receipt within thirty (30) days of each charge. Owner hereby authorizes the Company and Manager to access the credit established in this paragraph in order to meet Owner's financial obligations under this Agreement, including all charges and assessments set forth in Section 8.

(e) **Alternative Accommodations.** The Company may, in its sole discretion, provide Owner with accommodation in another Unit with similar features in the event that it determines that the Owner's Unit is not available for any reason for Owner's use. Such accommodations under this subsection shall not be subject to Rent payments to the other Unit Owner.

11. **Use of Docks.** Use of Company or Resort docks by the Owner, Owner's guests on the lake is strictly limited as provided for within this agreement. The Owner and Owner's guests (collectively) can rent a Company-owned slip during such time that the Owner and/or Owner's guest(s) are in residence at his/her Unit, subject to availability. Company shall not be held liable for any injury or damage that may occur to Owner, Owner's family or Owner's non-paying guests while using the Company's docks and slips. Furthermore, Owner hereby agrees to indemnify Company for any injury or damage Owner, Owner's family or Owner's non-paying guests cause to others, to the property of others or to Resort property while using Company docks.

12. **Complimentary Use of Unit.** In an effort to continue to promote rental of the Unit and to familiarize representatives of corporate customers, travel agencies and promoters, airlines and other organizations with the Rental Management Program, the Company may, for up to five (5) nights per year, provide complimentary use of the Unit, without charge or expense, to anyone who in its sole discretion, the Company believes will serve the long term best interests and goal of maximizing the value of the Rental Management Program and the Unit; provided, however, that the Company will use its best efforts to ensure that complimentary use does not displace paying Guests.

13. **Rules, Regulations and Standards.** Owner shall at all times abide by and comply with all rules and regulations established from time to time by the Company as well as those contained in the Association Governing Documents. Owner shall also ensure, at Owner's sole cost and expense, that the Unit shall at all times comply with all standards established from time to time by the Company and with all inspection reports and product improvement plans issued from time to time by the Company. Owner covenants and agrees not to interfere with, at any time, the employees, agents and/or contractors of the Company. Owner further agrees that, in order to maintain the uniform appearance of the Unit and maintain the quality standards of the Rental Management Program, he or she will not display any signs that are visible to the public from the inside or outside of the Unit.

14. **Limited Power of Attorney.** Owner does hereby irrevocably name, constitute and appoint the Company, its Manager, legal representatives, successors and assigns as Owner's attorney-in-fact for the term of this Agreement for the limited

purposes of (i) providing Guests with full access to all areas associated with the Unit, (ii) causing Unit maintenance activities, utility service restoration and emergency repair services required to be undertaken promptly, (iii) issuing and signing confirmed reservations for the Unit, and (iv) taking any action, that may be lawfully permitted and required to evict any Guest.

15. **Assignment.**

(a) Assignment by Company. The Company may assign this Agreement without Owner's consent to any affiliate of the Company or to any successor operator.

(b) Assignment by Owner. Owner may not assign this Agreement, in whole or in part, except as provided elsewhere within this Agreement or as follows: (1) as a gift to a family member in a non-taxable transaction; (2) as a transfer in a non-taxable transaction to a trust or family limited partnership for estate planning purposes; (3) to a purchaser of the Unit; or (4) with the prior written consent of the Company. Any transferee under this paragraph must first agree in writing to be bound by the terms and conditions of this Agreement for such assignment to be effective. Owner shall notify Company of Owner's intent to sell the Unit and will coordinate all showings through Company. Owner understands that Company reserves the right to refuse to show the Unit while it is occupied or to offer a discount to encourage a showing. In the event of any sale, or other hypothecation of any of Owner's interest in the Unit, the assignee of the Unit shall be required to enter into a new Unit Rental Agreement with Company under the terms and conditions of Company at such time of the contemplated transfer. Owner shall transfer title to the Unit "subject to reservations booked at the time of closing" and the new Owner shall be subject to the terms and conditions of this Agreement for such reservations.

16. **Default by Owner.** If Owner shall default in the performance of Owner's obligations under this Agreement or fail to abide by the rules and regulations established from time to time by the Company and such default shall continue thirty (30) days after Owner's receipt of written notice from the Company detailing the default in question, the Company may, in addition to all other remedies available to the Company at law, lien against the Unit for the amount of fees and charges owed Company and its affiliates, terminate this Agreement and/or temporarily cease its efforts to rent the Unit pursuant to this Agreement until such time as Owner has cured the default or satisfied the deficiency; provided, however, if, as a result of such default, the Unit is not in a condition suitable for rental, the Company may immediately cease renting the Unit until such time as Owner's default is cured at Owner's expense. Provided further that following two defaults in any one calendar year, Owner shall no longer be entitled to a right to cure without written consent of Company.

17. **Default by Company.** If the Company shall default in the performance of its obligations under this Agreement and shall fail to cure such default within thirty (30) days after the Company's receipt of written notice from Owner detailing the default in question, Owner may, as its sole and exclusive remedy, terminate this Agreement by delivery to the Company of a written termination notice at any time prior to the date that the Company has cured the default in question.

18. **No Guaranteed Rental or Rent.** OWNER ACKNOWLEDGES THAT THERE ARE NO RENTAL INCOME GUARANTEES OF ANY NATURE, NO POOLING AGREEMENTS WHATSOEVER, AND NO REPRESENTATIONS OTHER THAN WHAT IS CONTAINED IN THIS AGREEMENT. NEITHER THE COMPANY NOR MANAGER GUARANTEES THAT OWNER WILL RECEIVE ANY MINIMUM PAYMENTS UNDER THIS AGREEMENT OR THAT OWNER WILL RECEIVE RENTAL INCOME EQUIVALENT TO THAT GENERATED BY ANY OTHER Unit IN THE HOTEL.

19 **Owner Acknowledgements.**

(a) OWNER UNDERSTANDS AND ACKNOWLEDGES THAT EXECUTION OF THIS AGREEMENT AND PARTICIPATION IN THE UNIT RENTAL PROGRAM IS VOLUNTARY, AT THE OPTION OF THE OWNER, AND IS NOT A REQUIREMENT OF OWNERSHIP OF THE UNIT. OWNER FURTHER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT NEITHER THE COMPANY NOR MANAGER, OR ANY OF THEIR RESPECTIVE OFFICERS, REPRESENTATIVES, EMPLOYEES, AGENTS, SUBSIDIARIES, PARENT THE COMPANY AND AFFILIATES HAS (i) MADE ANY STATEMENTS OR REPRESENTATIONS WITH RESPECT TO THE ECONOMIC OR TAX BENEFITS OF OWNERSHIP OF THE UNIT; (ii) EMPHASIZED THE ECONOMIC BENEFITS TO BE DERIVED FROM THE MANAGERIAL EFFORTS OF THE COMPANY OR MANAGER OR FROM PARTICIPATION IN THE UNIT RENTAL MANAGEMENT PROGRAM; (iii) MADE ANY SUGGESTION, IMPLICATION, STATEMENT OR REPRESENTATION, THAT ANY POOLING ARRANGEMENT WILL EXIST WITH PARTICIPANTS IN THIS PROGRAM OR THAT OWNER WILL SHARE IN ANY WAY IN THE RENTAL PROCEEDS OF OTHER UNIT OWNERS IN THE RENTAL MANAGEMENT PROGRAM; OR (iv) MADE ANY SUGGESTION, IMPLICATION, STATEMENT OR REPRESENTATION, THAT OWNER IS NOT PERMITTED TO RENT THE UNIT DIRECTLY OR TO USE OTHER RESERVATIONS AGENTS TO RENT THE UNIT.

(b) PURSUANT TO THE TERMS OF ANY MANAGEMENT AGREEMENT THAT HAS BEEN OR MAY BE ENTERED INTO BY THE COMPANY WITH A MANAGER, EITHER THE COMPANY OR MANAGER MAY TERMINATE SAME IN ACCORDANCE WITH THE PROVISIONS THEREOF AND THEREFORE OWNER HEREBY ACKNOWLEDGES

THAT THERE CAN BE NO GUARANTEE THAT MANAGER WILL OPERATE THE RENTAL MANAGEMENT PROGRAM THROUGHOUT THE TERM OF THIS AGREEMENT. THE EVENT OF A TERMINATION OF MANAGER AS THE OPERATOR SHALL NOT CONSTITUTE A DEFAULT UNDER THIS AGREEMENT AND THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REPLACE MANAGER WITH ANOTHER OPERATOR OF THE COMPANY'S CHOOSING. ALL PROPERTIES SHALL BE LEASED AND MANAGED WITHOUT REGARD TO THE OWNER'S OR PROSPECTIVE TENANT'S SEX, RACE, COLOR, RELIGION, NATIONAL ORIGIN, HANDICAP, FAMILIAL STATUS OR SEXUAL PREFERENCE.

20. **Ownership of Marks.** Owner acknowledges that the name "Cragun's Resort", "Cragun's Resort Golf and Conference", "Cragun's Resort on Gull Lake", and the other trademarks and service marks used by the Company and Legacy Resort, LLC associated with the Cragun's Resort (collectively, "Marks") have acquired valuable secondary meanings and goodwill in the minds of the hospitality trade and the public and that services and products bearing the name "Cragun's", "Cragun's Resort", "Cragun's Resort on Gull Lake" and the like, including any of the other Marks have acquired a reputation of high quality service. Without prejudice to this Agreement, Owner acknowledges that Owner has no claim to any right, title and interest in and to the Marks or any and all forms or embodiments thereof nor to the goodwill attached to the Marks in connection with the business, operations and goods in relation to which the same have been and may be used by Owner. The Company shall have the sole and exclusive right to use of the Marks for marketing and operation of the Resort, and Owner shall have no right to use such Marks at any time during or after the Term of this Agreement for any purpose except with the prior written consent of the Company. Owner will not at any time do or suffer to be done any act or thing which may, in any way, impair the rights of the Company in and to the Marks or which may affect the validity of the Marks or which may depreciate the value of such trade and service marks including any web site addresses, names or any of the other Marks or the established prestige and goodwill connected with any of the same.

21. **Miscellaneous Provisions.** This Agreement shall be subject to and contingent upon the following:

(a) **Limitation of Liability.** Neither the Company, or its Manager, nor any of their respective officers, representatives, employees, agents, subsidiaries, parent and affiliates shall be liable for any loss or damage to any person or Unit, including, but not limited to, Owner, Owner's family or Owner's non-paying guests, the Guests, the Unit and its equipment, furnishings and appliances, of any nature resulting from any accident or occurrence in or upon the Unit, or the building in which the Unit is a part, including but not limited to, any and all claims, demands, damages, costs and expenses (including, without limitation, attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) resulting from: (i) the acts or omissions of Guests; (ii) wind, rain or other elements; or (iii) theft, vandalism, fire, earthquake, storm or other casualty; strikes, lockouts, or other labor interruptions; war, rebellion, riots or other civil unrest; or any other similar event beyond the control of the Company or Manager.

(b) **Entire Agreement; Amendments.** The parties hereto agree and acknowledge that this Agreement, constitutes the entire Agreement between the parties with respect to the rental of the Unit, and there are no oral or written amendments, modifications, other agreements or representations. The Company may, no more frequently than once each year, upon at least sixty (60) days prior written notice to Owner, modify the services to be provided by the Company and/or adjust the charges payable for services provided for herein to reflect additions or changes in services provided by the Company generally to all Guests, and to reflect actual changes in the cost of providing services by the Company generally to all Guests. Except for this annual adjustment to services and charges, this Agreement may not be amended, supplemented, terminated or modified except with the prior written agreement of Owner and the Company.

(c) **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Minnesota, without giving application to principles of conflicts of laws, which shall control all matters relating to the execution, validity and enforcement of this Agreement.

(d) **Dispute Resolution.** The parties to this Agreement shall endeavor in good faith to resolve any dispute, claim or other matters in question arising out of, or related in any way to this Agreement or breach thereof ("Claim"). If the parties fail to do so within ten (10) days after such dispute arises, a party must refer the Claim to non-binding mediation before, and as a condition precedent to, the initiation of any arbitration proceeding. Each party to the dispute agrees to participate in up to four hours of mediation. The mediator shall be selected by the parties, or if the parties are unable to agree on a mediator then any party can request the administrator of the Cass County District Court and/or similar person, to select a person from its list of qualified neutrals. The mediation shall be attended by employees or agents of each party having authority to settle the dispute. All expenses related to the mediation shall be borne by each party on its own behalf, including without limitation, the costs of any experts or legal counsel. All applicable statutes of limitations and all defenses based on the passage of time are tolled while the mediation procedures are pending, and for a period of 30 days thereafter.

(e) If the dispute is not resolved within 45 days after the initial mediation session, either party may submit the matter to the "Approved Arbitrator" (as defined below) for binding arbitration under this Section. The parties and such Approved Arbitrator shall hold a hearing (which shall not exceed two (2) days in length) within thirty (30) days after the initial submission of the matter to such Approved Arbitrator, and the decision of the Approved Arbitrator shall be rendered within twenty (20) days

after such hearing. The Approved Arbitrator shall have the power to equitably allocate the time for presentation of evidence between the parties. The arbitration shall be administered by the Approved Arbitrator and it shall not be necessary to file such arbitration with the American Arbitration Association. The Approved Arbitrator shall have the right, without limitation, to order specific performance and injunctive relief. Judgment upon the decision rendered by the Approved Arbitrator shall be final, binding and unappealable, and may be rendered and enforced in any court having jurisdiction thereof. The "Approved Arbitrator" shall be chosen by the administrator of the Cass County District Court and/or similar person, from a list of qualified neutral arbitrators. EACH PARTY ACKNOWLEDGES THAT THE PARTY IS KNOWINGLY WAIVING THE RIGHT TO A TRIAL BY JURY RELATING TO ALL CLAIMS.

(f) Authority of Single Owner. Recognizing the fact that there may be several Owners of a single Unit, it is hereby agreed that Owner's designee, as listed on the front page of this Agreement, shall have the authority to issue any and all instructions to the Company, and the Company shall act in reliance thereon.

(g) Severability. If any clause or provision of this Agreement shall be held invalid or void for any reason, such invalid or void clause or provision shall not affect the whole of this Agreement and the balance of the provisions of this Agreement shall remain in full force and effect.

(h) Notices. Any notice or demand required under this Agreement or by law shall be in writing and shall be deemed effective upon receipt if sent by personal delivery, upon email delivery with return read receipt; one (1) business day if sent by express overnight delivery with a nationally recognized courier service (such as Federal Express); or three (3) business days after having been sent by US mail, certified mail, return receipt requested and addressed to the Owner at the address set forth above in the recitals of this Agreement or to the Company at 11000 Craguns Dr, Brainerd, MN 56401, Attn: General Manager. Either party may change such addresses with written notice to the other party.

(i) Authorization. Owner represents and warrants to the Company that Owner has the full authority to enter into this Agreement, and that there is no other party with an interest in the Unit whose joinder in this Agreement is necessary.

(j) Time of the Essence. For all purposes of this Agreement it shall be understood that time is of the essence.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

CRAGUN'S RENTAL MANAGEMENT, LLC

OWNER:

By: _____
_____, _____

Print Name & Title (if applicable):

By: : _____
Colette Huston, Minnesota Realtor #40808977

CO-OWNER (if applicable):

Print Name: _____

Dated Signed: _____

PET DESIGNATION POLICY

While managing and making reservations for your Unit, the Company would like to designate it as a Pet Friendly Unit, unless you request otherwise. Although the Company cannot guarantee that a Guest will not have possession of a pet in the Unit, it is the Company's experience that most people will honor a request for NO PETS if made. Please initial below ONLY IF YOU WANT YOUR Unit TO BE A NO-PET Unit. OTHERWISE, IT WILL BE DESIGNATED AS A PET-FRIENDLY Unit if Pet Friendly Units are made available to rental customers.

I would like to designate my Unit NUMBER as a NO PET Unit. _____ (Initial if applicable).

PRICE AND FEE SCHEDULE

Calendar year 2025

(Charges are subject to annual adjustments by Company to reflect increases in costs of services.)

5% Admin Fee (covers program administration, accounting, credit card fees and owner support services.)	
On-Demand Housekeeping Fees (charges will be disclosed prior to service)	(Provided upon request)
Departure Cleaning Charge (charged following last day Owner's use)	\$70 per bedroom
Annual Linen, Kitchen wares, Minor Maintenance Guest Supply Fee Includes all kitchen supplies; bathroom supplies such as waste baskets, shower curtains; bedroom supplies such as clocks, hangers, mattress pads, blankets, pillows, linens, shower curtains.	\$500 per bedroom charged annually. Billed with July statement in 2025.
Annual Deep Cleaning Charge (Includes deep cleaning of entire unit - closets, shelves, tile, counters, carpet, windows, upholstery, underneath furniture, etc.)	\$150 per bedroom (includes cleaning for the entire Unit). Billed with July statement.
Non-Routine Maintenance and Repair Services	At cost to Company plus 15% mark-up for materials (5% for outside contractor invoices) In-house labor to be billed at \$55 per hour (minimum ½ hour charge)
Repair and replacement services to return Unit to acceptable rating under Section 5(c) of Agreement	At cost to Company plus 15% mark-up for materials (5% for outside contractor invoices) In-house labor to be billed at \$55 per hour (minimum ½ hour charge)