

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF ARKANSAS
CENTRAL DIVISION**

In re:

THE FAIRWAYS TOWNHOUSE
ASSOCIATION, INC.,¹

Debtor.

Chapter 11, Subchapter V

Case No.: 4:26-bk-10480

**DECLARATION OF AMY MORIARITY IN SUPPORT OF DEBTOR'S CHAPTER 11
PETITION AND APPLICATIONS FOR FIRST DAY RELIEF**

I, Amy Moriarity, of full age, hereby certify and declare pursuant to Title 28 of the United States Code, Section 1746, as follows:

1. I am the President of the Board of Directors of The Fairways Townhouse Association, Inc. ("Debtor" or "Association").

2. I make this Declaration based on my personal knowledge, a review of records of Debtor, a review of documents publicly filed, and/or information available through counsel, agents and/or representatives of the Association.

3. I submit this Declaration to assist the Court and parties in interest in understanding the events and circumstances leading to the commencement of this case, and in support of the motions and other "first day" pleadings filed by Debtor (collectively, the "First Day Motions"), as set forth in more detail in Section M of this Declaration.² I am authorized to submit this Declaration on behalf of Debtor.

¹ The last four digits of Debtor's tax identification number are 3207.

² The First Day Motions are filed jointly on behalf of Debtor, and four Other Associations (defined herein) at the Master Development (defined herein). The Other Associations are also debtors in bankruptcy cases pending before this Court.

4. If called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

5. On February 11, 2026 (the “Petition Date”), the Association filed a voluntary petition for relief pursuant to title 11 of the United States Code³ (the “Bankruptcy Code”). Since the Petition Date, Debtor has remained in possession of its assets and has continued management of its property, business, and affairs.

A. History of the Association and Governing Documents.

6. The Association is a non-profit corporation organized under the laws of the State of Arkansas pursuant to Articles of Incorporation filed with the Secretary of State of the State of Arkansas on June 18, 1982 (the “Articles of Incorporation”). Pursuant to the Articles of Incorporation, the Association was organized “*[t]o operate, manage, lease, maintain and repair Units, replace furnishings and generally to administer the affairs of owners of Units and Unit Weeks within The Fairways Townhouses now platted or which may be platted with respect to the use of the Unit, occupancy of the Units and payment of expenses, and to have all those powers enumerated in the Supplemental Declaration of Covenants and Restrictions for The Fairways Townhouses of record or to be recorded in the Circuit Clerk and Ex-Officio Recorder’s Office of Van Buren County, Arkansas.*”

7. The original Bylaws for the Association were dated June 23, 1982 were recorded with the Circuit Clerk and Ex-Officio Recorder’s Office for Van Buren County, Arkansas (the “Recorder’s Office”). A First Amendment to the Bylaws of The Fairways Townhouse Association,

³ All references to the “Bankruptcy Code” herein refer to 11 U.S.C. §§101-1532.

Inc. was recorded with the Third Amendment on December 16, 2021 in Book 2021 at Page 6676.007. The Bylaws as amended are referred to as the “Bylaws”.

8. Pursuant to the Bylaws, the Association is managed by a Board of Directors (the “Board”). The current members of the Board are Amy Moriarity; President Heather Blevins; Vice President; and Shane Prince, Secretary/Treasurer.

B. Property Structure.

9. The Association was formed pursuant to a Supplemental Declaration of Covenants and Restrictions for The Fairways (“Supplemental Declaration”) dated June 23, 1982 recorded on June 23, 1982 in Volume 154 at Page 333 et seq in the Circuit Clerk and Ex-Officio Recorder’s Office for Van Buren County, Arkansas. The Supplemental Declaration was amended by: (i) that certain First Amendment to Supplemental Declaration of Covenants and Restrictions for The Fairways (“First Amendment”) dated March 28, 1983 and recorded on April 6, 1983 in Book 161 at Page 3 in the Recorder’s Office, (ii) that certain First Additional Supplemental Declaration of Covenants and Restrictions for The Fairways (“First Additional Supplemental”) recorded on April 27, 1983 in Book 161 at Page 285 in the Recorder’s Office, (iii) that certain Second Additional Supplemental Declaration of Covenants and Restrictions for The Fairways (“Second Additional Supplemental”) recorded on April 27, 1983 in Book 161 at Page 290 in the Recorder’s Office, (iv) that certain Third Additional Supplemental Declaration of Covenants and Restrictions for The Fairways (“Third Additional Supplemental”) recorded on October 24, 1983 in Book 166 at Page 309 in the Recorder’s Office, and by that certain Fourth Additional Supplemental Declaration of Covenants and Restrictions for The Fairways (“Fourth Additional Supplemental”) recorded on October 24, 1983 in Book 166 at Page 315 in the Recorder’s Office, (v) that certain Fifth Additional Supplemental Declaration of Covenants and Restrictions for The Fairways (“Fifth Additional Supplemental”) recorded on April 30, 1984 as Document No. 84-1538 in the Recorder’s Office, (vi)

that certain Second Amendment to Supplemental Declaration of Covenants and Restrictions for The Fairways (“Second Amendment”) dated June 4, 1984 and recorded on June 8, 1984 as Document No. 84-2212 in the Recorder’s Office, (vii) that certain Third Amendment to Supplemental Declaration of Covenants and Restrictions for The Fairways (“Third Amendment”) dated November 10, 2021 and recorded on December 16, 2021 in Book 2021 at Page 6676 in the Recorder’s Office. The Supplemental Declaration, First Amendment, First Additional Supplemental, Second Additional, Third Additional Supplemental, Fourth Additional Supplemental, Fifth Additional Supplemental, Second Amendment and Third Amendment are collectively referred to as the “Declaration”.

10. The Declaration submits the property identified in the Declaration to an interval form of ownership.

11. Pursuant to Section 10 of Article 1 of the Declaration, “*‘Townhouse Unit’ or ‘Unit’ means a separate unit delineated as such on the plat and/or plans of ‘The Fairways Townhouses’ together with the undivided interest in the limited common elements appertaining to that unit.*”

12. Pursuant to section 13 of Article I of the Declaration, “*‘Interval Ownership’ means that form of ownership of a townhouse unit whereby such unit is conveyed for periods of time, the purchaser receiving a defined period for a period of years together with a remainder over in fee simple as a tenant in common with all other purchasers of unit weeks in such townhouse unit on the First Saturday in the year 2022 at 4:00 o’clock P.M.*”

13. Pursuant to Section 17 of Article I of the Declaration, “*‘Unit Week’ means a period of interval ownership in a townhouse unit committed to interval ownership.*”

14. Pursuant to Section 19 of Article I of the Declaration, “*‘Unit committed to interval ownership’ means any townhouse unit sold under a plan of interval owners.*”

15. Pursuant to Section 16 of Article I of the Declaration, *“‘Unit Owner’ means one or more person(s), his heirs, successors and assigns, who own or owns a townhouse unit or whose leasehold interest or interests in the unit or units extends for the entire balance of the unexpired term or terms.”*

16. Pursuant to Section 18 of Article I of the Declaration, *“‘Unit Week Purchaser’ means one or more person(s), his heirs, successors and assigns, who shall purchase a unit or unit week(s) in a unit in The Fairways Townhouses.”*

17. Pursuant to Section 5 of Article I of the Declaration, *“‘Common Property’ or ‘Common Area’, or ‘Common Elements’ shall mean those properties defined as such in Article I, Section I (D) of the aforesaid Declaration dated April 15, 1970.”*

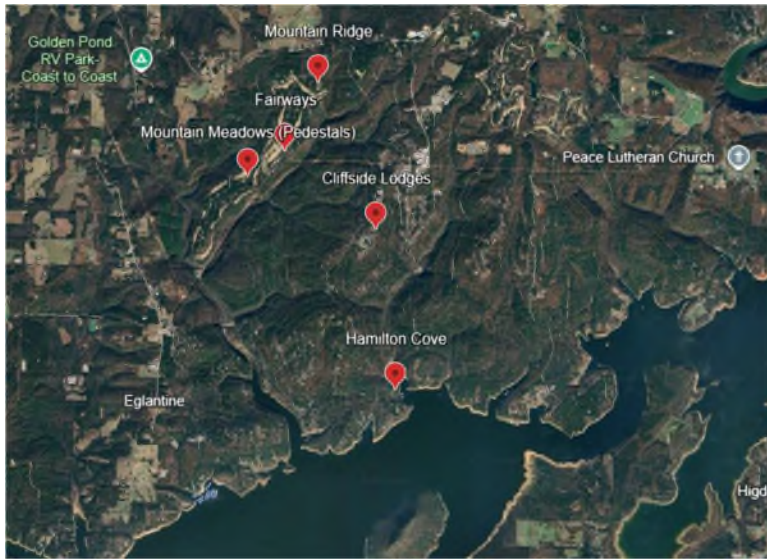
18. Pursuant Section 1 of Article II of the Bylaws, *“All owners of units or unit weeks within the above Townhouses as now platted or as may be platted will be members of The Fairways Townhouse Association, Inc.”* Each owner is referred to herein individually as an “Association Member” and collectively as the “Association Members”.

C. Property Description.

19. The property subject to the Declaration that is governed by the Association is located at 100 Fairways Drive, Fairfield Bay, AR 72088 and commonly known as *The Fairways Townhouse* (the “Property”). The Property consists of 17 buildings containing 68 - 2 Bedroom Units and their concomitant common areas.

20. The Property is operated as a timeshare community. All Units are fully furnished, and each contains a full kitchen.

21. The following photographs depict the location of the Property and certain of the buildings at the Property:



D. The Master Declaration

22. The Declaration and the Property are also subject to the provisions of the Declaration of Covenants and Restrictions with Protective Covenants for Fairfield Bay Van Buren and Cleburn Counties, Arkansas recorded on April 29, 1970 in Book 23, Page 249 in the Recorder's Office, as amended by (i) that certain Amendment to Declaration of Covenants and Restrictions recorded on July 23, 1975 in Book 112 at Page 187 in the Recorder's Office and by that certain Supplemental Declaration of Covenants and Restrictions recorded on June 2, 1981 in Book 144 at Page 505 in the Recorder's Office, (ii) that certain Supplemental Declaration of Covenants and Restrictions recorded on September 16, 1981 in Book 147 at Page 431 in the Recorder's Office, (iii) that certain Second Amendment to Declaration of Covenants and Restrictions recorded on October 12, 1982 in Book 157 at Page 293 in the Recorder's Office, (iv) that certain Third Amended and Restated Declaration of Covenants and Restrictions recorded on October 22, 1993 as Document No. 93-4756 in the Recorder's Office, (v) that certain Amendment and Supplement to Third Amended and Restated Declaration of Covenants and Restrictions recorded on September 11, 1997 as Document No. 97-4692 in the Recorder's Office, (vi) that certain Amendment and Supplement to Third Amended and Restated Declaration of Covenants and Restrictions Pursuant to Membership Vote of March 10, 1998 recorded on March 30, 2000 as Document No. 20001582 in the Recorder's Office, (vii) that certain Amendment and Supplement to Third Amended and Restated Declaration of Covenants and Restrictions Pursuant to Membership Vote of July 18, 2003 recorded on August 6, 2003 as Document No. 20034445 in the Recorder's Office, (viii) that certain Amendment and Supplement to Third Amended and Restated Declaration of Covenants and Restrictions recorded on February 24, 2009 as Document No. 20091773 in the Recorder's Office, and (ix) that certain Amendment and Supplement to Third Amended and Restated Declaration of Covenants and Restrictions recorded on August 20, 2009 as Document No. 20097240 in the Recorder's Office Fourth Amended and Restated

Declaration of Covenants and Restrictions recorded on September 15, 2023 as Document No. 2023-5125 in the Recorder's Office. The foregoing instruments are collectively referred to as the "Master Declaration". The Master Declaration provides that the Property (*The Fairways Townhouses*) is a subdevelopment within a master development known as *The Bay a/k/a Fairfield Bay* (the "Master Development").

23. Section B(1)(b) of Article III of the Master Declaration also provides that Association Members are also Regular Members-Interval Owners of Fairfield Bay Community Club, Inc. (the "Master Association"). Pursuant to Sections 2 and 3 of Article X of the Master Declaration, the Association Members are obligated to make periodic payments to the Master Association for the "*purpose of promoting the recreation, health, safety, and welfare of the Owner(s) of the Properties and in particular for the improvement and maintenance of Properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Properties and the improvements situated upon the Common Properties, including but not limited to the payment of taxes and insurance thereon, and construction of capital improvements, repair, replacement, and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.*" Pursuant to Section 4 of Article X of the Master Declaration, "*[t]he annual Assessment for Living Units committed to Interval Ownership may be fixed at a higher rate than the Assessment for other memberships but shall not exceed two times the Assessment for the highest rate available for regular memberships.*" The Association collects those fees assessed by the Master Association from Association Members and remits them to the Master Association.

E. Ownership Interests of the Property.

24. The seventeen (17) buildings in The Fairways Townhouse Development were built and added to the interval ownership plan in six (6) phases. Each building contains four (4) Units,

which are operated as timeshares under the Interval Ownership Plan. The buildings contain the following Units:

- The Fairways Phase One: Buildings 1-5, Units 1-20
- The Fairways Phase Two: Buildings 6 and 7, Units 21-28
- The Fairways Phase Three: Buildings 8 and 9, Units 29-36
- The Fairways Phase Four: Buildings 10 and 11, Units 37-44
- The Fairways Phase Five: Buildings 12 and 13, Units 45-52
- The Fairways Phase Six: Buildings 14-17, Units 53-68

25. Each of the sixty-eight (68) Units at the Property contains fifty-two (52) Unit Weeks.

There are a total of thirty-five hundred thirty-six (3,536) Unit Weeks at the Property.

26. Pursuant to a Special Warranty Deed dated September 3, 2025, and recorded as in Book 2025 at Page 3573 in the Recorder's Office on September 12, 2025, the Association owns two (2) Unit Weeks in each Unit at the Property as follows:

- The Fairways Phase One:
 - Buildings 1-3, Units 1-12, Weeks 49 and 50
 - Buildings 4-5, Units 13-20, Weeks 1 and 2
- The Fairways Phase Two:
 - Building 6, Units 21-24, Weeks 2 and 3
 - Building 7, Units 22-28, Weeks 6 and 7
- The Fairways Phase Three:
 - Buildings 8 and 9, Units 29-35, Weeks 6 and 7
 - Building 9, Unit 36, Weeks 1 and 6
- The Fairways Phase Four:
 - Building 10, Unit 37, Weeks 5 and 49
 - Buildings 10 and 11, Units 38-44, Weeks 4 and 5
- The Fairways Phase Five:
 - Buildings 12 and 13, Units 45-50 and 52, Weeks 5 and 6
 - Building 13, Unit 51, Weeks 5 and 46
- The Fairways Phase Six:

- o Building 14, Units 53-56, Weeks 49 and 50
- o Buildings 15-17, Units 57-68, Weeks 3 and 4

27. Accordingly, the Association owns 136 Unit Weeks at the Property together with a concomitant share of the common elements (the “Association Interest”). The Association Interest comprises approximately 3.85% of the total Unit Weeks at the Property. The Association owns the Association Interest as a tenant-in-common with all Interval Owners at the Property. The Unit Weeks owned by the Association, are sometimes referred to as maintenance weeks.

28. PTVO Owners Association, Inc. (“PTVO”)⁴ owns 1,967 Unit Weeks at the Property, which is approximately 55.63% the total Unit Weeks.

29. Wyndham Vacation Resorts, Inc. (“WVR”) owns 489 Unit Weeks, which is 13.83% of the total Unit Weeks at the Property.

30. The remaining 944 Unit Weeks (approximately 26.7% of the total) are owned by parties to corresponding contracts, with each interval having its own separate corresponding contract.

31. Upon information and belief, CWA (discussed in footnote 4) has or may offer to acquire certain Interval Owners’ interest(s) in the Property, in exchange for certain consideration. Debtor is not and will not be a party to any such transaction.

⁴ Upon information and belief, pursuant to the Declaration of Covenants, Conditions and Restrictions; Grant and Reservation of Easements for Club Wyndham Access Vacation Ownership Plan (“CWA”), dated January 3, 2008, as amended, supplemented or restated from time to time (the “Club Declaration”), PTVO, a non-stock, non-profit corporation duly organized and existing under the laws of the State of Delaware, and Wyndham Vacation Resorts, Inc. created a multi-site timeshare program known as Club Wyndham Access. Upon Information and belief, pursuant to a Declaration of Trust for CWA dated as of January 4, 2008, as amended, supplemented or restated from time to time, (the “Trust Declaration”) PTVO and Wyndham Vacation Resorts, Inc. created an irrevocable trust to hold legal title to certain real property interests in one or more resort properties (“Club Properties”) that have been subjected to the Club Declaration. Upon information and belief, the Club Properties are deeded to First American Trust, a Federal Savings Bank (“First American Trust”). Upon information and belief, First American Trust is the trustee under the Trust Declaration. Upon information and belief, PTVO is the beneficiary under the Trust Declaration.

F. The Reserve Study and Occupancy.

32. The Property faces challenges related to a decline in occupancy as well as needed repairs, capital improvements and renovations. Pursuant to the 2025 reserve study received by the Board (the “Reserve Study”), the Property needs repairs, capital improvements, and renovations estimated to cost \$6.6 million from 2026 through 2028. A copy of the Reserve Study is attached at **Exhibit “A”** hereto.

33. Pursuant to the Reserve Study (i) the budgeted annual reserve contribution for the 2025 fiscal year is \$922,912.98 or \$271.44/unit week based on 3,400 unit weeks (68 units x 50 weeks), (ii) the budgeted 2025 reserve funding amount does not adequately fund future projected reserve expenses as the reserve balance becomes negative in 2048, and (iii) to adequately meet future projected reserve expenditures, it will be necessary to increase the budgeted funding amount by 4% per year from 2026 to 2028, with increases of 3% annually thereafter.

34. The total 2025 annual maintenance fee of all Association Members was \$3,332,211. The Board forecasts 4% annual reserve increases for Association Members through 2028 and then 3% thereafter. Annual maintenance fees were \$980.06 per Unit Week owned in 2025. The Board forecasts maintenance fees increasing to \$1,029.51 per Unit Week owned in 2026.

35. In 2024, the occupancy rate at the Property was approximately 43.2%. In 2025, the occupancy rate at the Property was approximately 35.3%.

G. Maintenance Fee Delinquencies and Foreclosure Status.

36. As of December 31, 2025, (i) 177 Interval Owners were not current in the payment of maintenance fees, and (ii) the amount past due to the Association totaled \$544,019.85.

37. The Association has ordinarily utilized outside debt collection service providers to pursue collection of delinquent maintenance fees and will continue to do so in instances beneficial to the bankruptcy estate, in the Board’s business judgement.

38. WVR and the Association are parties to an Inventory Foreclosure Agreement dated January 3, 2011, as amended by the First Amendment to Inventory Foreclosure Agreement dated March 6, 2015 (collectively, the “IFA”). Pursuant to the IFA, the Association engaged WVR to provide assistance in foreclosure proceedings against “Delinquent Owners” (as defined in the IFA). The IFA provides for the assignment by the Association and purchase by WVR of “Delinquent Inventory” (as defined in the IFA) for the purpose of instituting foreclosure proceedings, deed in lieu of foreclosures and similar take-back proceedings. WVR pays for the costs of such foreclosures, deeds in lieu of foreclosures and similar take-back proceedings and in exchange for same title to the Delinquent Inventory is conveyed to WVR. WVR is then obligated to pay the Association the going forward maintenance fees on the Delinquent Inventory conveyed to WVR. The Association retains all rights to collect unpaid obligations from Delinquent Owners that remain from periods prior to title transfer to WVR.

39. As of December 31, 2025, the Association tendered to WVR accounts of approximately forty-five (45) Delinquent Owners for the purpose of instituting foreclosure proceedings, deed in lieu of foreclosures and similar take-back proceedings. WVR filed seventeen (17) foreclosure actions as to these accounts. In light of the bankruptcy filing, the Association intends to dismiss these actions, defer instituting new foreclosure actions, without prejudice to the right of the Association to continue or commence collection and/or foreclosure actions against Delinquent Owners and without waiver of any rights or remedies of the Association.

H. Management of the Property.

40. The Association, through its Board, is responsible for the operation, management and maintenance of the Property. Section 2 of Article III of the Bylaws specifically gives the Board the right to manage the Property, including hiring a management company.

41. The Association has historically retained a professional management company for the Property. The Association entered into an Amended and Restated Management Agreement with Wyndham Vacation Management, Inc.⁵ (the “Property Manager”) on January 1, 2025 (the “Management Agreement”).

42. By the Management Agreement, the Association appointed the Property Manager to provide certain services (collectively, the “Services”) as manager of the property for a term of five years, which automatically renews for successive five-year periods unless terminated upon 180 days written notice by either party of its intent not to renew upon the conclusion of the then-current period.

43. The Services provided by the Property Manager are set forth Paragraph 6 of the Management Agreement and include, (i) maintaining the Association’s books and records, (ii) conducting business correspondence on behalf of the Association, (iii) maintaining a master list of owners of interests in the Association, (iv) maintaining the Property and repairing individual units as needed, (v) contracting with vendors and service providers, (vi) entering into any concession, lease, equipment lease, contract, or agreement for the operation of the property use of machinery and equipment of the Association, (vii) purchasing such additional machinery and equipment as reasonably necessary for the maintenance and upkeep of the common elements and the VOI Units, (viii) purchase or contract for services, maintenance, material as it deems advisable, (ix) providing housekeeping services to the Association, (x) hiring and compensating employees working on behalf of the Association, (xi) hiring experts including attorneys, tax consultant, accountants and such other professionals and experts on behalf of the Association, (xii) supervising

⁵ Upon information and belief, the Property Manager is an affiliate of WVR (a member of the Association). Upon information and belief, both the Property Manager and WVR are indirect subsidiaries of Travel + Leisure Co.

and performing various financial and accounting services, including management of funds, maintaining bank accounts, coordinating all accounts payable, preparing financial statements and records, processing payroll obligations, reconciling bank statements, developing an annual budget, coordinating the preparation and filing of necessary tax returns, annual audits, and assessment billing and collections, (xiii) obtaining and maintaining all necessary insurance coverage, (xix) reservation, inventory management and owners services, (xx) client services, (xxi) check-in and check-out services, (xxii) IT Services, (xxiii) enforcing rules and regulations, (xxix) attending board meetings and member meetings, and (xxx) compliance with law (the “Services”).

44. The Property Manager passes through to the Association the costs of these Services on a dollar-for-dollar basis, without any markup.

45. The Property Manager’s only compensation is a flat rate “management fee” comprised of “ten (10%) percent of the Common Expenses assessed against the Owners” (the “Management Fee”). The Management Fee is to be paid in twelve equal installments on the first day of each month.

46. During 2025, the total amount paid under the Management Agreement for services was \$313,635.12, or approximately \$26,136.26 per month. In 2025, the Association also reimbursed the management company for additional expenses under the Management Agreement in the amount of approximately \$47,860.00 per month.

47. The foregoing contractual arrangement is necessary for Debtor to continue operating, as it does not employ or compensate any employees directly and, therefore, would be unable to continue operations without the benefit of the Management Agreement or Tax Services Agreement. As such, Debtor anticipates continuing to operate under the terms of the foregoing agreements and satisfying the obligations arising thereunder in the ordinary course of its business.

I. Other Associations.

48. The Association and Mountain Ridge Condominium Council of Co-Owners, Inc., Mountain Meadows Association, Inc., Cliffside Lodge II Council of Co-Owners, Inc., and Hamilton Cove Townhouses Property Owners Association, Inc. (collectively, the “Other Associations”) each govern real property within the Master Development, which is subject to the Master Declaration.

49. Each of the Other Associations are debtors in bankruptcy cases pending before this Court. Upon information and belief, the Association and the Other Associations are not affiliates as defined in Section 101(2) of the Bankruptcy Code.

50. Upon information and belief, there are no claims or disputes by or between the Association and any of the Other Associations.

J. Pre-Petition Resolutions.

51. In or around September of 2025, the Board received a request from WVR and CWA (on behalf of PTVO) for a special meeting of the Association Members to discuss and vote on whether to authorize the Board to file a chapter 11 bankruptcy case for the Association to, among other things, sell the Property. Combined, those Association Members own approximately seventy-two percent (72%) of the total Unit Weeks at the Property. In response to the request, and as required by the Bylaws, the Board directed that notice of the special meeting together with a ballot and proxy form be sent to all Association Members.

52. On September 24, 2025, at a duly called and conducted special meeting of the Association Members (pursuant to the Bylaws) (the “Membership Meeting”), the requisite number of Association Members voted to authorize the Board to file a chapter 11 bankruptcy petition for the Association to, among other things and subject to Bankruptcy Court approval, market and sell the entire Property, free and clear of the interests of all Association members, with such interests to attach to the proceeds of sale, subject to distribution pursuant to Bankruptcy Court order.

53. With 3,400 voting interests available and 2,639 or 78% of the voting interests represented in person or by proxy, the Board certified a quorum of at least 33% at the Membership Meeting. At that meeting, Association Members specifically voted to authorize the Board to:

(a) file a chapter 11 bankruptcy case on behalf of the Association – **with 99.62% of the voting interests present at the meeting (in person or by proxy) in favor and .38% of the voting interests not in favor,**

(b) engage professionals as the Board deems appropriate to facilitate the bankruptcy proceeding including, retention of K&L Gates LLP as a bankruptcy counsel, Hilco Real Estate LLC as real estate broker, and such other legal, accounting, financial, restructuring, brokerage, and notice professionals as appropriate – **with 99.70% of the voting interests present at the meeting (in person or by proxy) approving and .30% of the voting interests disapproving,**

(c) suspend operations at the Property for 2026 including (1) suspend occupancy at the resort by members, guests and others as of December 27, 2025 (or shortly thereafter as deemed necessary or proper by the Authorized Persons) without waiver of the right of the Association to re-commence occupancy upon notice to members; (ii) suspend collection of 2026 maintenance fees, without waiver of the right of the Association to later seek payment of such fees and without waiver of member obligations regarding same, upon notice to members; (iii) waive the funding of reserves in the 2026 budget pursuant to applicable provisions of Association governing documents and applicable law; (iv) refund to members 2026 maintenance fees received by the Association, if any, without waiver of the right of the Association to later seek payment of such fees, upon notice to members, and without waiver of member obligations regarding same; (v) immediately suspend reservations

(including cancelling any existing reservations with occupancy dates after December 27, 2025) at the resort after December 27, 2025, without waiver of the right of the Association to later accept reservations at the resort upon notice to members; (vi) transfer the balance of reserve funds of the Association as of December 31, 2025, as needed, to pay operating expenses and costs of the Association as set forth in the attached limited operations budget for 2026 or any approved budget for the Association, pursuant to applicable provisions of the governing documents and applicable law; and/or (vii) take any and all action that they deem necessary or proper regarding the operation and/or management of the Association **with 99.62% of the voting interests present at the meeting (in person or by proxy) approving and .38% of the voting interests disapproving**, and

(d) take certain actions related to the bankruptcy case – **with 99.73% of the voting interests present at the meeting (in person or by proxy) voting yes and .27% of the voting interests voting no**.

54. A draft of the minutes of the Membership Meeting is attached at **Exhibit “B”** hereto. The draft minutes will be subject to approval at a subsequent Board meeting.

55. As authorized by the required number of Association Members, the Board and Property Manager have suspended occupancy at the Property by members, guests and others.

K. Debtor’s Intentions in its Bankruptcy Proceeding.

56. Among other things, the Association intends to seek, subject to Bankruptcy Court approval as may be required, certain relief including all or some of the following:

- Judgment against Association Members (by consent or otherwise) authorizing the sale of Debtor’s undivided interest in the Property, jointly with the sale of the interests of the Association Members, pursuant to 11 U.S.C. §363(h) and/or other applicable provisions of the Bankruptcy Code. Bankruptcy Code. Debtor reserves the right to seek such relief by filing a lawsuit against Association Members.

- Approval of marketing, bid and sale procedures for the Property.⁶
- Authorization to sell the Property and all Unit Weeks free and clear of the interests of all Association Members (Debtor and non-debtor), with such interests to attach to the proceeds of sale, subject to distribution by bankruptcy court order in accord with 11 U.S.C. §363(b), (f), (h) (i) and/or (j) and other applicable provisions of the Bankruptcy Code.⁷
- Termination or amendment of the timeshare plan for the Property effective at or prior to closing of the sale of the Property.
- Authorization to assume and assign to a purchaser, or reject and terminate, all executory contracts and unexpired leases to which the Association is a party – at closing.
- Authorization to distribute net sale proceeds (after costs of administration and sale) as well as all remaining property, cash and reserves of the Association pursuant to a confirmed plan of liquidation or other Bankruptcy Court order. Distribution to Association Members may be subject to set-off of amounts owed to the Association for delinquent maintenance fees and/or special assessments.
- Resolution of all claims against the Association.
- Dissolution of the Association following sale and distribution pursuant to a confirmed plan of liquidation or other Bankruptcy Court order.

L. Assets and Liabilities of Association.

57. Debtor funds its operations through the maintenance fees and assessments from Association Members with various interests in the Property. As set forth in Debtor's Petition and statements and schedules, which the Debtor intends to file in the coming days, the Debtor's assets primarily consist of (i) approximately \$5,581,815.30⁸ in cash and cash equivalents,

⁶ Debtor intends to market the Property together with the properties governed by the Other Associations. Debtor will entertain offers for the Property alone as well as for the sale of the Property together with properties governed by all or some of the Other Associations. Debtor shall evaluate all offers in the context of the best interests of the Debtor and its bankruptcy estate.

⁷ Debtor intends to file a bidding procedures motion, including potentially designating a stalking horse bidder for the Property, as may be appropriate.

⁸ Aggregate cash balance as of January 31, 2026.

(ii) approximately \$544,019.85 in accounts receivable (as of December 31, 2025), and (iii) an undetermined value of the Association Interest in the Property.

58. Debtor's liabilities generally relate to the maintenance and operation of the Property, including, but not limited to, landscaping, housekeeping, and other general maintenance fees. Debtor has been paying its liabilities in the ordinary course leading up to the Petition Date, and Debtor anticipates paying all claims in full as part of this Chapter 11 Case. As of the Petition Date, Debtor carries no secured debt.

M. First Day Motions.

59. Concurrently with the filing of the Chapter 11 Case and this Declaration, Debtor filed certain First Day Motions⁹ seeking orders granting various forms of relief intended to maintain the Property, facilitate the efficient administration of the Chapter 11 Case, and expedite the sale process. I believe that it is critical that the Debtor obtain the relief requested in the First Day Motions. Certain of the First Day Motions request authority to pay prepetition claims against Debtor.

60. The First Day Motions include the following¹⁰:

- i. Debtors' Motion for an Order Authorizing Joint Administration of the Debtors' Chapter 11 Cases (the "Joint Administration Motion").

61. **Joint Administration Motion.** Through the Joint Administration Motion, Debtor requests entry of an order directing the joint administration of this Chapter 11 Case along with the cases of four related timeshare associations located at the Master Development filed

⁹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the applicable First Day Motion.

¹⁰ I have reviewed each of the First Day Motions filed in this Chapter 11 Case (including the exhibits thereto and supporting memoranda) and incorporate by reference the factual allegations and statements set forth therein. To the extent any factual allegations included in a First Day Motion is not expressly provided herein, such statement is adopted in its entirety and incorporated herein.

contemporaneously herewith—Cliffside Lodge II Council of Co-Owners, Inc., Mountain Ridge Condominium Council of Co-Owners, Inc., The Mountain Meadows Association, Inc. and Hamilton Cove Townhouses Property Owners Association, Inc. (collectively, with the Debtor, the “Debtors”). The joint administration of the Debtors’ respective estates will promote efficiencies and enable all parties in interest to stay apprised of the matters pending before the Court.

62. I understand that many, if not all, of the motions, applications, hearings, and orders that will arise in connection with the Debtors’ cases will request the same relief and affect similar—if not the same—parties in interest. Moreover, it is my understanding that the Debtors each plan to pursue a sale of their respective properties, the marketing and sale of which as a single unit may result in obtaining a higher price than selling the properties separately. Thus, in order to optimally and economically administer the Debtors’ cases, the Debtor submits that such cases should be jointly administered under the case number assigned to The Fairways Townhouse Association, Inc. In light of the foregoing, the Debtor respectfully requests that the Joint Administration Motion be granted.

- ii. Debtors’ Motion for Entry of an Order (I) Authorizing Debtor to Suppress Certain Personally Identifiable Information for Individual Creditors, Interval Owners, and Parties in Interest and (II) Limiting Debtors’ Noticing Obligations (the “Noticing Motion”).

63. **Noticing Motion.** Pursuant to the Noticing Motion, Debtor requests authority to (a) suppress certain personally identifiable information for only those creditors and parties in interest that are individual persons (rather than entities or businesses) and (b) limit Debtor’s obligations with respect to noticing of pleadings.

64. I believe it is appropriate to authorize Debtor to suppress from any paper filed with the Court in this Chapter 11 Case, the residential addresses and email addresses of individuals that are creditors, Association Members, and parties in interest, because such disclosure may risk

violating applicable privacy laws, exposing Debtor to potential civil liability and significant financial penalties. Pursuant to section 107(c) of the Bankruptcy Code and privacy protection regulations being enacted in key jurisdictions, it is appropriate to authorize Debtor to suppress such information to avoid disclosure and potential liability. Omni Agent Solutions, Inc., Debtor's proposed Claims Agent, shall maintain a list of the suppressed individuals for use by Debtor, the United States Trustee, and the Court, upon request.

65. Additionally, Debtor seeks establishment of certain proposed notice procedures for notifying creditors and interest holders of the commencement and administration of the Chapter 11 Case. Though Debtor has a relatively small number of creditors, it has thousands of Association Members with an interest in the Property. In order to alleviate the enormous and costly burden of serving so many parties in interest with each filing (some of which are voluminous), Debtor proposes to create and utilize a Master Service List to serve pleadings and other documents upon parties, including by electronic means where available. The proposed procedures will control over the applicable noticing rules contained in the Bankruptcy Rules and the Local Rules.

66. Debtor further proposes that all filings be made available to all parties in interest on a public website maintained by the Claims Agent. I believe that this relief requested is in the best interest of Debtor's estate, as it will allow for a more efficient and cost-saving case administration. Debtor will still provide notice to any Affected Party by any particular pleading in addition to the Master Service List, and the Interval Owners have also been noticed of the Chapter 11 Case, as there was a meeting of the Association Members conducted on September 24, 2025 to discuss and vote on authorizing the filing of the Chapter 11 Case.

67. I believe that the relief sought in the Notice Motion is prudent and in the best interest of Debtor, its estate, and the parties in interest, as each of the requested notice procedures will allow

for the efficient and economical administration of the Chapter 11 Case, including by reducing administrative costs and ensuring the fair and consistent treatment of all parties' interests and rights.

- iii. Debtor's Motion for an Order (I) Authorizing Debtors to (A) Continue to Use Existing Cash Management Systems, (B) Maintain Bank Accounts and Continue Use of Existing Business Forms and Checks, and (C) Honor Certain Related Prepetition and Postpetition Obligations; (II) Determining Compliance with, or Granting a Waiver of, Certain Investment and Deposit Guidelines; and (III) Granting Related Relief (the "Cash Management Motion").

68. **Cash Management Motion.** Debtor has filed a motion seeking entry of an order: (a) granting Debtor authority to (i) continue to maintain Debtor's existing cash management system, including without limitation, to continue to maintain Debtor's existing Bank Accounts, as defined in the Cash Management Motion, and business forms and (ii) honor certain prepetition and post-petition obligations related thereto; (b) waiving investment and deposit guidelines of section 345 of the Bankruptcy Code and the *Chapter 11 Guidelines for Debtors in Possession* (the "Guidelines")¹¹ issued by the Office of the United States Trustee; and (c) providing any additional relief required in order to effectuate the relief requested therein.

69. Debtor maintains a cash management system in the ordinary course of Debtor's business. The Fairways Cash Management System is an integrated, centralized system that utilizes four (4) Bank Accounts, across two (2) financial institutions (collectively, the "Banks"), through which Debtor manages cash receipts and disbursements.

70. These accounts serve specific functions within The Fairways Cash Management System, including making payments, collecting annual fees from owners, investing excess funds,

¹¹ Under the Guidelines, a debtor in possession must, among other things, close all existing bank accounts and open new accounts in the name of the debtor-in-possession, establish separate accounts for the payment of taxes and cash collateral/post-petition financing, and obtain new checks and business forms that indicate the debtor's status as a debtor-in-possession. These requirements are designed to provide a clear line of demarcation between prepetition activities and transactions and post-petition activities and transactions, in order to prevent the inadvertent payment of prepetition claims during the pendency of the case.

and segregating cash required for certain budgeted payment obligations (*i.e.*, in The Fairways Reserve Account). Debtor has specific Investment Guidelines with respect to certain Bank Accounts that require investments only in certain, specific, safe investments, with the stated goal of ensuring (a) safety of principal, (b) adequacy of liquidity, and (c) maximization of yields (in order of importance).

71. The Bank Accounts consist of two accounts with Comerica Bank, N.A. (those being The Fairways Checking Account and The Fairways Sweep Account) and two accounts with Ameriprise Financial Services, LLC (those being The Fairways Reserve Account and The Fairways Investment Account). The account balances in The Fairways Checking Account and The Fairways Townhouses Sweep Account, as of January 31, 2026 are \$0.00 and \$391,836.44, which the Debtor proposes to transfer in such an amount to reduce the balance below the FDIC limit shortly after the Petition Date if it is able to reach such an agreement with the U.S. Trustee. All funds in The Fairways Reserve and Investment Accounts are invested in either (a) U.S. Treasury Notes, or (b) in a fund which invests only in government securities, repurchase agreements collateralized solely by government securities and/or cash, and cash.

72. The Fairways Cash Management System operates in accordance with ordinary, usual, and essential business practices. Through the Property Manager, Debtor maintains detailed accounting records that track transfers of funds to and from the Bank Accounts as a part of normal operations. The Property Manager will continue these practices during the pendency of this case in order to maintain governance, manage liquidity, and meet court reporting requirements. It is imperative that Debtor be able to continue using the existing The Fairways Cash Management System, as it is designed to ensure (a) the safety of the cash received and (b) the adequate funding of expenses and maintenance as well as taxes. Moreover, Debtor has automated payments scheduled

and in place with respect to a substantial portion of its vendor relationships through the existing The Fairways Cash Management System, and Debtor wishes to maintain its existing accounts with the Banks in order to continue collecting overdue maintenance fees that may come due during the course of the case from delinquent owners. I believe any change to this system, therefore, would cause, at best, immediate disruption Debtors' business as well as unnecessary delays, and, at worst, potential violations of applicable law.

73. The unique nature of Debtor's business and the regulatory regime under which it exists necessitate the continuation of The Fairways Cash Management System during the pendency of the Chapter 11 Case. The system is designed specifically to comply with Debtor's obligations as a timeshare association, including to control disbursements and ensure cash is generating as high of a rate of return as possible without risking principal. If Debtor were required to create and implement a new cash management system, its business would be severely disrupted, which would have an adverse impact on Debtor and result in substantial additional costs to the estate.

74. Debtor seeks a waiver of the Guideline requirements so its business is not disrupted by the need to alter The Fairways Cash Management System, as it would create an unnecessary administrative burden and expense for the estate, while likely causing delays in the processing of payments.

75. Debtor requests further relief from the Guidelines to the extent they require Debtor to make all disbursements by check. Debtor must conduct certain transactions by debit, wire, or ACH payments and to deny Debtor the opportunity to do so would interfere with its performance of its contracts and unnecessarily disrupt its business.

76. I believe the relief requested in the Cash Management Motion is necessary and proper considering the nature of The Fairways Cash Management System. The system, as currently

designed, ensures Debtor is able to control its cash inflows and outflows, imposes strict guidelines on Debtor's investments of its cash, and protects the cash that Debtor requires for its continued compliance with law.

- iv. Debtors' Application for Entry of an Order Authorizing Debtor to Employ and Retain Omni Agent Solutions, Inc. as Notice, Claims and Solicitation Agent Effective as of the Petition Date (the "Omni Retention Application").

77. **Omni Retention Application.** Debtor has filed an application requesting the Court approve Debtor's retention of Omni Agent Solutions, Inc. as its Claims Agent. I believe such relief is prudent in light of the thousands of parties in interests to whom notices may need to be sent. I believe that the most effective and efficient manner by which to give notice and process claims in the Chapter 11 Case is to engage Omni Agent Solutions, Inc., as an independent third party with significant experience in this role. I believe the relief requested in the Omni Retention Application is in the best interests of Debtor, its estate, and the Association Members.

- v. Debtors' Motion for an Order Authorizing Debtors to Pay Prepetition Sales, Use, Trust Fund, Property, and Other Taxes and Similar Obligations (the "Tax Motion").

78. **Tax Motion.** Debtor requests authority, among other things, to pay, in Debtor's sole discretion and in accordance with past practices, sales, use, trust fund, property, and other taxes, without regard to whether such obligations accrued or arose before or after the Petition Date. I believe the relief requested in the Tax Motion is in the best interest of Debtor's estate, without which, the estate would suffer substantial and irreparable harm.

79. In the ordinary course, Debtor (a) incurs certain Taxes and Fees to various Taxing Authorities, and (b) is charged amounts for services related to calculating and estimating such Taxes and Fees. As of the Petition Date, Debtor has accrued and outstanding approximately \$122,340.56 in tax obligations, of which no amounts are anticipated to come due within the first 30 days after the Petition Date.

80. Debtor must continue to pay certain of these taxes and fees in order to continue operating its business and to avoid potential penalties and distractions during the Chapter 11 Case. Debtor's failure to pay the Taxes and Fees described in the Tax Motion could adversely affect Debtor's business operations, as taxing authorities may assert liens on Debtor's property, assert penalties or interest on past-due amounts, cancel licenses, and/or subject Debtor's directors and officers to personal liability for unpaid amounts. I believe the relief requested in the Tax Motion is required to avoid these potential disruptions and distractions.

- vi. Debtors' Motion for Authority to (I) Continue to Administer Insurance Policies and Related Agreements; (II) Honor Certain Obligations in Respect Thereof; and (III) for Related Relief (the "Insurance Motion").

81. **Insurance Motion.** Debtor has filed a motion requesting the authority but not direction to, among other things, maintain, renew, modify, supplement or purchase, in its sole discretion its Insurance Policies and Programs described therein as well as agreements related thereto.

82. Debtor's Insurance Policies and Programs are crucial to the preservation of the value of Debtor's business, Property, and estate. In many cases, the insurance coverage is required by law and/or the Office of the United States Trustee. The Insurance Policies and Programs are also prudent to continue, as they ensure the protection of the value of the estate in the event a calamity were to occur. By shifting the risk from Debtor and its interest holders to the Insurance Providers under the existing regime of Insurance Policies and Programs, Debtor can efficiently, and economically, protect the estate and its interests. I believe that it is essential for Debtor to maintain the Insurance Policies and Programs in the ordinary course of business as set forth in the Insurance Motion. Debtor's continued operations, combined with its efforts to undertake an orderly sale of the Property, require that the insurance policies be maintained on an ongoing and uninterrupted basis.

I believe the relief requested in the Insurance Motion is in the best interests of Debtor, its estate, and the Association Members.

N. Retention Applications.

83. During the course of the Chapter 11 Case, Debtor intends to retain several professionals, for each of which Debtor will file a separate retention application. In particular, Debtor intends to retain (a) K&L Gates LLP, as general bankruptcy counsel, (b) Wright, Lindsey & Jennings LLP as local and conflicts counsel, and (c) Hilco Real Estate, LLC, as real estate agent to Debtor. Moreover, as noted above, Debtor also seeks to retain Omni Agent Solutions, Inc. as its notice and Claims Agent.

O. Reservations and Conclusion.

84. Nothing contained in this Declaration, any First Day Motion, or any relief requested in this Declaration or the First Day Motions, is intended as or shall be construed or deemed to be: (a) an admission as to the amount of, basis for, or validity of any claim against Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) an impairment or waiver of Debtor's or any other party in interest's right to dispute any claim against, or interest in, Debtor, its property, or its estate on any grounds; (c) a promise or requirement to pay any claim; (d) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (e) an implication, admission or finding that any particular claim is an administrative expense claim, other priority claim, or otherwise of a type specified or defined in this Declaration, the First Day Motions, or any relief requested therein; (f) an implication, admission, or finding as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on the property of Debtor or its estate; (g) an impairment or waiver of any claims or causes of action which may exist against any entity; or (h) a waiver of Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law.

85. I have consulted with Debtor's proposed counsel regarding the relief requested in the First Day Motions and understand each of the First Day Motions and the relief requested therein. To the best of my knowledge and belief, and subject to the foregoing reservations, the factual statements contained in each of the First Day Motions are true and accurate, and each such factual statement is incorporated herein by reference.

86. I believe that the relief requested in the First Day Motions is necessary, in the best interests of Debtor's estate, its creditors, the Association Members, and all other parties in interest, and will allow Debtor to operate with minimal disruption and maximize value preservation during the pendency of its bankruptcy case. Failure to grant the relief requested in any of the First Day Motions may result in irreparable harm to Debtor and its estate. Accordingly, for the reasons set forth herein and in each respective First Day Motion, I request that the Court grant the relief requested in each of the First Day Motions.

I hereby certify that, upon information and belief, the foregoing statements made by me are true and that this Declaration is executed under penalty of perjury. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Dated: February 11, 2026

/s/ Amy Moriarity
Amy Moriarity
President of the Board of Directors