



CARRIAGE HILLS RESORT
AT HORSESHOE VALLEY
A SHELL VACATIONS CLUB RESORT

CARRIAGE HILLS RESORT
CORPORATION
TIME
SHARING
AGREEMENT

CARRIAGE HILLS RESORT CORPORATION - SALES AND EXECUTIVE OFFICES
P.O. Box 112, Horseshoe Valley Rd., RR 1, Barrie, Ontario, Canada L4M 4Y8
Tel: (705) 835-5858 Fax: (705) 835-2220
www.CarriageHillsResort.com

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Amendment to Time Sharing Agreement (March 27 th , 1998)	

FOR OFFICE USE ONLY

327071

Carriage Hills Resort Corporation
25th day of June, 1997

Parcel 1-16 Section 51-Oro-3
being Parts 5, 6, 7, 8, 9 and 10 on Plan 51R-26764

(1) Registry ☐ Land Titles ☒ (2) Page 1 of 49 pages

(3) Property Identifier(s) Block Property Additional See Schedule

(4) Nature of Document
Application to Register Notice of an Agreement (Section 7 of the Act)

(5) Consideration
Dollars \$

(6) Description
Parcel 1-16 Section 51-Oro-3
being Parts 5, 6, 7, 8, 9 and 10 on Plan 51R-26764
Township of Oro-Medonte
County of Simcoe
more particularly described in Schedule attached

(7) This Document Contains: (a) Redescription New Easement Plan/Sketch ☐ (b) Schedule for: Description ☐ Parties ☐ Other ☐

New Property Identifiers

Additional: See Schedule ☐

Executions

Additional: See Schedule ☐

(8) This Document provides as follows:
CARRIAGE HILLS RESORT CORPORATION, the registered owner of the aforesaid lands, has an unregistered estate, right, interest or equity in the land registered in the name of Carriage Hills Resort Corporation in respect of the land described above and hereby applies under Section 7 of the Land Titles Act for entry of a Notice of an Agreement dated the 25th day of June, 1997, between Carriage Hills Resort Corporation, Carriage Hills Hospitality Inc. and Carriage Hills Vacation Owners Association.

The evidence in support of this application consists of an executed copy of the aforesaid agreement.

Continued on Schedule

(9) This Document relates to instrument number(s)

(10) Party(ies) (Set out Status or Interest)
Name(s)
CARRIAGE HILLS RESORT CORPORATION

Signature(s)
Lorne Borgal
President

Date of Signature
Y M D
1997 07 31

I/We have authority to bind the corporation

(11) Address for Service
P.O. Box 112, Horseshoe Valley, R.R. #1, Barrie, Ontario L4M 4V4

(12) Party(ies) (Set out Status or Interest)
Name(s)
CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Signature(s)

Date of Signature
Y M D

(13) Address for Service
P.O. Box 10, Horseshoe Valley, R.R. #1, Barrie, Ontario L4M 4V4

(14) Municipal Address of Property
NOT ASSIGNED

(15) Document Prepared by:
Sam Nash
Goldman, Sloan, Nash & Haber
250 Dundas Street West
Suite 700
Toronto, Ontario
M5T 2Z5

Fees and Tax	
Registration Fee	20
Total	20

Parcel 1-16 Section 51-Oro-3

SUBJECT TO an easement over Part of Lots 2 and 3 Concession 4, Township of Oro, Part 5 Plan 51R-26764 as set out in Instrument Number 323091 in favour of Part of Lot 2 Concession 4, Township of Oro, designated as Parts 11, 12, 13 and 14 on Plan 51R-26764 being Parcel 1-17 Section 51-ORO-3, and, in favour of Part of Lot 2 Concession 4, Township of Oro, designated as Parts 1, 2, 3, 4, 15, 16 and 17 on Plan 51R-26764 being Parcel 1-18 Section 51-ORO-3

TOGETHER WITH an easement over Part Lot 2 Concession 4, Township of Oro, being Part of Parcel 1-17 Section 51-Oro-3 being Part 11 Plan 51R-26764 as set out in Instrument Number 323092.

TOGETHER WITH an easement over Part of Lot 2 Concession 4, Township of Oro, being Part of Parcel 1-18 Section 51-Oro-3 being Parts 1 and 16 Plan 51R-26764 as set out in Instrument Number 323093.

TIME SHARING AGREEMENT

THIS AGREEMENT made the 25th day of June, 1997.

B E T W E E N:

CARRIAGE HILLS RESORT CORPORATION,
a corporation incorporated under the laws of the
Province of Ontario,

(hereinafter called "Carriage Hills")

OF THE FIRST PART

- and -

(hereinafter called the "Purchaser")

OF THE SECOND PART

- and -

CARRIAGE HILLS HOSPITALITY INC., a
corporation incorporated under the laws of the
Province of Ontario,

(hereinafter called the "Manager")

OF THE THIRD PART

- and -

CARRIAGE HILLS VACATION OWNERS
ASSOCIATION, a not for profit corporation
incorporated under the laws of the Province of
Ontario,

(hereinafter called the "Association")

OF THE FOURTH PART

RECITALS

WHEREAS:

1. Carriage Hills is the registered owner of the Property;
2. Carriage Hills is constructing fifty-two Units in three (3) buildings;
3. Carriage Hills is constructing recreational facilities on the Property;
4. Carriage Hills intends on operating the Property as a Resort;
5. Carriage Hills has agreed to sell to the Purchaser, as a tenant in common with it, an Undivided Interest in the Property and plans to sell other Undivided Interests to others, also as tenants in common;

6. It is the intent that each tenant in common shall be entitled to the use of a Unit for an agreed Interval and shall not be entitled by reason of being a tenant in common to possession or use of the Unit during other parts of the year;
7. To give effect to the foregoing time sharing arrangement it is necessary that all tenants in common be or become parties to this Agreement;
8. The Manager has agreed to join herein for the purpose of providing certain services;
9. Association has agreed to assume the duties herein provided;

WITNESSETH that for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE I - DEFINITIONS

1.01 In this Agreement:

- (a) "Act of Default" is defined in Section 8.01;
- (b) "Act of Infringement" is defined in Section 5.04;
- (c) "Act of Trespass" is defined in Section 1.01 (nnnn);
- (d) "Act of Vandalism" is defined in Section 1.01 (nn);
- (e) "Adherence Agreement" means the agreement attached as Exhibit "B";
- (f) "Agreement" means this Time Sharing Agreement;
- (g) "Assigned Time" is defined in Section 2.06;
- (h) "Assigned Unit" is defined in Section 2.06;
- (i) "Association Property" means all real and personal property, fixtures, apparatus, equipment, appliances, furnishings, furniture, supplies and other items owned by the Association for the benefit of Owners and includes Common Furnishings;
- (j) "Assumption and Consent Agreement" means an agreement defined in Section 5.05;
- (k) "Basic Charge" is defined in Section 6.03(c);
- (l) "Board" means board of directors of Association;
- (m) "Bonus Use Time Program" means the reservation and use by an Owner, in addition to the reservation and use of his Assigned Unit at his Assigned Time and upon the payment of a use fee in addition to his Basic, Special and Personal Charges, of any Unconfirmed and/or unoccupied Unit any time for all or any portion of a Use Period;
- (n) "Budget" is defined in Section 6.03;
- (o) "Bylaws" means the Bylaws of the Association;
- (p) "Calendar" is defined in Section 2.05;
- (q) "Centre" means the adjacent lands presently owned by Horseshoe Resort Corporation;
- (r) "Charter" means the Articles of Incorporation of the Association;

- (s) "Co-Owner" means an ownership interest where an Interval is owned by more than one Owner;
- (t) "Common Furnishings" means furniture, appliances, equipment and furnishings in each Unit;
- (u) "Complete Taking" is defined in Section 10.01;
- (v) "Confirmed Use Period" is defined in Section 2.08;
- (w) "Deed" is the document registered at the registry office transferring the Interval to Owner;
- (x) "Defaulting Person" is defined in Section 8.01;
- (y) "Destruction" is defined in Section 10.01;
- (z) "Easement Agreement" means an agreement with an adjacent landowner providing for a right of way;
- (aa) "Even Year" is defined in Section 2.06(b);
- (bb) "Every Year" is defined in Section 2.06(b);
- (cc) "Exchange" means the exchange by the Owners of use of their Use Periods:
 - (i) among themselves. This is called "Internal Exchange"; and
 - (ii) with owners or holders of use periods in other time sharing projects, or in other real estate that is not in a time share project. This is called "External Exchange".

An Exchange is not a change in ownership of Use Periods. Owners simply exchange use of their Use Periods on a temporary basis;
- (dd) "Exchange Agreement" means an agreement to provide a program for External Exchange made with an independent Exchange Agent;
- (ee) "Exchange Agent" is a person who operates any Exchange Program. It may be either an independent company or Association;
- (ff) "Exchange Program" means a service whereby Owners may Exchange use of their Use Periods, either Internally or Externally;
- (gg) "Exchange User" means the person who receives, through an External Exchange Program, the right to use a Unit during a Use Period;
- (hh) "Expropriation" is defined in Section 10.01;
- (ii) "Fair Rental Value" for a Unit means the cost of renting on a daily basis a comparable place to stay elsewhere near the Resort;
- (ij) "Fidelity Bond" is defined in Section 9.02(d);
- (kk) "Fixed Time" is defined in Section 2.06(c);
- (ll) "Fixed Unit Right" is defined in Section 2.06(a);
- (mm) "Floating Time" is defined in Section 2.06(c);

- (nn) "Floating Unit Right" is defined in Section 2.06(a);
- (oo) "General Account" is defined in Section 6.04;
- (pp) "Improvement" is defined in Section 3.09;
- (qq) "Improvement Savings Account" is defined in Section 6.05;
- (rr) "Infringing Owner" is defined in Section 5.04;
- (ss) "Injured Person" means every Owner, Exchange User or Occupant who cannot use a Unit because of an Act of Trespass or Vandalism. There can be several Injured Persons. For example, a Unit may be damaged so that it cannot be used for later Use Periods. Each person who had the right to use the Unit during later Use Periods would be an Injured Person;
- (tt) "Interval" means an Interval Ownership;
- (uu) Interval Identification Number is defined in Section 2.01;
- (vv) "Interval Owner" or "Owner" means a person who from time to time is an Owner of an Undivided Interest in the Property who has become a party to this Agreement, either by being an original party, as in the case of Carriage Hills or the Purchaser (by executing an Assumption and Consent Agreement) or by being a New Owner pursuant to an Adherence Agreement;
- (ww) "Interval Ownership" or simply an "Interval" means:
 - (i) one ownership share in the Property (including an undivided fee simple interest in the land); plus
 - (ii) the right to reserve and use for a period of about one week:
 - (1) a specific Unit and that Unit only, or any Unit in the Resort;
 - (2) every year, or every other year on the odd or even years; and on
 - (3) a fixed time or floating time basis; plus
 - (iii) membership in Association.

These 3 parts of an Interval are indivisible;
- (xx) "Interval Ownership Program" is the common scheme and plan for the Intervals;
- (yy) "Joint Use Agreement" is an agreement with the adjacent landowner providing for joint use of certain matters;
- (zz) "Liquidated Damages" means the amount of damages that has been agreed to in advance equal to 200% of the Fair Rental Value of Unit for each day or part of a day during which Trespasser or Vandal prevents use of that Unit. Association will decide Fair Rental Value. Association's decision is final;
- (aaa) "Manager" means the Party of the Third Part and any successor;
- (bbb) "Major Service Period" is defined in Section 2.03;
- (ccc) "Minor Service Period" is defined in Section 2.03;

- (ddd) "Mortgage" means every kind of security device;
- (eee) "Mortgagee Clause" is defined in Section 9.02(a);
- (fff) "New Owner" is defined in Section 3.01;
- (ggg) "Obsolescence" is defined in Section 11.04;
- (hhh) "Occupant" means each Owner, Exchange User and their Renter and Visitor when they are on any part of the Property. It also includes the Visitor of an Occupant who is not an Owner or Exchange User;
- (iii) "Odd Year" is defined in Section 2.06;
- (jjj) "One Share" is defined in Section 6.02(b);
- (kkk) "Partial Destruction of Units" is defined in Section 10.01;
- (lll) "Partial Destruction Not Affecting the Units" is defined in Section 10.01;
- (mmm) "Partial Taking" is defined in Section 10.01;
- (nnn) "Partial Taking of Units" is defined in Section 10.01;
- (ooo) "Partial Taking Not Affecting the Units" is defined in Section 10.01;
- (ppp) "Partition" means a legal proceeding to divide land and give part to each of the Co-Owners, or if the land cannot legally be split, a court may order it sold and divide the sale proceeds among the Co-Owners;
- (qqq) "Personal Charges" is defined in Section 6.02(e);
- (rrr) "Prior Owner" is defined in Section 3.01;
- (sss) "Proceeds" is defined in Section 6.18;
- (ttt) "Program" means the Interval Ownership Program;
- (uuu) "Program Documents" are the documents accrediting and governing the Program;
- (vvv) "Program Rules" means the rules for the Program made by Carriage Hills or the Board and Manager;
- (www) "Property" means the land described in Exhibit "A";
- (xxx) "Reciprocal Agreement" means an agreement with the adjacent landowners wherein certain restrictions have been granted;
- (yyy) "Renter" means each person to whom an Owner or Exchange User rents the Use Period he is entitled to use;
- (zzz) "Reserved Rights" is defined in Section 11.02;
- (aaaa) "Resort" means the Units and recreational facilities built on the Property;
- (bbbb) "Resort Expenses" is defined in Section 6.02(a);
- (cccc) "Restoration Funds" is defined in Section 10.01;

- (dddd) "Season" is defined in Section 2.05;
- (eeee) "Service Period" is defined in Section 2.03;
- (ffff) "Special Charge" is defined in Section 6.03(d);
- (gggg) "Subsidy Agreement" is the agreement attached as Exhibit "D";
- (hhhh) "Supplemental Budget" is defined in Section 6.07;
- (iii) "Threatened Owner" is defined in Section 5.04;
- (iiii) "Time Period" is defined in Section 2.03;
- (kkkk) "Total Destruction" is defined in Section 10.01;
- (lll) "Total Taking" is defined in Section 10.01;
- (mmmm) "Transfer" includes:
- (i) a sale, voluntary or forced, including a judicial or power of sale;
 - (ii) a gift or bequest pursuant to a will at a person's death; and
 - (iii) a transfer by operation of law upon death, if there is no will;
- (nnnn) "Trespasser" means any Owner, Exchange User or other Occupant who:
- (i) does not vacate a Unit at the end of the Use Period;
 - (ii) who uses a Unit during someone else's Use Period without permission;
 - (iii) who by any other act or failure to act prevents someone else from using a Unit he is entitled to use; or
 - (iv) does any one of these things as an "Act of Trespass";
- (oooo) "Undivided Interest" means the Undivided Interest or share in the Property owned by him as a tenant in common;
- (pppp) "Unit" or "Units" means the residential resort units to be built on the Property;
- (qqqq) "Unused Use Periods" is defined in Section 4.17(b);
- (rrrr) "Use Period" is defined in Section 2.03;
- (ssss) "Use Year" is defined in Section 2.03;
- (tttt) "Vandal" means any Owner, Exchange User or other Occupant who damages a Unit or Common Furnishings so that the Unit cannot be lived in during any Use Period. Making a Unit so it cannot be lived in is an "Act of Vandalism";
- (uuuu) "Visitor" means the family, guest, and other people allowed or invited onto the Property by an Owner, Exchange User or Occupant, but Visitor does not include Renter or Exchange User themselves.

ARTICLE II - CREATION OF INTERVAL OWNERSHIPS AND RESERVATION AND USE RIGHTS

- 2.01 Creation of Intervals. For each Unit in the Resort 51 separate Every Year Intervals are here and now created. Carriage Hills may further divide each Every Year Interval into 1 Odd Year Interval and 1 Even Year Interval. Thus, there are at least 51 Intervals and may be as many as 102 Intervals per Unit, depending on the number of Every Year Intervals Carriage Hills divides into Odd and Even Year Intervals. For every Odd Year Interval there will be a corresponding Even Year Interval. Per Unit there may be any combination of one or more Every Year Intervals and one or more pairs of Odd and Even Year Intervals.

Every Year, Odd Year and Even Year Intervals have the respective ownership shares stated in Section 2.02, and have reservation and use rights Every Year or Every Other Year, respectively, as stated in Section 2.06(b).

Each Interval will be assigned an "Interval Identification Number".

- 2.02 The nature of one ownership share. Each Every Year Interval and each Odd or Even Year Interval has, as an ownership share, an Undivided Interest as tenant in common. An Every Year Interval shall have a 1/2652 Undivided Interest in the Property. An Odd or Even Year Interval shall have a 1/5304 Undivided Interest in the Property.

- 2.03 Creation of Use Periods and Service Periods.

- (a) There are 52 Time Periods per Unit per Use Year. 52 "Time Periods" during each Use Year are here and now established for each Unit. A "Use Year" is the approximately one year period beginning on the first check-in day for each Unit in a calendar year and ending on the first check-out day for that Unit the following calendar year. The Time Periods are identified by a number from 1 to 52 in Exhibit "D".
- (b) These Time Periods will be divided into Use Periods and Service Periods. The 52 Time Periods per Unit identified in Exhibit "D" will be further divided into:
 - (i) 51 Use Periods. A "Use Period" is the seven day period starting at check-in in the afternoon and ending at check-out in the morning seven days later. A Use Period will be identified by the number of its corresponding Time Period;
 - (ii) Check-in/Check-Out Day and Time. The check-in and check-out day for each Time and Use Period in each Unit will be either a Friday, Saturday or Sunday, as may be scheduled each Use Year by the Manager. The Manager may change the scheduled check-in/check-out day for any Unit during any Use Year by extending or shortening the Major Service Period or any unreserved, unconfirmed or unused Use Period for that Unit, provided that no Owner's Assigned Time is affected (i.e., either extended or shortened). There is no requirement that: the check-in/check-out day be the same for each Unit; or that any particular Unit have the same check-in/check-out day each Use Year or during any Use Year; or that the mix of check-in/check-out days among all Units be the same each Use Year or during any Use Year. The exact check-in and check-out times each day will be stated in the Program Rules.
- (c) Service Periods. The times between Use Periods and that Time Period during each Use Year that is not a Use Period in each Unit are called "Service Periods". The Time Period that is not a Use Period is a "Major Service Period". On a Unit by Unit and yearly basis, the Manager will designate which Time Period will be the Major Service Period. It does not have to be the same for each Unit or the same Time Period each Use Year. However, when designating a Major Service Period, the Manager may not deprive any Owner of his Assigned Time. The periods between the end of one Use

Period and the beginning of the next are called "Minor Service Periods". If an Owner has two or more consecutive Use Periods, the Owner's Use Periods will run continuously from check-in for his first Use Period to check-out for the last Use Period. There will be no Minor Service Periods in between. If that Owner so requests, however, Association must service his Unit at the end of each Use Period at no extra expense to the Owner.

- (d) The 53rd Time Period. In certain Time Years there will be 53 Use Periods instead of 52 and the extra Use Period will be reserved for use by Carriage Hills.
- 2.04 Service Periods for maintenance and repairs. Association must use Service Periods to get the Unit ready for the next person to use and to do maintenance and repairs.
- 2.05 Each Use Period is in one of Two Seasons. Each Use Period is in the "Season" that is set out in a "Calendar" that is published by Carriage Hills from time to time.
- 2.06 Reservation and use rights. Each Interval includes the right to reserve and then use one Use Period. As of the date of this Agreement there are alternative reservation and use systems: Fixed versus Floating Unit; Every Year versus Odd or Even Year; and Fixed versus Floating Time. Each Owner's reservation and use rights must have one of each of these alternatives. If anything said in the Program Rules about reservations and confirmations conflicts with what is said here or elsewhere in this Agreement, what is said in this Agreement controls and must be obeyed.
 - (a) Fixed or Floating Unit Rights.
 - (i) "Fixed Unit Right" means that the Owner has the right to reserve and use only a specific Unit. It is that Owner's "Assigned Unit".
 - (ii) "Floating Unit Right" means that the Owner has the right to reserve and use any Unit, as assigned by Association.
 - (iii) Whether an Owner has Fixed or Floating Unit Rights will be stated in a Buyer's Acknowledgment. Carriage Hills will provide a Buyer's Acknowledgment stating that Owner has Fixed or Floating Unit Rights, and if Fixed, that Owner's "Assigned Unit".
 - (iv) Limits on the number of Fixed Unit Rights. Carriage Hills may not grant Fixed Unit Rights for more than twenty-five percent (25%) of the total number of Time Periods in any Season in any Use Year for all Units.
 - (v) An Owner with Fixed Unit Rights must accept the check-in/check-out day assigned to that Unit. If the Owner wants a different check-in/check-out day, he must accept a reservation for a different Unit if available. An Owner with Fixed Unit Rights automatically has a reservation to use that Unit during his Assigned Time, without having to do anything else. But for each Use Year the Owner must accept the specific check-in/check-out day (either Friday, Saturday or Sunday) assigned to that Unit. If he wishes another check-in/check-out day, Owner must accept a reservation for a different Unit, if available. There is no guarantee that the Owner will receive the check-in/check-out day he requests for his Assigned Unit or any other Unit.
 - (vi) Owner may convert his Fixed Unit Rights to Floating Unit Rights:
 - (1) Permanently: An Owner may request that his Fixed Unit Rights be changed to Floating Unit Rights. Owner may do so by delivering a request to that effect to Association. The Owner will then have Floating Unit Rights and must reserve and confirm a Unit on the same basis as

other Owners with Floating Unit Rights.

- (2) During any Use Year: If then permitted by and in accordance with the Program Rules, an Owner with Fixed Unit Rights may convert his reservation and use rights to Floating Unit Rights during any Use Year.
 - (vii) If you have Floating Unit Rights, you cannot reserve or confirm use of any Unit. Each Owner with Floating Unit Rights will not be able to reserve or confirm the use of any specific Unit. Instead, Association will assign to that Owner any one of the Units upon arrival. This Unit will be that "Assigned Unit".
- (b) Every Year, or Every Other Year (i.e. Odd Year Or Even Year) Rights.
- (i) "Every Year" means that the Owner has the right to reserve and use every Use Year.
 - (ii) "Every Other Year", "Odd Year or Even Year" means that the Owner has the right to reserve and use only every other Use Year. If the Owner has Odd Year rights, he may reserve and use only during those Use Years ending in an odd number (for example, 1997, 1999. If the Owner has Even Year rights, he may reserve and use only during those Use Years ending in an even number (for example, 1998, 2000.)
 - (iii) Whether Owner has Every Year or Odd Year or Even Year rights will be stated at the time of delivery of the Deed. Carriage Hills will irrevocably divide the applicable Every Year Interval into 1 Odd Year Interval and 1 Even Year Interval. Carriage Hills will expressly state whether that Owner has Every Year or Odd Year or Even Year rights.
- (c) Fixed or Floating Time Rights.
- (i) "Fixed Time" means the Owner has the right to reserve and use only for a specifically numbered Use Period. It is that Owner's "Assigned Time". That Owner has a permanent reservation. However, the check-in/check-out day will not be fixed. Instead, an Owner with Fixed Time must request a specific check-in/check-out day (unless that Owner also has Fixed Unit Rights). Association will assign a specific check-in/check-out day depending on availability. There is no guarantee that the specific check-in/check-out day assigned will be the day the Owner requests.
 - (ii) "Floating Time" means that the Owner has the right to reserve and use one of the Use Periods in that Owner's Season, as assigned by Association in accordance with the reservation system. That Use Period will be that Owner's "Assigned Time".
 - (iii) Whether Owner has Fixed Or Floating Time rights will be stated at time of delivery of Deed. Carriage Hills will provide a Buyer's Acknowledgement stating: (a) whether that Owner has Fixed or Floating Time rights; and (b) if Fixed, the number of the Use Period for which that Owner has a permanent reservation; and (c) if Floating, that Owner's Season.
 - (iv) Limits on the number of Fixed Time Rights. Carriage Hills may not grant Fixed Time rights for more than twenty-five percent (25%) of the total number of Time Periods in any Season in any Use Year for all the Units.
 - (v) Owner with Fixed Time Rights does not have to reserve or confirm his Assigned Time. An Owner with Fixed Time rights automatically has a reservation to use during his Assigned Time, without having to do anything else. However, for

each Use Year in which he has these reservation and use rights, the Owner should reserve and confirm, as required by the Program Rules, a specific check-in/check-out day (either Friday, Saturday or Sunday) (unless that Owner also has Fixed Unit Rights). Otherwise, Association will, on its own, assign the check-in/check-out day. Association will assign the check-in/check-out day depending on availability. There is no guarantee that the Owner will receive the check-in/check-out day he requests. If anything said in the Program Rules about reservations and confirmations conflicts with what is said here or elsewhere in this Agreement, what is said in this Agreement controls and must be obeyed.

(vi) Owner may convert his Fixed Time Rights to Floating Time Rights:

- (1) Permanently: An Owner may request that his Fixed Time rights be changed to Floating Time rights. Owner may do so by delivering a request to this effect to Association. The Owner will then have Floating Time rights and must reserve and confirm a Use Period in the Season in which his Assigned Time existed, on the same basis as other Owners with Floating Time rights.
- (2) During any Use Year if permitted: If then permitted by and in accordance with the Program Rules, an Owner with Fixed Time rights may convert to Floating Time rights during any Use Year. If permitted, such an Owner would have Floating Time rights in the Season in which his Fixed Time occurred.

(vii) Reservations must be made and confirmed each year if you have Floating Time Rights. For each Use Year, an Owner with Floating Time rights must reserve and confirm in his Season his one Use Period per Interval, including the specific check-in/check-out day. The Program Rules will govern how these reservations must be made and confirmed. But if anything said in the Program Rules about reservations and confirmations conflicts with what is said here or elsewhere in this Agreement, what is said in this Agreement controls and must be obeyed. The Use Period the Owner thus reserves will be that Owner's "Assigned Time".

(d) Other rules about reservation and use rights.

- (i) Co-Owners may reserve only one Use Period per Interval. Co-Owners may not reserve separate Use Periods for each Co-Owner.
- (ii) No carry-over of reservation and use rights. No carry-over of any right to reserve and use from one Use Year to the next or later Use Years or to the next or later Odd or Even Year will be allowed.
- (iii) You cannot reserve, use or exchange unless you have paid all your Charges. Owner (except Carriage Hills) must pay all Basic and Special Charges assessed in advance before he may reserve, use or exchange during that Use Year.
- (iv) Compensation for loss of use due to error. At Association's expense, Association must find another place near the Resort for an Owner to stay during his Assigned Time, if a Unit is not then available for that Owner's confirmed use because of an error by Association or Manager.

2.07 How changes may be made to reservation procedures. If the Manager decides that any reservation system is not manageable or fair, with Board's approval, it may revise this system. All changes must be made in the Program Rules. The Owners may change the reservation system upon the affirmative vote of a majority of all Owners. But without an Owner's consent, his ownership share, Fixed or Floating Unit rights, Every Year or Odd or Even Year rights, and Fixed or Floating Time rights, cannot be changed.

2.08 Your use rights during your Confirmed Use Period. The Use Period which each Owner reserves and confirms, whether he has Fixed or Floating rights, is called his "Confirmed Use Period". During his Confirmed Use Period, each Owner will have:

- (a) the exclusive right to occupy and use his Assigned Unit or Fixed Unit and its Common Furnishings; and
- (b) the non-exclusive right to use and enjoy the Common Elements along with other Occupants and Owners.

ARTICLE III - ASSOCIATION AND MANAGEMENT OF THE RESORT

3.01 Voting Rights And Member Of Association. Each Owner is automatically a member of Association. Only Owners are members. When a person acquires an Interval, that person (the "New Owner") becomes the Owner and an Association member. At that same time, the person from whom the New Owner acquired his Interval (the "Prior Owner") ceases to be the Owner of that Interval and an Association member.

3.02 One vote per Interval. Each Owner has one vote for each Interval. When more than one person owns an Interval, they are all Association members, but only one vote can be cast per Interval. The vote for their Interval will be cast as stated in the By-Laws.

3.03 There are two classes of voting rights. Even though each Owner has only one vote for each Interval he owns, the votes of Owners of Odd and Even Year Intervals will count half as much as the votes of the Owners of Every Year Intervals.

3.04 By-Laws govern Voting. The By-Laws govern how voting will be done and how other decisions will be made. If anything stated in the By-Laws conflicts with what is stated in this Agreement, what is stated in this Agreement is paramount.

3.05 Owners will manage the Resort through Association. Each Owner:

- (a) gives Association all rights and powers to manage according to what is said in the Program Documents, including the right to hire a Manager; and
- (b) agrees ~~that~~ what Association decides and does in accordance with the Program Documents is binding on him.
- (c) authorizes Association to appeal on their behalf the assessments under s.40(i) of the Assessment Act, R.S.O. 1990 as amended, or, pursuant to any similar or like legislation in effect from time to time.

Management is vested in Association, subject to the Program Documents.

3.06 Association's powers and duties. Subject to the Program Documents, Association can do all things it considers to be necessary, desirable or appropriate:

- (a) for the operation, management, administration, and protection of the Resort; and
- (b) for the maintenance, repair, alteration, addition, improvement, rebuilding and restoration of the Resort.

3.07 Specific Powers and Duties. Some of the specific things Association may or must do are explained throughout this Agreement and the other Program Documents. They are not stated or summarized in any one section. All of Association's powers and duties are not described expressly and specifically in the Program Documents. This does not mean that Association does not have a power or duty that is not expressly and specifically described. Rather, the Program Documents are to be interpreted to give Association broad and general powers and duties, and Association may exercise these powers and duties, even on matters that are not expressly and specifically covered in the Program Documents.

- 3.08 Specific authorizations and directions to Association. Association is authorized and directed specifically as follows:
- (a) To Administer and act for the Owners under the Joint Use Agreement, Reciprocal Agreement and Easement Agreement. To represent and act for the Owners, administer and perform and observe all of the obligations and conditions to be performed and observed by the Owners and/or Association, under the Joint Use Agreement, Reciprocal Agreement and Easement Agreement, including without limitation the making of any amendments thereto.
 - (b) To accept the conveyance of various utilities as provided in the Easement Agreement. To accept the conveyance by the adjacent landowner of utility systems and rights as provided for in the Joint Use Agreement, Reciprocal Agreement and Easement Agreement.
 - (c) To enter into joint arrangements with the Centre. To enter into arrangements for services and supplies jointly with the Centre.
- 3.09 Maintenance, repair, rebuilding and restoration. Association has the general powers and duties that are stated in this Agreement. Without further direction or approval from Owners, Association must maintain and repair each Unit, Association Property, and Common Furnishings, and keep them in a neat and attractive condition, including:
- (a) cleaning and getting each Unit ready for the next Occupant; doing routine and special maintenance and repair to each Unit during the Service Periods;
 - (b) replacing by lease or purchase as Board may decide Association Property including the Common Furnishings;
 - (c) making capital improvements for which a Improvement Savings Account has been set up; and
 - (d) restoring Association Property or any portion thereof. All available insurance and expropriation proceeds must be used for this purpose.

Board will decide exactly when and how these things will be done. But Board must immediately repair or replace things that are damaged or destroyed (other than by ordinary wear and tear), except as otherwise provided in this Agreement.

Association may provide optional maid service to Occupants during their Use Period, as determined by Board. If this service is provided, it will be furnished to each Occupant only at his request and added expense as a Personal Charge. Association also may (but unless provided for in any approved Budget is not required to) make changes, additions and improvements ("Improvement(s)") to the Property beyond needed maintenance and repair as determined by Board. However, if any Improvement is not provided for in an approved Budget and Board reasonably estimates that the cost thereof would exceed \$25,000, then Association must first hold a meeting at which the Improvement is considered. Association may make the Improvement unless Owners of more than fifty percent (50%) of the Intervals represented at the meeting vote against the Improvement. If there are not enough funds on hand to pay for any authorized work, Board may assess a Special Charge to the Owners.

- 3.10 Association will act through Board. Board may exercise all of the powers of Association and must perform all of its duties under the Program Documents, unless these documents expressly restrict what Board is to do.
- 3.11 Carriage Hills will appoint the first Board. The first Board is made up of the persons named in the Charter or appointed later by Carriage Hills. This Board will act until the

first annual meeting of Association.

3.12 Board must keep a Manager at all times and may delegate powers and duties to it.

- (a) Prior to Association's first annual meeting, Carriage Hills will engage and maintain a Manager for Association. At Association's first annual meeting, Association must adopt the contract Carriage Hills signed with the Manager and agree to obey it. On behalf of Association, Carriage Hills may hire itself or a related or affiliated entity as the Manager and may also hire a subcontractor (which may also be itself or a related or affiliated entity) to perform some or all of the obligations as Manager.
- (b) Board must keep a Manager at all times and may delegate all of Association's powers and duties to the Manager, unless the Program Documents expressly say that Association or Board must exercise a particular power or perform a particular duty itself. If this restriction is not stated, Board must give that power and duty to the Manager.
- (c) Each contract with a Manager must say that:
 - (i) The term may not be longer than five years, but shall provide for automatic five year renewals after the end of the initial term and each subsequent renewal term.
 - (ii) The Manager is always subject to the direction of Board.
 - (iii) The Manager may delegate its powers and duties to one or more sub-agents for any period and upon any terms it decides is proper.
 - (iv) The Association or the Manager may terminate the contract upon not less than thirty (30) days written notice. However if the written notice is given by Board, it shall not be given unless such notice is given pursuant to a resolution of Association passed by 66 2/3 % of the Owners at a regularly constituted meeting of Association.
 - (v) On or before the effective date of any resignation by Manager, or of any termination of the contract, Manager must turn over to Board all books and registers, employee and employment registers, licenses and permits, relating to the management and operation of the Resort, whether maintained or held in the Manager's name or in the name of Association or the Resort and whether in written form or as computer data or otherwise, all of which are and shall be Association Property.
- (d) Any subcontract between the Manager and a subcontractor must incorporate into it the same provisions referred to in subparagraph (c) above.

3.13 Board may delegate powers. Subject to the Charter and this Agreement, Board may delegate its powers and duties to others as stated in the By-Laws. Board may also hire other persons to perform services. This includes (but is not limited to) lawyers and accountants.

3.14 Adoption of Program Rules. Carriage Hills may adopt and change the Program Rules at any time until the first annual meeting of Association. The Program Rules must be obeyed by all Owners. At its first annual meeting and at every annual meeting thereafter, Board elected by the Owners must review the Program Rules and may make any changes or new Program Rules it decides are appropriate that are consistent with the other Program Documents. At any time, Board or the Manager, with Board's approval, may also make changes or make new Program Rules. All Program Rules must not be in conflict with the other Program Documents (including but not limited to the provisions of the Program Documents giving Carriage Hills special rights and privileges), and must apply equally to all Owners and their Intervals or to all established classes of Owners and

their Intervals (except to the extent that Carriage Hills has special rights and privileges under this Agreement and the other Program Documents).

- 3.15 Board will Represent the Owners. Board or the Manager, if authorized by Board, may represent Association in any lawsuit or other legal proceedings about the Resort, Association, the Units or the Property.
- 3.16 Limitations on Association's powers and duties.
 - (a) Association does not have to act if it does not have enough money. No matter what of the Program Documents may say, Association (and Board, the Manager and anyone else acting on its or their behalf) are not required to take any action if Association does not have money on hand to pay for it. Association may wait until it raises enough money from the Owners.
 - (b) Owners may veto any direct action taken by Board or Manager. Unless a higher percentage of Owners is expressly required by any part of the Program Documents, a majority of Owners may veto any action of Association, Board or the Manager, or may direct that certain actions be taken.
 - (c) General limitations on contracts Board may make. Board may not make a contract to furnish goods or services for a period longer than one (1) year, unless the Owners are first given a chance to vote on the contract and a majority of all Owners do not vote against the contract. This rule will not apply to:
 - (i) the management contract and any management subcontract;
 - (ii) any contract for utility services;
 - (iii) insurance policies;
 - (iv) a lease of Common Furnishings;
 - (v) an Exchange Agreement;
 - (vi) Reciprocal Agreement;
 - (vii) Joint Use Agreement; and
 - (viii) Easement Agreement.
- 3.17 No Responsibility. Carriage Hills, Association, Board or Manager (or anyone acting on their behalf) are not responsible for acts or omissions of any Owner or Occupant.

ARTICLE IV - PROVISIONS ABOUT USE PART A - EXCHANGE USE

- 4.01 Exchange is allowed. Both Internal and External Exchange is allowed.
- 4.02 Arrangements for Exchange Programs.
 - (a) Internal Exchange. Association may (but does not have to) provide for an Internal Exchange Program in the Program Rules. To pay for the added costs, Association may charge fees to those Owners who use this service. All fees to be charged must be stated in the Program Rules.

Any Internal Exchange Program is subject to any Exchange Agreement for External Exchange. In other words, if there is a conflict between the two, what is said in the

Exchange Agreement controls and must be obeyed.

- (b) External Exchange. Association must use reasonable efforts to have an External Exchange Program at all times, unless a majority of all Owners vote not to do so. Initially, Carriage Hills may make arrangements for an External Exchange and on behalf of Association may sign Exchange Agreement with an Exchange Agent. Association may sign Exchange Agreement, renew them, and (if lawful to do so) cancel and try to make arrangements with another Exchange Agent.

Association must keep each Unit and the Property in condition sufficient to comply with the standards set by the Exchange Agreement.

- 4.03 Risk and Expense. Owner may take part in any Exchange Program at his own option, risk and expense. Any charges made and rules imposed by an Exchange Program will not change or suspend the Charges and duties imposed on Owner by the Program Documents, with these exceptions:

- (a) Owner is not responsible for any Exchange User that uses Owner's Use Period;
- (b) Owner is not responsible for any Owner with whom he makes an Internal Exchange; and
- (c) Owner is not responsible for any Occupant using his Use Period, if he has externally or internally exchanged its use.

Owner must notify Association in writing if he takes part in an Exchange. Owner must pay for his own Exchange and other fees.

- 4.04 Exchange Users must obey Program Documents. Exchange Users are governed by the Program Documents and must obey them. Exchange User may be required to sign an agreement to this effect and if he does not sign, he and his Renters and Visitors may be refused occupancy. Exchange User is jointly and severally liable and responsible for his Renters and Visitors, even if the Exchange User himself never occupies.

- 4.05 Carriage Hills, Association and the Manager are not responsible for:

- (a) any External Exchange Program or Agent;
- (b) anything any External Agent does or does not do;
- (c) anything done or not done by any Exchange User; and
- (d) Exchange Users Renters and Visitors.

PART B - GENERAL USE RIGHTS, RESTRICTIONS AND OBLIGATIONS

- 4.06 Owner must stay out of the Units and off the Property except during Assigned Use Period. Owner (except Carriage Hills) must stay out of all Units and off the Property except that during his Confirmed Use Period (or during any Use Period he may get the use of through Internal Exchange) he may use his Assigned Unit. Owner must stay out unless he is an authorized Visitor or Renter of another Owner.
- 4.07 Restrictions on Uses; No Pets. Each Unit will be used only for resort purposes, for transient vacation and other rentals, and for time sharing, and no Unit may be used to carry out any other trade or business. No pets will be allowed in any Unit (seeing eye dogs are not considered to be pets). The number of Occupants in each Unit will be limited to the maximum number allowed by law and the Program Documents.

- 4.08 Who may use your Use Periods. An Owner may let Renters, Visitors and Exchange Users use the Unit during the Use Period he reserves and confirms or gets through Internal Exchange. Occupants are allowed Visitors only. An Exchange User may also have Renters if this is allowed by the External Exchange Program and Exchange Agreement. As an Owner, Exchange User, or Occupant, you will be responsible for Visitors and Renters.
- 4.09 Rental Pool. Every Owner (other than Carriage Hills) promises not to enter into a pooling or similar program. These are programs where Owner's Use Period is placed in a pool together with other Owners' Use Periods and rented out, or where rental income and/or expenses are shared. This restriction will last until December 31, 2007.
- 4.10 Changes to Unit, Building, or Common Furnishing. Association will make all decisions about and be responsible for the colour, decor, Common Furnishings, changes, additions and other improvements to the Property.
- 4.11 Maintenance and Repair. Association will make all decisions and be responsible for normal and other maintenance and repair of the Property. Each Occupant has the duty:
- (a) not to damage, beyond normal wear and tear, any part of the Property; and
 - (b) to keep the Unit (and Common Furnishings) in good order and condition (except for reasonable wear and tear).
- 4.12 Association's right to enter. Each Occupant must allow Association or Manager to enter his Unit during his Confirmed Use Period:
- (a) to inspect the Unit; and
 - (b) to maintain, repair and replace any part of the Unit or the Common Furnishings.
- For these purposes Association may enter as allowed by the Program Rules. Association must give reasonable notice before entering, and must try to avoid or reduce interference with an Occupant's use. In case of emergency, Association may enter at any time without notice. Association may also enter to stop any nuisance.
- 4.13 How you must act as an Occupant. Occupant must obey all of the Program Documents and must also obey all local laws and the laws of Ontario and of Canada. Owner must also not act in any way:
- (a) that causes any danger to any person or property;
 - (b) that is unlawful or disorderly;
 - (c) that would damage or injure the welfare or interests of: (i) any other Occupant or any Owner, (ii) Manager or managing agent, or (iii) Association;
 - (d) that is in violation of any part of the Program Documents;
 - (e) that would be harmful or offensive; or
 - (f) that would cause any other nuisance.

Occupant will be responsible for and pay all costs and damages caused by his not doing any of these things. Occupant may be required to sign an agreement to obey the Program Documents before he is allowed to occupy.

4.14 Rules on Vacating Units:

- (a) Duty to Vacate. Occupant must: (i) vacate the Unit occupied at the end of his Confirmed Use Period, (ii) leave the Unit and Common Furnishings in good and sanitary condition (except for reasonable wear and tear), and (iii) obey all Program Rules for check-out.
- (b) Personal Effects. At the end of the Use Period, Occupant must remove all personal effects such as clothing, food, liquor, luggage, etc. No one will be responsible for any personal effects that are left behind. In fact, personal effects not removed will be considered abandoned. Association has the right to dispose of them and if Association sells them, may keep the sale proceeds.

4.15 Unauthorized use of a Unit or a Unit made unusable.

- (a) Eviction. Each Trespasser and Vandal may be removed from the Property at once and waives all eviction notices the law may require.
- (b) Pay Costs and Liquidated Damages. Each Trespasser and Vandal must repay Association and each Injured Person for all their costs and expenses caused by the Act of Trespass or Vandalism. These costs include (but are not limited to) costs of another place to stay and extra travel cost and all collection and enforcement costs. To obtain another place to stay, it may be necessary to rent for a period of time longer than the time use is actually prevented. If this happens, the cost of another place to stay includes all of the rent for this longer period of time. Association will decide if it is necessary to rent for a longer time. Association's decision will be final.

Occupant who commits an Act of Trespass or Vandalism must also pay Liquidated Damages to each Injured Person to compensate the Injured Person for the added damages of losing the use and enjoyment of his Assigned Unit.

- (c) What Association must do. Association must take all reasonable steps to evict the Trespasser or Vandal. Association must help each Injured Person to find another place to stay, at Association's expense. Also at Association's expense, Association must try to collect all costs and Liquidated Damages for the Injured Person, if asked to do so by the Injured Person. (Expenses like these which Association pays out at first, but which are to be paid back, are called advances.)

4.16 Each Occupant may be required to sign an agreement to obey the Program Documents. At the time Occupant checks in (or later), he may be required to sign an agreement to obey the Program Documents. He may be refused occupancy if he will not sign.

4.17 Special Rights of Carriage Hills. No matter what is said in any other part of the Program Documents, Carriage Hills has and keeps these special rights and privileges:

- (a) To reserve and use Intervals. Carriage Hills is entitled to reserve and confirm Use Periods it owns on the same basis as other Owners with Floating Unit and Floating Time Rights.
- (b) To use unreserved, unconfirmed or unused Use Periods. In addition, Carriage Hills is entitled to use Use Periods that for any reason are not reserved, or if reserved are not confirmed if and as required, or if reserved and confirmed, are not used. These Periods are called "Unused Use Periods".
- (c) To rent its Confirmed Use Periods and Unused Use Periods and to use them for sales purposes. Carriage Hills may use its own Confirmed Use Periods and all Unused Use Periods for any purpose, including rentals, sales and other commercial activities permitted by law free from the restrictions imposed by the Program Documents. If

Carriage Hills does rent these Use Periods. it alone is entitled to the rental proceeds.

- (d) To use the Resort at all times it owns any Interval or any Unit for any purpose permitted by law. Similarly, at all times that Carriage Hills is the Owner of any Interval, Carriage Hills may use the Resort for any purpose permitted by law free from the restrictions imposed by the Program Documents.
- 4.18 Law governing rental use. Ontario law will govern the rental of all Use Periods.
- 4.19 Use Restrictions and Obligations. The use restrictions and obligations imposed on the use of the Property are cumulative and not exclusive. People must obey each and every one of the restrictions imposed in the Program Documents. Obeying some but not all is not enough.

PART C - BONUS USE TIME PROGRAM

- 4.20 Bonus Use Time Program. Association must provide for a Bonus Use Time Program in the Rules, unless a majority of all Owners vote not to do so. Association must use reasonable efforts to set the daily Bonus Use fee so that it equals or exceeds the average daily costs per use incurred by Association in making available and operating the Bonus Use Time Program, but, if possible, is substantially less than the Fair Rental Value.

ARTICLE V - TRANSFERS OF INTERVALS AND OTHER PROVISIONS ABOUT OWNERSHIP

- 5.01 Owner may Transfer or Mortgage Interval with the Consent of Association.

Each Owner, with the consent of Association may Transfer or Mortgage an Interval. If an Owner owns more than one Interval, each can be treated separately. Owner is not required to do with all his Intervals what he does with any one of them.

You may also own an Interval together with others. Two or more people may own an Interval but only if they each own an undivided share. Each person would own a percentage of the Interval.

- 5.02 Each Owner's rights, privileges and duties as a tenant in common are subject and subordinate to what is set out in the Program Documents.

Each Owner waives all rights he may have to Partition any part of the Property. Each Owner gives up these rights for as long as this Agreement remains in effect.

An Interval itself cannot be partitioned. Anyone who is a Co-Owner of an Interval can ask a court to sell the Interval and divide the sale proceeds among all Co-Owners.

- 5.03 You may not Transfer, Mortgage or in any other way infringe on:

- (a) Other Owners' Intervals. The right to Transfer and Mortgage applies only to each Owner's Interval;
- (b) The Property. An Owner can Transfer or Mortgage only his own Interval;
- (c) Each Owner is also prohibited from:
 - (i) doing or allowing anything to happen that would make any other Owner's Interval, the Property, or Association Property or Funds the subject of any lien, attachment or other similar proceeding;
 - (ii) doing or allowing anything to happen against him or his Interval;

- (1) which may result in sale or threatened sale of the Interval of any other Owner or the Property;
- (2) which would result in a sale or threatened sale or other action which would cause any interference in the use and enjoyment by any other Owner of their Interval.

5.04 Indemnification. Each Owner promises to defend and indemnify each of the other Owners, Carriage Hills and the Association against all claims, liabilities, damages, judgments, costs and expenses including legal fees, any of them has or gets because of the non-compliance with the provisions in this Article.

An Owner who does or permits anything to happen in violation of this Article is called an "Infringing Owner". What an Owner does or permits is called an "Act of Infringement". Each Owner whose Interval or whose use and enjoyment of his Interval is being infringed on is called a "Threatened Owner".

A Threatened Owner may act on his own to protect himself, or he may act with other Threatened Owners or under the authority of Association. He may (but does not have to) settle or compromise any threatened or actual Act of Infringement. In doing so, he may pay all or any part of the money that is being claimed. He does not have to check first if the amount is proper or the claim is valid. Acting on behalf of any Threatened Owner, Association has these same rights. Association also has the same rights to protect any part of the Property or the Funds it holds. It may also advance to any Threatened Owner all amounts he paid and costs (including legal fees) he incurred. On demand, the Infringing Owner must pay back the Threatened Owner or Association. If Funds in the hands of Association are taken, the Infringing Owner must replace the amounts taken on demand.

5.05 Effect of the Restriction on Title on the Transfer of an Interval. In order to protect all Owners and the integrity of the Program, Carriage Hills has filed a Restriction on Title which requires Association's consent to a Transfer of an Interval.

Association must grant consent if New Owner executes and delivers to Association:

- (a) an Assumption and Consent Agreement assuming all obligations in the form attached hereto as Exhibit "C"; and
- (b) an Adherence Agreement in the form attached as Exhibit "B".

5.06 Transferring an Interval.

- (a) Owner must reference Interval Identification Number. Documents must accompany the Transfer which reference the Interval Identification Number.
- (b) Owner must give notice to Association. At least ten (10) days before any Transfer, Owner must notify Association in writing of the Transfer. The notice must give: (1) name and address of the New Owner; (2) date of Transfer; and (3) copy of Transfer; (4) Interval Identification Number; (5) Assumption and Consent Agreement executed by New Owner; and (6) Adherence Agreement executed by New Owner. Association's consent to the Transfer will not be given and the Transfer will not be recognized if all elements of the notice are not provided.
- (c) Unless and until this notice is given:
 - (i) Association will not provide its consent to the Transfer nor recognize the New Owner;

- (ii) Registrar of Land Titles will not accept the Transfer for registration; and
- (iii) Owner will remain fully liable.
- (d) Release from any further obligations. No Owner is liable for anything done after his Transfer is recognized by Association, but he is and remains liable for things that happened before the Transfer is recognized by Association.
- (e) Transfer Fees. A Transfer fee in an amount as stated in the Program Rules may be assessed on each Transfer.
- 5.07 What is automatically included in any Transfer. Transfer includes the interest, if any, of the Owner in Funds in the hands of Association.
- 5.08 Transfer and Mortgage are subject to the Program Documents. An Interval transferred or mortgaged continues to be governed by the Program Documents.

A New Owner must obey all the Program Documents.
- 5.09 Unpaid Charges. There is a lien on the Interval to secure payment of Charges. If the Owner has not paid all Charges, the Interval is subject to this lien. The lien is subordinate to any Mortgage.

As a part of any Transfer or Mortgage, any party may ask Association for a certificate of unpaid Charges. Within ten (10) days after receiving the request, Association must give the certificate. The certificate will limit the lien rights to those unpaid Charges disclosed, but only as against the person receiving the certificate.
- 5.10 Association must keep a list of Owners. Association will keep a current Owners list but will not provide a copy to Owners in order to protect the privacy of the Owners.

ARTICLE VI - FINANCES

- 6.01 Costs will be incurred to run the Resort. These costs will be shared and paid for by the Owners and other people who use the Property, as spelled out in this Article.
- 6.02
 - (a) "Resort Expenses" includes all costs of maintaining the Resort. It also includes all charges imposed on the Property. It does not matter who is billed for them. For example, even if Association or Carriage Hills is billed, the charge is still a Resort Expense and is to be shared among all Owners.

Resort Expenses include:

 - (i) property and other governmental taxes and charges;
 - (ii) utilities (electricity, water, and so on);
 - (iii) maid service (other than optional maid service);
 - (iv) insurance;
 - (v) liabilities and damages;
 - (vi) application, renewal and cancellation fees charged by Exchange Program;
 - (vii) expenses pursuant to the Joint Use Agreement, Reciprocal Agreement and the Easement Agreement;

- (viii) Personal Charges that Board decides cannot be collected;
- (ix) all other costs incurred except for Personal Charges.

Resort Expenses must also include the following amounts to provide for these contingencies and reserves:

- (x) any shortfall for any reason in funds to pay costs on a current basis; and
- (xi) Improvement Savings Accounts.

- (b) "One Share" means for Every Year Interval Owners:

$$\frac{1}{51 \text{ times the total number of all Units then in the Program;}}$$

For Odd and Even Year Interval Owners, "One Share" means:

$$\frac{1}{102 \text{ times the total number of all Units then in the Program.}}$$

- (c) "Basic Charge" is the regular charge for each Interval. It will be for One Share of Resort Expenses, as estimated in the Budget, plus late charges and interest if the Basic Charge is not paid when due, and all costs of collecting unpaid Basic Charges which include but are not limited to court costs and legal fees.
- (d) A "Special Charge" is an added charge as needed for each Interval. It will be for One Share of the amount of money needed to keep paying Resort Expenses on a current basis, as estimated in a Supplemental Budget, plus late charges and interest if a Special Charge is not paid when due, and all collection costs on unpaid Special Charges.
- (e) "Personal Charges" means all expenses that result from the act or the failure to act of any Owner, Exchange User, or Occupant (except failure to pay any Basic or Special Charge). Among other things, they include all:
 - (i) extra services requested by an Owner, Exchange User or Occupant, including optional maid service, long distance telephone charges;
 - (ii) late charges and interest on unpaid Personal Charges;
 - (iii) collection costs on unpaid Personal Charges and costs of enforcing the Program Documents including fines, court costs and legal fees;
 - (iv) costs to repair any damage (other than ordinary wear and tear) caused by: (i) that Owner, Exchange User or Occupant, or (ii) Renters, Visitors or other Occupants during the time that he is entitled to use;
 - (v) costs of replacing Common Furnishings that are lost or missing;
 - (vi) damage and injury to any other Owner, Occupant or Association due to his violation of the Program Documents; and
 - (vii) any advances made by Association for any Owner, Exchange User or Occupant. Advances are costs incurred by Association in, (i) doing what that Owner was required to (but did not) do, or (ii) repairing or correcting any damage that person caused or is responsible for.

Personal Charges also include Personal Charges against his Renters and/or Visitors.

PART A - HOW COSTS WILL BE SHARED AND MONEY HANDLED

6.03 How Basic Charges are to be determined and assessed.

- (a) Establishing the Budget and One Share of Resort Expenses. "Budget" means the estimated amount of Resort Expenses for each fiscal year. Before the start of each calendar year, Manager must prepare an estimate of Resort Expenses. Upon review and approval by Board, this estimate (with any changes Board may make) will become the Budget for that year. Board must budget for the contingencies and reserves. Budget must establish and maintain Improvement Savings Accounts as required by this Article, and must deal with surplus funds from earlier years as required by this Article.
- (b) Adjusting the Budget and One Share of Resort Expenses. Board may (but is not required to) adjust the Budget during any year if it decides that there is or will be more money than Association needs. One Share of Resort Expenses will be adjusted or determined again at the same time the Budget is adjusted.

An Owner will not have the right, because of an adjustment in the Budget: (1) to get a refund of any Basic Charge already paid; or (2) not to pay any Basic Charge due but unpaid.

- (c) Assessing the Basic Charge. Manager will assess each Owner for his Basic Charge. Basic Charge will be payable in one lump sum in advance, unless Board decides on a different payment schedule.
- (d) Carriage Hills may establish Budget and assess Basic Charge until Board is elected.

6.04 "General Account". Association must establish: (a) one or more General Accounts; and (b) Improvement Savings Accounts. All Accounts must be established with a bank or other financial institution in the Province of Ontario. All funds received must be used only to pay Resort Expenses.

6.05 "Improvement Savings Accounts" are accounts in which money is to be saved up over a period of years to pay for Improvements.

When Board reviews and approves the Budget, it will decide what Improvements may be needed and will then decide:

- (a) the estimated cost for each Improvement; and
- (b) the amount to save in each year, so that there will be enough money to pay the estimated cost when the Improvement is needed.

Board may consider interest earned on the Savings Accounts in making these decisions. The amounts which Board decides must be saved up each year must be included in the Budget and billed as a part of the Basic Charge. The amounts collected must be put into one or more Accounts.

With approval of Board, Manager may make withdrawals from any Account for the purposes allowed by the Program Documents. Withdrawals must also be made if the amount of money in any Savings Account proves to be greater than the estimated cost of the Improvement, or for any reason the Improvement is not made within a reasonable time after the estimated time that Improvement will be needed and then used as determined by Board.

6.06 Surplus Funds. Surplus funds left over at the end of any year must be used to pay Resort Expenses (except for Improvements) in the next year. At the annual meeting Association must adopt a resolution that requires this. For this purpose, each Owner

gives Board President a proxy, and makes Board President his special attorney in fact, to adopt this resolution. Board must use these surplus funds to pay Resort Expenses for the next year.

6.07 How Special Charges are to be determined and assessed.

- (a) Establishing the Supplemental Budget. If for any reason Association does not have enough money to pay all Resort Expenses on a current basis, Manager must prepare a revised Budget. Upon review and approval by Board, this revision (with any changes Board may make) will become the "Supplemental Budget" for that year. A Supplemental Budget may be established as many times each year as is needed. It may also be established due to any extraordinary item. This is any major item which was not provided for in the current Budget or in any Improvement Savings Account.
- (b) Assessing a Special Charge. When it will be due. Once a Supplemental Budget is established, Manager will assess each Owner a Special Charge. A Special Charge may be made payable in one lump sum or in instalments.

6.08 How Charges will be assessed for the year of purchase. Charges will be assessed to and be payable in full by an Owner for the Use Year in which he purchased if and only if in that Use Year that Owner's Season or Fixed Use Period starts or occurs after the date of closing.

6.09 Board must give out financial statements. Board must give Owner a copy of the Budget, Supplemental Budget and Annual Report.

The Budget must be sent to each Owner at least thirty (30) days before the annual meeting of Association. The Budget for the first calendar year must be sent out as soon as reasonably possible.

The Annual Report must be prepared in accordance with generally accepted accounting principles by an independent accountant. The Annual Report must be audited. Full and adequate books and registers reflecting the results of operations of the Resort must be kept and maintained. The Annual Report must contain:

- (a) a balance sheet showing the assets, liabilities and net worth;
- (b) an operating (income) statement;
- (c) a cash flow statement; and
- (d) a list of the names, mailing addresses and telephone numbers of the Board.

**PART B - THE FINANCIAL OBLIGATIONS OF OWNERS,
EXCHANGE USERS, AND OCCUPANTS**

6.10 As an Owner, Exchange User and/or Occupant you promise to pay the Charges. Each Owner must pay when due all Charges. Each Owner, Exchange User and Occupant must pay all Personal Charges.

Carriage Hills may pay a subsidy instead of Charges. Instead of paying Basic and Special Charges on the Intervals it owns, Carriage Hills may elect to pay a subsidy. The amount of the subsidy will be calculated substantially as stated in the form of "Subsidy Agreement" attached as Exhibit "D". Carriage Hills has this right until all Intervals are transferred.

6.11 You cannot avoid paying by giving up your Interval. No Owner, Exchange User or

Occupant can avoid his obligation to pay. An Owner cannot avoid it by: (i) waiving any of his rights as an Owner; or (ii) by abandoning his Interval; or (iii) by abandoning use of his Use Period.

- 6.12 When you must pay. A bill for Personal Charges which is ready at check out time is due then.
- 6.13 Interest, late charges, collection and enforcement costs. Interest will be assessed at such rate as Board shall establish in the Program Rules on each Charge that is not paid when due. A late charge as set forth in the Program Rules will also be assessed for the extra handling costs. Costs to collect Charges and to enforce any other duties under the Program Documents will also be assessed, if incurred by Association. These costs are called collection and enforcement costs. They include but are not limited to court costs and legal fees.
- 6.14 Personal Charges paid in advance. Association may require advance payments or a security deposit from any Owner, Exchange User or Occupant. Association may use these funds until all his Charges are cleared and paid. Carriage Hills, Association, Board, and Manager are not responsible for any unpaid Personal Charges, even if they did not ask for or get or keep an advance payment or security deposit. Each Owner, Exchange User and Occupant must pay his Personal Charges, whether or not he made an advance payment, or put up a security deposit, or was refunded any amount paid in advance or deposited.
- 6.15 Association agent only. Association, Board, and Manager act as agent for the Owners, and do not have any personal liability for Resort Expenses or Personal Charges.

PART C - PROTECTIONS AGAINST NONPAYMENT; LIEN AND SALE RIGHTS

- 6.16 Interval is automatically subject to a lien for each Charge. Association has a lien and charge on the Interval of each Owner. This lien is to secure the payment of Basic Charges and Personal Charges by an Owner (and all interest, late charges and collection and enforcement costs). If such Basic Charges and Personal Charges are unpaid for longer than two (2) months, this lien or charge shall be enforceable by the same remedies as are available to a mortgagee (including, without limitation, a power of sale as provided in Section 6.19. Association shall provide a statement of any amount claimed in respect of such lien and charge to any person requesting same. Association may at its option from time to time postpone or waive such lien or charge.
- 6.17 Under this Lien your Interval may be sold. If payment of Charges is not made, Association can sell the Interval.
- 6.18 Proceeds from your Interval are also subject to this lien. This lien also covers Proceeds. "Proceeds" means all money and other things received on account of an Interval and its use. Proceeds include all rents; insurance and Expropriation Proceeds; sales Proceeds; and cash and non-cash Proceeds.
- 6.19 Provided and it is hereby agreed that if an Owner shall make default in the payment of any Basic Charge or Personal Charge, and two (2) months shall have elapsed without such payment being made, it shall be lawful for Association, after having given written notice to the persons and in the manner and form prescribed by Part III of the Mortgages Act, R.S.O. 1990, not less than thirty-five (35) days previous, without any further consent or concurrence of the Owner in default, to sell and absolutely dispose of his Interval, subject to the provision of this Agreement, with the appurtenances, by public auction or private contract, and to convey and assure the same when so sold to the New Owner thereof and to do and execute all such assurances, acts, matters or things as may be found necessary for the purposes aforesaid, provided always that the Program

Documents hereof are complied with, and the Association shall stand and be possessed of and be interested in the monies to arise and be produced by such sale upon trust in the first place to pay and satisfy any Mortgage, in the next place to pay and satisfy the costs and charges of preparing for and making the sale as aforesaid, and all other costs, charges, damages and expenses which the Association shall bear, sustain or be put to for taxes, insurance and repairs, and all other costs and charges which may be incurred in and about the execution of any of the trusts and duties hereby imposed on Association, and in the next place to pay and satisfy the Basic Charges and Personal Charges, or so much thereof as shall remain unpaid up to and including the day on which same is satisfied, and finally, to pay the surplus, if any, to the Owner. Provided always and it is hereby further agreed and declared that notwithstanding this power of sale, Association shall have and be entitled to its rights of foreclosure of the equity of the Owner in default in the Interval and/or the right to sue for the payment provided for in Article VI hereof as fully and effectually as if this power of sale had not been contained herein.

- 6.20 Priority of Lien. This lien is prior and superior to all other rights in that Interval except the lien is subject and subordinate to any Mortgage.
- 6.21 Owner's Personal Liability and the Lien.
- (a) An Owner must pay: (1) all his Personal Charges; and (2) those Basic and Special Charges due or incurred while he is an Owner. Owner remains personally liable for these Charges (and interest, late charges, and collection costs on them), even after the Transfer to New Owner.
 - (b) A New Owner is not personally liable for any Charges and obligations of the Prior Owner due or incurred prior to the time the New Owner was recognized, if the New Owner receives a certificate from the Association that there are no unpaid charges. The Interval remains subject to a lien for all Prior Owner's unpaid Charges (including interest, late charges and collection and enforcement costs) unless the New Owner obtains a clearance certificate.

ARTICLE VII - THE RESPONSIBILITIES OF OWNER, EXCHANGE USER AND OCCUPANT FOR OTHER PEOPLE

- 7.01 Each Owner agrees that he is personally liable for his Renters and Visitors, as follows:
- (a) Each Owner promises and guarantees:
 - (i) his Renters and Visitors will obey the Program Documents;
 - (ii) his Renters and Visitors will make the payments they are required to make and will act the way they are supposed to act according to the Program Documents; and
 - (iii) that his Renters and Visitors do all the things set out herein.

If his Renters and Visitors do not pay or act as required, each Owner must pay and be fully responsible for them. The Owner must also pay for all damages and liabilities, and all interest, late charges and collection and enforcement costs. This includes, all damages and liabilities caused and incurred as a Trespasser or Vandal. The Owner will be assessed as a Personal Charge.
 - (b) Each Owner also agrees to indemnify the other Owners, Manager and Association from his Renters and Visitors. The Owner promises to pay for all claims, liabilities, damages, judgments, costs and expenses, including interest, late charges and collection and enforcement costs and Personal Charges.

- 7.02 Each Exchange User and Occupant is personally liable for his Renters and/or Visitors. Each Exchange User and Occupant makes the same promises, guarantees and indemnities about his Renters and/or Visitors, that an Owner makes in Section 7.01 above. Each Exchange User and Occupant is jointly and severally liable with his Renters and/or Visitors, and will be assessed with a Personal Charge.
- 7.03 Each Co-Owner is jointly and severally liable under this Agreement. Co-Owners are also jointly and severally liable for each other's Renters and Visitors.

ARTICLE VIII - DEFAULT AND ENFORCEMENT

- 8.01 "Defaulting Person" means any Owner, Exchange User, Occupant or other person who violates any part of the Program Documents, or is in default of any Mortgage. A Defaulting Person includes anyone who:
- (a) does not pay the money he owes to the Association or any Mortgagee;
 - (b) acts contrary to, or fails to act, the way he is required to; or
 - (c) does not obey the Program Documents in any other way.

A Defaulting Person also includes any Trespasser or Vandal and any Infringing Owner. Doing any one of the things stated in this Section or acting as a Trespasser, Vandal or Infringing Owner is an "Act of Default".

Association may force a Defaulting Person to comply, and may seek any relief and has all the remedies for an Act of Default which: (1) the law generally gives or allows; and (2) are specifically given or allowed by the Program Documents.

- 8.02 Association may stop any activity in violation of the Program Documents. If necessary to do so, Association can enter any Unit at any time. Association may, in its discretion, use any means and as much force as is reasonable. However, Association and Board, Manager, and anyone else acting for it are not responsible for not stopping any violation of the Program Documents, and are also not responsible for anything that happens if an attempt is made to stop any violation. Each Owner, Exchange User and/or Occupant must comply with each part of the Program Documents, whether or not an attempt is made to stop the violation.
- 8.03 Association may advance funds to force compliance or to correct a violation or to correct and repair any damage caused. Association may also advance funds to any Injured Person, Threatened Owner or any other person who is damaged by an Act of Default to compensate them for their expenses (including legal fees). The Defaulting Person must pay back all advances as a Personal Charge.
- 8.04 To collect any money that is owed by a Defaulting Person, Association can debit Funds held by the Association on behalf of the Defaulting Person. Association cannot take any funds in a Improvement Savings Account. The Defaulting Person must restore any Funds that are taken.
- 8.05 Association may fine any Defaulting Person as allowed in the Program Rules. Until the Act of Default is cured, the Association may also suspend or take away from the Defaulting Person his:
- (a) right to reserve and/or use his Use Period;
 - (b) right to exchange the use of his Use Period;
 - (c) right to reserve and/or use Bonus Use Time;

- (d) other privileges of ownership and Association membership, including voting;
- (e) utility services to the Unit; and
- (f) special services such as optional maid service

A suspension or fine will become effective when notice of it is sent to the Owner.

Association may not suspend an Owner's use rights if an Exchange User has a confirmed reservation to use that Owner's Confirmed Use Period. Association must notify the Exchange Agent of any suspension.

Unless the suspension is due to the Owner's failure to pay his Charges, Board must also give the Defaulting Person notice and the opportunity to appear before it in a hearing and oppose the suspension or fine. The Defaulting Person must be sent written notice of the hearing. The notice must state the purpose of the hearing, the reasons for suspension, and the place and date of the hearing. The written notice must be put in the mail addressed to the Defaulting Person at least twenty-five (25) days before the hearing date. Board's decision made after the hearing will be final, whether or not the Defaulting Person attends. Board must give written notice of its decision to him.

- 8.06 If Association has suspended an Owner's right to use his Use Period, Association may use his Use Period and let others use it. In doing so, Association may without delay evict the Owner and any people he has let use his Confirmed Use Period. Association will not be liable to anyone for any damages for taking possession. It may also rent the Use Period and apply the monies received, after deducting its costs, to the Owner's debts.
- 8.07 Association may take all rents and other monies arising from the Use Period of a Defaulting Person. For this purpose, Association is authorized by each Owner to act as that Owner's attorney in fact. Association may charge a reasonable fee, as stated in the Program Rules, and must apply all rents and other monies it collects (after deducting its fee) to the Owner's unpaid Charges.
- 8.08 A lawsuit may be commenced against the Defaulting Person for any remedy or relief generally given or allowed by law or specifically given or allowed by the Program Documents. This includes:
 - (a) obtain judgment and collect money;
 - (b) stop any violation; and
 - (c) specifically enforce the Program Documents.
- 8.09 ~~Association may sell an Owner's Interval without first going to court.~~
- (a) Initial Procedures. Before any sale of the Interval may occur:
 - (i) Association must give notice to the Defaulting Person. The notice of default must state:
 - (1) the nature of the default;
 - (2) the total of any unpaid amounts; and
 - (3) a demand for payment.

- (ii) If the default is not cured within fifteen (15) days after the notice is given, a second notice must be given to the Defaulting Person. It must state:
 - (1) the amount claimed to be due;
 - (2) that a lien is claimed against that Interval for the default in the amount stated, plus interest, late charges and collection and enforcement costs; and
 - (3) that Association intends to have the Interval sold.
- (b) If default is cured before the sale occurs, Association must cancel the sale.
- (c) The proceeds from the sale will be applied to: (1) payment of any outstanding Mortgage; (2) the costs and expenses of sale; (3) payment of Charges; and (4) if any amount is left, to the Owner.
- (d) New Owner must execute the Assumption and Consent Agreement and the Adherence Agreement.

The sale may not produce enough money to pay all Charges, interest, collection and enforcement costs due. If this happens, the Defaulting Person must pay the deficiency. Association may, to the full extent permitted by law, sue him to collect this unpaid amount, plus interest on it and collection costs.

ARTICLE IX - INSURANCE

9.01 Board must review the insurance at least once a year. Manager must prepare (or have an insurance agent prepare) an analysis of:

- (a) the insurance needs of Association and the Owners; and
- (b) how well the existing insurance covers these needs.

Board must review this analysis. Board may then make any changes to the insurance it decides. All Board decisions are final.

Board may obtain insurance directly for Association, and/or arrange insurance jointly with the Centre and/or Carriage Hills, and may be covered by blanket policies.

Board has the right to decide to increase coverage or obtain more beneficial terms than those stated herein. Board also may buy additional kinds of insurance that are not mentioned herein. All Board decisions are also final.

Board also has the right to decide to decrease coverage or obtain less beneficial terms, if it decides the coverage or terms are too expensive or not affordable.

9.02 Property; Liability; Directors and Officers; and Fidelity Bond.

(a) Property Insurance:

(i) Basic Risks Fire Policy. An All Risk or equivalent Fire Policy:

- (1) Extended Coverage, if available, to include direct loss from risks generally covered by a standard Extended Coverage Endorsement, such as windstorm, hail, smoke, explosion, riot, civil commotion, aircraft, vehicles and so on; and

- (2) Vandalism and malicious mischief. Coverage must include, if available, against loss due to vandalism and malicious mischief.
- (ii) Minimum amount with Inflation Guard. Coverage must include:
 - (1) 100% of the full cost of replacing the Units, the Buildings, other improvements on Association Property including Common Furnishings; and
 - (2) Inflation Guard endorsement.
- (iii) Form of this policy:
 - (1) This policy is to be written with Association as a named insured, for the benefit of all Owners and their Mortgagees;
 - (2) Required and prohibited clauses. Policy should say that:

coverage should not be affected, reduced or lost by any action or negligence by Association, Board, Manager, Owner or Occupant;

policy cannot be cancelled or substantially changed by the insurance company without at least sixty (60) days written notice to Board and Manager;

insurance company does not have the right to require that any part of the Property be restored or replaced, if the Owners decide not to do so; and

insurance company waives all subrogation rights against Association, Owners and Occupants.
 - (3) Policy should also contain a standard clause ("Mortgagee Clause") for the benefit of anyone who holds a Mortgage on an Interval. The Mortgagee Clause should say that:

each Mortgagee who gives its name to Board and the insurance company should be added as an insured party;

the coverage for a Mortgagee's benefit will not be affected or lost by any action or negligence of Association, Board, Manager or any Owner or Occupant;

insurance company will provide at least thirty days advance written notice of cancellation and/or material change in coverage directly to any Mortgagee who submits proof of the Mortgagee's interest to and requests such notice from the insurance company;

the insurance company waives:

any right to deny coverage for the Mortgagee's benefit because Mortgagee does not notify the insurer of any hazardous use or vacancy;

any requirement the Mortgagee pay the premium. But the Mortgagee will have the right to pay to prevent termination for nonpayment;

any right to be subrogated to the Mortgagee's rights against any one causing the loss, or the right to require that the Mortgagee assign its interest to the insurer;

any right to set off, recoup, counterclaim, or otherwise deduct funds from any payment due or to become due on any required insurance.

Reference to pay any Mortgagee will include all Mortgagees, whether or not they are named in this policy.

(b) Liability Insurance:

- (i) Association must obtain comprehensive third party bodily injury and property damage liability insurance on an occurrence basis, including coverage for premises/operations, products and completed operations, professional, and blanket constructive liabilities, to the extent such coverage is available. This comprehensive policy should protect Association, Board, Manager, officers, directors and employees of Association, Owner and if possible each Occupant and Mortgagee. Coverage should protect against claims for personal injury, death and property damage due to the condition of, and activities and construction on, the Property. The Policy must be a Comprehensive General Liability form. The limits for each accident or occurrence may not be less than:

- (1) \$2,500,000 for personal injury and death; and
- (2) \$300,000 for property damage.

(ii) This policy should provide that:

- (1) coverage should not be affected, reduced or lost because of any increased danger or hazard on any part of the Property, if Association, Board, or Manager or Owners collectively, could not have controlled the hazard or danger;
- (2) coverage should not be affected, reduced or lost by any action or negligence by Association, Board, Manager or any Owner or Occupant;
- (3) it cannot be cancelled or substantially changed without at least sixty (60) days written notice to Board and Manager;
- (4) insurance company waives all subrogation rights against Association and Owners and Occupants; and
- (5) insurance company is prevented from denying the claim of Owner because of any action or negligence of Association, Board, Manager or any other Owner or Occupant.

- (c) Directors and Officers. Insurance policy is to be obtained to protect Manager and all officers and directors of Manager and of Association from liability for claims based on their errors and omissions, negligence, or breach of duty. Policy should also provide coverage to pay any amount that Association has to pay to the officers and directors, according to the sections of the Charter and By-Laws which obligates Association to indemnify them; or alternatively, this policy should be in a pay on behalf of form, so that Association may be relieved of the burden of having to indemnify directors and officers and then waiting for reimbursement from the insurance company.

This policy should also provide:

- (i) a severability of interest clause so that the insurance company is prevented from denying the claim of any Owner or Association; and
- (ii) that this policy cannot be cancelled or substantially changed without at least sixty

(60) days written notice to Board and Manager.

The limits of this policy should be not less than \$500,000 for a single occurrence and \$500,000 for all occurrences.

Directors and Officers coverage may be provided as a part of the Liability Policy or as a separate policy.

- (d) A "Fidelity Bond" covers the loss of money while it is being handled. Subject to what is said in Section 9.01, a Fidelity Bond should be kept covering all directors, officers, employees and agents of Association who handle or are responsible for Funds. The Fidelity Bond should name Association as the person who is protected and gets paid in case of loss. The amount of coverage should be at least three (3) times the Resort's estimated monthly expenses.

This Fidelity Bond should say that:

- (i) it may not be cancelled or substantially changed without at least thirty (30) days advance written notice to Board and Manager; and
- (ii) people who provide services without pay are covered.

9.03 Each Owner has the right to buy additional insurance for his benefit at his expense.

9.04 The insurance company is to provide a summary of all insurance at the time the policy is obtained and on each anniversary date of the policy. The summary must describe the type of policy, coverage and limits, amount of the annual premium, and renewal dates.

Each policy and its written summary may be seen at Manager's office by any Owner, Mortgagee or person having a contract to buy an Interval. A copy of each policy and its written summary will be furnished upon request and payment of a reasonable fee.

9.05 No matter what any other part of the Program Documents says, Owners, Exchange Users and Occupants are excused from any personal liability they may have for damages, to the extent that the loss is paid for by insurance. Each Owner, Exchange User, Occupant and Association here and now releases all claims against each other to this extent.

ARTICLE X - DAMAGE, DESTRUCTION, EXPROPRIATION AND RESTORATION

10.01

- (a) "Destruction" means any damage to or destruction of the Property, or any part thereof, as a result of the occurrence of fire or other casualty. There can be a Partial Destruction or a Total Destruction. There are two kinds of Partial Destruction. A "Partial Destruction Not Affecting the Units" exists whenever, as a result of any fire or other casualty on the Property, or any part thereof, any of the Association Property has been damaged, but not any of the Units. A "Partial Destruction of Units" exists whenever, as a result of any fire or other casualty on the Property, or any part thereof, any one or more but less than all of the Units have been damaged. A "Total Destruction" exists whenever, as a result of any casualty to the Property, or any part thereof, all of the Units have been damaged.
- (b) "Expropriation" means the taking of any interest by a governmental authority, or the transfer of such interest in anticipation of such exercise. There can be a "Partial Taking" or a "Total Taking". There are two kinds of Partial Taking. A "Partial Taking Not Affecting the Units" means the expropriation of any portion of the Resort or Association Property, but not of any of the Units. A "Partial Taking of Units" means the Expropriation of any one or more but less than all of the Units. A "Complete Taking" means the Expropriation of all of the Units.

- (c) "Restoration" following any Expropriation means the repair or reconstruction of the remaining portion of the Property, to restore the Property to an attractive, sound, functional and desirable condition as a time share resort, including, if Board deems it desirable or necessary, the replacement of any improvements taken. In either case, if reasonably possible, taking into account the portions of the Property damaged or destroyed by any Destruction or taken by Expropriation, Restoration shall be in conformance with the original plans and specifications; but if Board decides that adherence to such original plans and specifications is impracticable or is not in conformance with applicable laws, ordinances, building codes or other governmental rules or regulations then in effect, then Restoration shall be of a kind and quality substantially the same as the condition in which such portions of the Property existed before the Destruction or Expropriation.
- (d) "Restoration Funds" in the case of any Destruction, means: (1) Insurance Proceeds, which are all proceeds of insurance received by Association as a result of the Destruction of any portion of the Property, but deducting therefrom reasonable and necessary costs and expenses incurred, if any, to collect the same, including, without limitation, legal fees, appraiser's and adjuster's fees and court costs; and (2) any surplus funds and those amounts, if any, held in the Improvement Savings Accounts of Association which are attributable to the portion of the Property damaged. "Restoration Funds" in the case of Expropriation means: (1) Expropriation proceeds which are the entire amount received by Association as compensation for any Expropriation, including without limitation any amount awarded as special damages, but deducting therefrom reasonable and necessary costs and expenses incurred, if any, to collect the same, including without limitation, legal fees, appraiser's fees and court costs; and (2) any surplus funds and those amounts, if any, held in the Improvement Savings Accounts of Association which are attributable to the portion of the Property taken by the Expropriation.
- 10.02 After any Partial or Total Destruction or Partial Taking, Association must undertake Restoration without first seeking any direction or approval from the Owners, unless:
- (a) cost as reasonably estimated by Board exceeds Restoration Funds by more than product of the number of Intervals then in the Resort times \$2,500; or
- (b) cost as reasonably estimated by Board exceeds Restoration Funds by more than product of the number of Intervals then in the Resort times \$1,500, and Owners of at least twenty-five percent (25%) of the Intervals petition or otherwise request a special meeting of Association be called to consider the Restoration, which petition or request must be received by Manager or Board no later than the earlier of sixty (60) days after the Partial or Total Destruction or Partial Taking or the special meeting of Association described below.

If the Property or any portion of it becomes the subject of or is threatened by any Expropriation or is otherwise sought by any expropriating authority (or if any significant Destruction occurs), Association shall give timely written notice of any proceeding or proposed acquisition (or of the fact of such Destruction) to the Owners and to each Mortgagee. If the cost of Restoration as reasonably estimated by Board exceeds Restoration Funds by more than product of the number of Intervals then in the Resort times \$1,500, before undertaking any Restoration, Association must also give timely notice of this fact to the Owners.

In either circumstance (a) or (b) stated above in this Section, as soon as is practical, Association must first hold a special meeting to consider Restoration. Association must restore the Property unless (1) in the case of a Partial Destruction or Taking, Owners of at least seventy-five percent (75%) of the Intervals then in the Resort agree in writing prior to or vote at a special meeting of Association that the Property not be restored; or (2) in the case of a Total Destruction, Owners of more than fifty percent (50%) of the Intervals then in the Resort agree in writing prior to or vote at a special meeting of

Association that the Property not be restored.

- 10.03 In the event Association undertakes Restoration of the Property and the costs of Restoration, as reasonably estimated by Board, exceed \$50,000, Board must contract with a licensed contractor or contractors who shall be required to post a suitable performance bond. The contract shall provide for the payment of a specified sum for completion of the work and shall provide for periodic disbursements of funds, which shall be subject to the prior presentation of an architect's certificate containing such provisions as may be appropriate in the circumstances and deemed suitable by Board.
- 10.04 Upon receipt by Association of any insurance Proceeds, Expropriation awards or other monies resulting from the Destruction or Expropriation of any portion of the Property in excess of \$50,000, Board shall deposit same into a bank or other financial institution selected by Board. If Restoration is undertaken, Board shall also cause the balance of any Restoration Funds to be deposited with the financial institution, plus all Funds collected as a result of any Special Charge on the Owners to make up any deficiency. Disbursement of such funds shall be made only upon the signatures of two Directors. Disbursements to contractors performing any repair or reconstruction or any Restoration of the Property shall be made periodically as the work progresses.
- 10.05 If Restoration is to be undertaken and the Restoration Funds are, or appear to Board to be, insufficient to pay all of the costs of Restoration, Board shall assess a Special Charge on all Owners to make up any deficiency. If after Restoration is completed, there remain any Restoration Funds after all costs of Restoration are paid, the excess shall be used by Association as Board shall determine.
- 10.06
 - (a) If Restoration is not undertaken following any Destruction or Expropriation, or, if, after the completion of the Restoration, there are less Units in the Resort than existed prior to the Destruction or Expropriation, any insurance proceeds or expropriation proceeds shall disbursed as follows:
 - (i) If there occurs a Total Destruction or Taking, a portion of the Restoration Funds equal to each Owner's One Share of Resort Expenses shall be disbursed to that Owner and to his Mortgagee as their interests may appear; provided that on or before any disbursement to each such Owner, that Owner must pay all of his debts accrued and owing to Association.
 - (ii) If:
 - (1) there occurs a Partial Taking of Units that results in the taking of a Unit or of any portion of a Unit such that the remaining portion cannot be repaired or rebuilt or such Unit cannot be replaced by the construction of another Unit, all in a manner satisfactory to Board; or
 - (2) there occurs a Partial Destruction To Units or a Total Destruction and, in either event, the plan for Restoration satisfactory to Board does not provide for the Restoration of any Unit or Association determines not to restore any Unit;

then, in either case that portion of the Expropriation proceeds or insurance Proceeds allocable to the eliminated Unit shall be disbursed to those Owners whose Intervals have the same Interval Identification Number as the Unit eliminated, and to their Mortgagees as their interests may appear;

PROVIDED that Owners who voted against Restoration at special meeting of Association, if any, shall be substituted for those Owners with Intervals having the applicable Interval Identification Number, as selected by Board on a random

basis by lottery or otherwise;

PROVIDED FURTHER the Interval of each Owner thus selected shall cease to be part of the Resort, each such Owner shall cease to have reservation and use rights and to be a member of Association, and his ownership shares shall automatically become vested in Association;

BUT NEVERTHELESS each of the Owners thus selected shall promptly release his ownership share to Association in a suitable registerable document, and each such Owner must do so on or before any disbursement to him or to his Mortgagee, and on or before any disbursement to each such Owner (but not his Mortgagee), he must also pay all of his debts accrued and owing to Association.

The Resort shall then be reconstituted without the eliminated Unit and the Intervals vested and released to Association, the ownership share of the remaining Owners shall be adjusted.

- (b) If there occurs a Partial Destruction or Taking Not Affecting the Units, the Restoration Funds shall be used first by Association to arrange for necessary repairs and then be held and used for such purposes as Board shall determine.
- 10.07 If any Destruction or Taking makes a Unit unusable, pending Restoration and/or reconstitution of the Resort, all reservation and use rights of those Owners whose Interval Identification Number corresponding to the number of that Unit shall be suspended.
- 10.08 Board may, without any vote of the Owners, undertake any repair which it deems reasonably necessary to avoid further Destruction or reasonably necessary to avoid substantial reduction in the value of the Property, or any portion of it.
- 10.09 Board is hereby granted the power and authority, on behalf of the Owners, to sue for or settle upon the amount of insurance Proceeds and Expropriation proceeds. Any settlement made by Board is final and binding on all Owners.

ARTICLE XI - CHANGING AND TERMINATING THE RESORT AND THE PROGRAM DOCUMENTS

PART A - CHANGING THE PROGRAM DOCUMENTS, AND CARRIAGE HILLS' RESERVED RIGHTS

- 11.01 Reserved Right to add additional Improvements. Carriage Hills may, but is not obligated to, add any additional Improvements to the Property at any one or more times including without limitation, (i) laundry facilities and equipment for the use of individual owners as well as (ii) temporary sales facilities, and (iii) buildings, including marketing and sales and office purposes, and which Carriage Hills may dedicate to use by Association as a registration desk, or for office or any other purpose permitted by law.
- 11.02 Reserved Right to amend the Program Documents. Carriage Hills may, but is not obligated, to amend the Program Documents to provide for any of the events or circumstances referred to herein or to make the Program Documents comply with the laws and rules of any province or country in which Carriage Hills intends to sell Intervals or with requests for changes by any lender of Carriage Hills.

All of the special rights Carriage Hills has and keeps whether stated or reserved in this Section or in any other Section of this Agreement (the "Reserved Rights") may be exercised and assigned by Carriage Hills, without the consent or joinder of any Owner, Mortgagee, or any other party, person or entity.

By acquiring an Interval, each Interval Owner, his Mortgagee and every other party,

person or entity:

- (a) acknowledges, accepts and agrees that Carriage Hills, and its successors in interest, has, keeps and may exercise and assign any one or more of the Reserved Rights at any one or more times without the consent or joinder of anyone else;
- (b) automatically consents to each such exercise and assignment;
- (c) agrees, at the request of Carriage Hills or any of its successors in interest, to sign and have registered or filed such document or documents, including without limitation, amendments to this Agreement and the other Program Documents, any Deed of an Interval, and any petition for or other document consenting to subdivision, consolidation and/or resubdivision and any setback variance or other variance from applicable governmental ordinances, rules and regulations, and to do such other acts and things, as Carriage Hills, or any of its successors in interest, decides is necessary or useful, to confirm the acknowledgments, acceptances, agreements and consents referred to in this Section, and to confirm the appointment made in this Section as their respective attorney in fact; and
- (d) appoints Carriage Hills, with power of substitution as their respective attorney in fact to execute and have registered or filed such documents and to do such other acts and things as said attorney in fact shall consider necessary or useful, with respect to the exercise or assignment of any of the Reserved Rights.

11.03 How the Agreement may be changed by the Owners. Except as otherwise stated herein, the Owners may amend the Program Documents at any regular or special meeting of Association, if Owners of a majority of all Intervals vote for the change. But if a percentage greater than a majority is required by law or by any other part of the Program Documents, Owners of that percentage of Intervals must vote for the change.

However, the following changes may not be made unless persons affected also give their written approval:

- (a) Without that Owner's written consent, the Program Documents may not be amended to change:
 - (i) ownership share;
 - (ii) Floating or Fixed Unit and Time Rights; or
 - (iii) voting rights.

These changes also may not be made without the written consent of Owner's Mortgagee.

Except for amendments made pursuant to the exercise of Reserved Rights, the consent of Mortgagees encumbering not less than 50% of all Intervals shall be required for any amendment or action which would (a) abandon or terminate the Program; (b) change the method of calculating pro rata interest or obligations of any Interval for the purpose of (i) levying assessments or Charges or allocating distributions of insurance Proceeds or Expropriation awards or (ii) determining the pro rata share of ownership of each Owner; (c) permit insurance proceeds to be used for purposes other than repair of the insured casualty until such repair has been completed and paid for in full; or (d) amend the provisions of this Section.

- (b) When Carriage Hills' consent is required. Without Carriage Hills written consent the Program Documents may not be amended:
 - (i) to change the rights and privileges Carriage Hills has and keeps under the

Program Documents; and

- (ii) so that the Program Documents do not comply with the laws and rules of any province or country in which Carriage Hills is selling Intervals.

- 11.04 When an amendment becomes effective. Unless otherwise provided to the contrary, an amendment that complies with the other parts of this Article 11 will become effective when: (1) it is signed by at least two officers of Association; and (2) these officers sign a sworn statement that the requirements of this Section have been met.

PART B - TERMINATING THE RESORT

- 11.05 The Resort will remain in effect in perpetuity unless any one of these things happen:

- (a) All Units are destroyed and the decision not to rebuild them has been made, or are condemned; or
- (b) If, at any special meeting, the Owners of at least seventy-five percent (75%) of Intervals then in the Resort vote to declare that Obsolescence has occurred. "Obsolescence" means that the Property, or a substantial portion thereof, has reached an undesirable state of disrepair or is obsolete, such that the Property is no longer an attractive, sound, functional and desirable time share resort.

Provided, however, the Program Documents will remain in effect until the Property is sold and Association is wound up; thus until such time: (i) Owners will remain personally liable for all their Charges then accrued; and (ii) Association will continue to exist and its lien and security interest will remain on the Owner's ownership share in the Property and its proceeds, until all such Charges (including interest, late charges and collection and enforcement costs) have been paid in full and Association's affairs are taken care of. Association will also keep all its other rights and remedies, including but not limited to its other rights and remedies to collect.

If the Resort is terminated for any reason, Association, as attorney in fact for all Owners, shall sell the Property, on such terms and conditions as Board shall determine. However, before any sale is consummated, Association must hold a special meeting to consider the sale. Board may consummate the sale unless Owners of at least seventy-five percent (75%) of the Intervals then in the Resort vote against the sale. Pending the consummation of a sale, the Property shall continue to be used, operated, maintained and administered as if the Resort remained in effect. Upon the consummation of any such sale, Association shall disburse to each Owner and to his Mortgagee a portion of the proceeds thereof equal to each Owner's One Share of Resort Expenses, provided that on or before any disbursement to each such Owner, that Owner must pay all of his debts accrued and owing to Association.

PART C - ADDING FURTHER PHASES TO THE RESORT AND PROGRAM

- 11.06 Development of adjoining lands. Carriage Hills owns lands adjoining the Property all or part of which it intends to develop as a time share site or sites. In the event similar units are constructed on these adjoining lands and are dedicated to time share use through registration of a time sharing agreement which provides for common management with the Program created under this Time Sharing Agreement, and intervals are sold to interval owners such owners shall become members of Association and shall be entitled to enjoy the same incidents of ownership as are presently enjoyed by the Owners.
- 11.07 Further development to operate under the Program Documents. It is intended that a time sharing agreement will be filed in substantially similar form as this Agreement against title to the adjoining lands. Carriage Hills, as owner of the adjoining lands, has also

entered into the Carriage Hills Reciprocal Agreement which will provide owners of the adjoining lands with the same facilities, amenities and services provided to Owners under the Agreement and services among the Owners and the owners of the adjoining lands as Owners in the Resort as then constituted.

ARTICLE XII - MINISTRY OF ENVIRONMENT

- 12.01 Owners acknowledge that the servicing of the Project was approved by the Ministry of Environment and Energy on the basis of a private Sequence Batch Reactor (sewage disposal system) and will not be considered for assumption and public use by the Municipality and that the Owners are aware that Horseshoe Resort Corporation is the operator of said system.

ARTICLE XIII - GENERAL AND MISCELLANEOUS PROVISIONS

- 13.01 Notices must be given in writing. Notices may be delivered, or if mailed, by registered, postage prepaid mail, addressed to an Owner at the last address he gives to Association, and, addressed to the Association at its registered office address as prescribed by the records of the Ministry of Consumer and Commercial Relations. If an Owner does not give Association an address, the notice will be addressed to his last known address. Notices to Association and Manager must be personally delivered or mailed by registered mail.

Each Owner appoints the Association as his attorney for the purpose of receiving any notice required to be given by the Municipality of the Corporation of the Township of Oro-Medonte (or its successor) pursuant to the Municipal Act, Municipal Tax Sales Act, Expropriations Act, Planning Act, Development Changes Act, Local Improvement Act, and/or any other applicable statute (and any regulation relating to any of the foregoing statutes). In other words, each Owner hereby acknowledges and agrees that the Corporation of the Township of Oro-Medonte (or its successor) shall not be required to identify and notify each Owner individually. Any notice required to be given to any and all Owners shall be effectively given to such parties if such notice is given to the Association in accordance with the notice provisions of this Agreement. The parties acknowledge and agree that this provision shall not be amended without the prior written consent of the Corporation of the Township of Oro-Medonte (or its successor).

Notices will be considered given and received when they are delivered, or if mailed four (4) days after they are deposited with Canada Post. As long as the notice complies with this Section, it will be considered received, even if the addressee does not actually get the notice.

If more than one person is listed as an Owner, notice to all Owners of that Interval may be made by giving notice to any one of them.

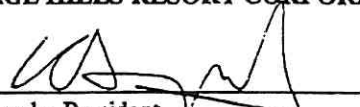
Each Owner, Association and Manager may change his address for the purposes of this Section by giving notice of the change. But, unless notice of an address change is actually received, the last address will still be considered as the address for all purposes.

- 13.02 In this Agreement, each Owner appoints Association as his attorney in fact for several purposes. For each of these purposes, each Owner also: (a) authorizes Association to substitute any member of Board or Manager to act as his attorney in fact; and (b) agrees that he cannot take away Association's power and right to substitute these persons to sign for him. Each of these appointments is called a special power of attorney, with the power of substitution. Because Association has an interest in the matters on which each Owner gives it these powers, they are coupled with an interest and are irrevocable. Each Owner agrees that these special powers of attorney cannot be terminated during the term of this Program, even if he becomes disabled or dies.

- 13.03 Everything about the Property, the Program, Association and the Resort is governed by the laws of the Province of Ontario.
- 13.04 A violation of any part of the Program Documents does not excuse that person or anyone else from his duty to obey that and all other parts of these Documents. This rule applies even if Association, Board or Manager does not try to correct the violation. Rights to enforce all parts of the Program Documents are not waived by any one or more failures to enforce.
- 13.05 This Agreement shall be construed with all changes of number and gender required by the context.
- 13.06 Titles to Articles have been inserted as a matter of reference only and do not define, limit or enlarge the scope or meaning of this Agreement or any provision hereof.
- 13.07 If any provision of this Agreement is determined by a court of competent jurisdiction to be illegal or beyond the powers or capacity of the Party or Parties bound thereby, such provision shall be severed from this Agreement and the remainder of this Agreement shall continue in full force and effect, *mutatis mutandis*.
- 13.08 This Agreement shall, subject to its terms, enure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, administrators, successors and assigns.

CARRIAGE HILLS RESORT CORPORATION

Per:


Lorne Borgal - President

I have authority to bind the Corporation
(PURCHASER)

Witness

Witness

CARRIAGE HILLS HOSPITALITY INC.

Per:


Lorne Borgal - President

I have authority to bind the Corporation

**CARRIAGE HILLS VACATION OWNERS
ASSOCIATION**

Per:


Lorne Borgal - President

I have authority to bind the Corporation

EXHIBIT "A" - LEGAL DESCRIPTION OF LAND IN THE RESORT

Parcel 1-16 Section 51-Oro-3

SUBJECT TO an easement over Part of Lots 2 and 3 Concession 4, Township of Oro, Part 5 Plan 51R-26764 as set out in Instrument Number 323091 in favour of Part of Lot 2 Concession 4, Township of Oro, designated as Parts 11, 12, 13 and 14 on Plan 51R-26764 being Parcel 1-17 Section 51-ORO-3, and, in favour of Part of Lot 2 Concession 4, Township of Oro, designated as Parts 1, 2, 3, 4, 15, 16 and 17 on Plan 51R-26764 being Parcel 1-18 Section 51-ORO-3.

TOGETHER WITH an easement over Part Lot 2 Concession 4, Township of Oro, being Part of Parcel 1-17 Section 51-Oro-3 being Part 11 Plan 51R-26764 as set out in Instrument Number 323092.

TOGETHER WITH an easement over Part of Lot 2 Concession 4, Township of Oro, being Part of Parcel 1-18 Section 51-Oro-3 being Parts 1 and 16 Plan 51R-26764 as set out in Instrument Number 323093.

EXHIBIT "B" - ADHERENCE AGREEMENT

THIS AGREEMENT made the _____ day of _____, 199_____

B E T W E E N:

CARRIAGE HILLS RESORT CORPORATION, a corporation
incorporated under the laws of the Province of Ontario,

(hereinafter called "Carriage Hills")

OF THE FIRST PART

- and -

_____,
(hereinafter called "New Owner")

OF THE SECOND PART

RECITALS

WHEREAS:

1. Carriage Hills has agreed to sell an Interval to the New Owner;
2. The said sale is conditional upon the New Owner entering into this Adherence Agreement for the purpose of becoming an additional party to an agreement (the "Time Sharing Agreement"), Notice of which is registered in the Land Titles Division of Simcoe.
3. Carriage Hills enters into this Adherence Agreement in its own capacity and as agent of the other Owners, the Manager and the Association.

WITNESSES that for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. In this Adherence Agreement capitalized terms not defined herein have the same meaning as is given them in the Time Sharing Agreement.
2. New Owner shall be entitled and is hereby granted ownership of 1/2652 interest for Every Year Interval and 1/5304 interest for Every Other Year Interval.
3. New Owner covenants and agrees that, notwithstanding the transfer of the ownership interest to New Owner, he shall only have the right to use such Interval as to which he has properly exercised his reservation and use rights.
4. New Owner hereby covenants that as of, from and after the date hereof, he shall be and be deemed to be a party to the Time Sharing Agreement to the same extent as if he were an original party thereto as purchaser of the Interval New Owner further covenants that he will observe and perform the covenants and agreements made by and the obligations and duties imposed upon him as an Owner by the Time Sharing Agreement, and will in all respects abide by the By-laws and the Rules of the Association to the same extent as if he had executed the Time Sharing Agreement and that the same may be enforced against him by the Manager, the Association, or any other Owner to the same extent as if he had executed the Time Sharing Agreement as an original party thereto.

Without limiting the foregoing:

- (a) New Owner appoints the Manager as his attorney or agent for purposes set out in the Time Sharing Agreement;
- (b) New Owner agrees to indemnify the other Owners, Carriage Hills, Manager and Association as provided in the Time Sharing Agreement;

- (c) New Owner agrees to pay when due his Charges, his Personal Charges and interest thereon, and further agrees that the Association is hereby granted and will have the lien upon the Interval for such amounts if unpaid as provided in the Time Sharing Agreement and with the remedies, as set out in the Time Sharing Agreement;
 - (d) New Owner consents and agrees to the Manager duly performing the services and obligations assigned to it by the Time Sharing Agreement and agrees not to interfere with such performance. New Owner further consents and agrees to a successor Manager where required under the Time Sharing Agreement;
 - (e) New Owner expressly confirms and agrees that he will not sell, lease or in any other manner dispose of or permit the disposition of his Interval or part thereof or Mortgage the same, nor will he agree or attempt to do so except in compliance with the Time Sharing Agreement.
5. Carriage Hills covenants and agreements as set out in the Time Sharing Agreement are extended to the New Owner.

IN WITNESS WHEREOF the parties hereto have executed this Adherence Agreement.

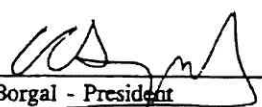
SIGNED, SEALED AND DELIVERED)	CARRIAGE HILLS RESORT
)	CORPORATION
in the presence of:)	Per:
)	
)	Lorne Borgal - President
)	New Owner
)	
Witness _____)	_____
)	
_____)	_____

EXHIBIT "C" - ASSUMPTION AND CONSENT AGREEMENT

THIS AGREEMENT made this _____ day of _____, 199____

B E T W E E N:

(hereinafter called the "New Owner")

OF THE FIRST PART

- and -

CARRIAGE HILLS VACATION OWNERS ASSOCIATION,
a corporation incorporated under the laws of the Province of
Ontario,

(hereinafter called the "Association")

OF THE SECOND PART

RECITALS

1. _____, (the "Prior Owner") has heretofore been the Owner of an Undivided Interest in the Property herein, as tenant in common with all other Owners;
2. By reason of a Time Sharing Agreement dated the _____ day of _____, 199____, is registered in the Land Titles Division of Simcoe as No. _____ and by reason of a previous transfer dated _____, the Prior Owner was assigned Interval Identification Number _____.
3. The Prior Owner is desirous of transferring his Undivided Interest to the New Owner subject to the provisions of the Time Sharing Agreement, and has requested the requisite consent of the Association, which has agreed to grant same provided the New Owner enters into this Assumption and Consent Agreement.

WITNESSETH that in consideration of the consent and agreements herein contained, the parties agree as follows:

1. In this Assumption and Consent Agreement, unless otherwise defined, capitalized terms have the meanings ascribed to them in the Time Sharing Agreement.
2. New Owner represents and warrants that the Undivided Interest owned by the Prior Owner are being conveyed and assigned to New Owner as of the date hereof subject to the consent of the Association.
3. New Owner covenants and agrees as of, from and after the date hereof to assume and be bound by all the covenants and agreements of the Prior Owner, and to observe and perform the obligations and duties of an Owner contained in the Time Sharing Agreement in all respects and that the same may be enforced against him by the Association or any of the other Owners, to the same extent as if he had entered into the Time Sharing Agreement.
4. Without limiting the foregoing:
 - (a) New Owner appoints the Association as his attorney or agent for the purposes set out in the Time Sharing Agreement;

- (b) New Owner agrees to indemnify the other Owners, the Manager and the Association and each of them as provided in the Time Sharing Agreement;
 - (c) New Owner agrees to pay when due the Basic Charges, Special Charges and Personal Charges and interest thereon, if any, and further agrees that the Association shall have a lien and charge on the Undivided Interest being acquired by New Owner for such amounts, if such are unpaid, and with the remedies set out in the Time Sharing Agreement;
 - (d) New Owner specifically acknowledges and agrees that the Association may use the irrevocable Power of Attorney, executed by the New Owner contemporaneously with this Assumption and Consent Agreement, to transfer title in accordance with the Time Sharing Agreement;
 - (e) New Owner consents and agrees to the Association duly performing the services and obligations designated to it by the Time Sharing Agreement and agrees not to interfere with such performance;
 - (f) New Owner expressly confirms and agrees that he will not sell, lease or in any other manner dispose of or permit the disposition of his Undivided Interest or part thereof or Mortgage the same, nor will he agree or attempt to do so except in compliance with the provisions of the Time Sharing Agreement.
5. In order to protect other Owners and ensure the integrity of the Program, a Restriction has been registered against the title to the Property under Section 118 of the Land Titles Act. The Association, in consideration of the New Owner's representations and agreements herein, hereby consents to the transfer to the New Owner of the Undivided Interest as herein set out. Association further agrees to execute any further consent that may be required by the Land Registrar pursuant to the registered Restriction.

IN WITNESS WHEREOF the parties hereto have executed this Assumption Agreement.

SIGNED, SEALED AND DELIVERED)
in the presence of:)

Witness

New Owner

CARRIAGE HILLS VACATION OWNERS
ASSOCIATION

Per:

Lorne Borgal - President

EXHIBIT "D" - SUBSIDY AGREEMENT

THIS LIMITED SUBSIDY AGREEMENT (the "Subsidy Agreement") is made as of the 25th day of June, 1997, by and between Carriage Hills Vacation Owners Association, an Ontario non-profit corporation (the "Association"), and Carriage Hills Resort Corporation, an Ontario corporation (the "Carriage Hills"), with reference to the following facts and circumstances:

RECITALS

- A. Carriage Hills is the owner of certain real property (the "Property") located in the Township of Oro-Medonte, County of Simcoe, Province of Ontario, as more particularly described on Exhibit "A", attached hereto and made a part hereof.
- B. Carriage Hills has registered a Time Sharing Agreement in the Registry Office of the Land Titles Division of Simcoe County, Ontario (the "Time Sharing Agreement"). Except as otherwise defined herein, each defined term used herein shall have the meaning set forth in the Time Sharing Agreement.
- C. The Time Sharing Agreement provides for the operation and maintenance by the Association of the Resort and the Units.
- D. Carriage Hills and the Association intend to establish by this Subsidy Agreement a program whereby Carriage Hills will provide for the payment of Carriage Hills' appropriate share of the costs and expenses. It is the intention of Carriage Hills and the Association that Carriage Hills shall, pursuant to the terms and conditions set forth below, pay all of the "Deficiencies" (defined below) of the Association and by its payments hereunder eliminate any need for a Special Assessment during the term hereof other than Special Assessments approved by the Board and, if necessary, by Owners, for capital expenditures during the term hereof.

TERMS AND CONDITIONS

1. Definitions

For purposes of this Subsidy Agreement, the following terms shall have the following meanings:

- 1.1 "Deficiencies" means, for each fiscal year of the Association, the amount by which (a) the cumulative total amount of the actual expenses attributable to the maintenance and repair of the Resort and the operation of the Interval Ownership Program which are incurred by the Association (including all Reserve Expenses) for such fiscal year for the period commencing, in the first such fiscal year, on the Starting Date, and in each subsequent fiscal year, on the first day of such fiscal year, and ending on the last day of the calendar month preceding the month in which payment of the Deficiencies is made by Carriage Hills exceeds (b) the cumulative total amount of Basic Charges for such fiscal year payable to the Association by Owners other than Carriage Hills for the same period.

No provision of this definition, when used hereinafter, shall entitle Carriage Hills to pay less than a full pro-rata share of the Reserve Expenses of the Association for each Interval owned by Carriage Hills.

- 1.2 "Original Deed" means the Deed from Carriage Hills Time Sharing Agreement conveying an Interval, excluding, however, any Deed which conveys all or substantially all of the Intervals then owned by Carriage Hills and which expressly recites that it is not an Original Deed.
- 1.3 "Resort" means that certain real and personal property which is operated and maintained by the Association pursuant to the provisions of the Time Sharing Agreement.
- 1.4 "Reserve Expenses" means those amounts set forth in the Budget of the

Association for any fiscal year of the Association under consideration for reserves for replacement, repair or refurbishment of the items for which the Association has or anticipates having a duty to maintain and replace.

1.5 "Starting Date" means the date on which the first Original Deed is recorded.

2. Payment of Deficiencies.

From and after the first day of the second calendar month following the Starting Date, Carriage Hills agrees to pay, on or before the tenth (10th) day of each month during the term hereof, the Deficiencies not previously paid by Carriage Hills other than the Reserve Expenses; provided, however, that the first payment to be made by Carriage Hills hereunder shall include payment for Deficiencies arising between the Starting Date and the last day of the first calendar month following the Starting Date. Carriage Hills shall pay that part of the Deficiencies which are Reserve Expenses within ten (10) days after the last business day of each quarter of the fiscal year of the Association. No provision of this Section 2 nor any provision of this Subsidy Agreement shall entitle Carriage Hills to pay less than a full pro-rata share of the Reserve Expenses of the Association for each Interval owned by Carriage Hills. Within sixty (60) days after the end of the fiscal year of the Association in which the term of this Subsidy Agreement terminates, the Association shall reimburse Carriage Hills for the amount, if any, by which the total of all sums paid by Carriage Hills during such fiscal year to the Association as and for the Deficiencies exceeds the cumulative total amount of Assessments which would otherwise have been payable by Carriage Hills for such fiscal year in the absence of this Subsidy Agreement with respect to the Undivided Interests owned by Carriage Hills.

3. Term.

The term of this Subsidy Agreement shall commence on the Starting Date and shall terminate on the earlier to occur of (a) the date upon which Carriage Hills shall convey the last Interval it owns or (b) the date which is the last day of the fiscal year of the Association following the date upon which Carriage Hills elects, by written notice to the Association, to terminate this Subsidy Agreement. This means that the Carriage Hills may elect in any fiscal year of the Association, including the first year, to terminate the term of this Subsidy Agreement by giving prior written notice to the Association.

4. Effect of Subsidy Agreement Upon Carriage Hills' Assessment Obligations.

Provided Carriage Hills shall not be in default in the performance of any of its obligations hereunder, Carriage Hills shall not be required to pay to the Association the Charges attributable to Intervals owned by Carriage Hills pursuant to the terms and provisions of the Time Sharing Agreement. In the event Carriage Hills shall default in the performance of any of its obligations hereunder and such default shall not have been cured within ten (10) days after notice of default is given to Carriage Hills by the Association, (a) Carriage Hills' obligations to pay to the Association the Basic Charges shall resume, (b) Carriage Hills' default hereunder shall be deemed a default in the payment of Charges under the Time Sharing Agreement, which default shall be deemed to have occurred on the date of expiration of the grace period set forth herein, and (c) the Association shall have the right to exercise each and all of the rights and remedies set forth herein and in the Time Sharing Agreement with respect to the nonpayment of the Basic Charges by Carriage Hills provided, however, that notwithstanding Carriage Hills' failure to cause any default hereunder within the time period specified, Carriage Hills shall have the right thereafter to cure such default, and upon so doing, Carriage Hills may notify the Association of Carriage Hills' intention thereafter to comply with the terms of this Subsidy Agreement in which case all of the rights, duties and obligations of Carriage Hills and the Association hereunder shall continue unabated and any Basic Charges paid by Carriage Hills shall be treated as having been paid with respect to Carriage Hills' obligations under this Subsidy Agreement.

5. Quarterly Report.

Carriage Hills shall, within thirty (30) days after the end of each quarter of the fiscal

year, furnish to the Board an itemized report of the funds furnished by Carriage Hills to the Association under this Subsidy Agreement, including, without limitation, payment of Reserve Expenses hereunder.

6. Municipal Obligations

During the term of this Subsidy Agreement, in the event that the Association fails to pay any amount owing to The Corporation of the Township of Oro-Medonte (or its successor) when due, Carriage Hills covenants and agrees to pay such amount directly to The Corporation of the Township of Oro-Medonte (or its successor) forthwith after written demand from The Corporation of the Township of Oro-Medonte (or its successor).

7. Miscellaneous.

- 7.1 Notices. Any notice, request, demand, instruction or other document to be given hereunder to any party shall be in writing and shall either be personally delivered to the person at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery) or delivered by mail, sent by registered mail, return receipt requested, as follows:

If to the Association:	Carriage Hills Vacation Owners Association R R. #1 Barrie, Ontario L4M 4Y8 Attn: Board of Directors
If to Carriage Hills:	Carriage Hills Resort Corporation R.R. #1 Barrie, Ontario L4M 4Y8 Attn: President

Notices so mailed shall be deemed to have been given forty-eight (48) hours after the deposit of same in any post office in the Province of Ontario. The addresses and addressees for the purpose of this Section may be changed by giving notice of such change in the manner herein provided for giving notice. Unless and until such notice is received, the last address and addressee stated by notice, or as provided herein if no notice of change has been sent or received, shall be deemed to continue in effect for all purposes hereunder.

- 7.2 Waiver. The waiver or failure to enforce any provision of this Subsidy Agreement shall not operate as a waiver of any future breach of such provision or of any other provisions hereof.
- 7.3 Merger. All understandings and agreements heretofore had between the parties respecting the subsidization contemplated by this Subsidy Agreement are merged by this Subsidy Agreement and the exhibits attached hereto, all of which fully and completely express the agreement of the parties. There are no agreements except as specifically set forth in this Subsidy Agreement or to be set forth in the instruments or other documents delivered or to be delivered hereunder.
- 7.4 Amendments. No change in or addition to, or waiver or termination of this Subsidy Agreement or any part thereof shall be valid unless in writing and signed by or on behalf of each of the parties hereto.
- 7.5 Section Headings. Section headings are for the purposes of identification only and shall not be considered in construing this Subsidy Agreement.
- 7.6 Successors and Assigns. All of the terms and provisions of this Subsidy Agreement shall be binding upon, enure to the benefit of and be enforceable by the parties and each of their respective successors and assigns.

- 7.7 Legal Fees. In the event any controversy, claim or dispute between the parties hereto, arising out of or relating to this Subsidy Agreement or the breach thereof, results in arbitration or litigation, the prevailing party in such proceedings shall be entitled to recover from the losing party its reasonable expenses, including legal fees, and costs. In addition to the foregoing, the prevailing party shall be entitled to its reasonable fees, costs and expenses incurred in any post-judgment proceedings to collect or enforce the judgment.
- 7.8 Severability. Every provision of this Subsidy Agreement is intended to be several. Any provision of this Subsidy Agreement which shall prove to be invalid, void or illegal shall in no way affect, impair, or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Subsidy Agreement as of the date first above written.

Signed, Sealed and Delivered	)	CARRIAGE HILLS RESORT CORPORATION
	)	
	)	
	)	By: _____ c.s.
	)	
	)	Name & Title: _____
	)	
	)	CARRIAGE HILLS VACATION OWNERS ASSOCIATION
	)	
	)	
	)	By: _____ c.s.
	)	
	)	Name & Title: _____

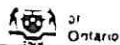
Exhibit "A"

Parcel 1-16 Section 51-Oro-3

SUBJECT TO an easement over Part of Lots 2 and 3 Concession 4, Township of Oro, Part 5 Plan 51R-26764 as set out in Instrument Number 323091 in favour of Part of Lot 2 Concession 4, Township of Oro, designated as Parts 11, 12, 13 and 14 on Plan 51R-26764 being Parcel 1-17 Section 51-ORO-3, and, in favour of Part of Lot 2 Concession 4, Township of Oro, designated as Parts 1, 2, 3, 4, 15, 16 and 17 on Plan 51R-26764 being Parcel 1-18 Section 51-ORO-3.

TOGETHER WITH an easement over Part Lot 2 Concession 4, Township of Oro, being Part of Parcel 1-17 Section 51-Oro-3 being Part 11 Plan 51R-26764 as set out in Instrument Number 323092.

TOGETHER WITH an easement over Part of Lot 2 Concession 4, Township of Oro, being Part of Parcel 1-18 Section 51-Oro-3 being Parts 1 and 16 Plan 51R-26764 as set out in Instrument Number 323093.



Document General

Form 4 — Land Registration Reform Act

953118-5a

FOR OFFICE USE ONLY

366718

CERTIFICATE OF REGISTRATION

18 10 23 19 98

New Property Identifiers

Additional:
See
Schedule ☐

Executions

Additional:
See
Schedule ☐

(1) Registry ☐

Land Titles ☒

(2) Page 1 of 3 pages

(3) Property Identifier(s)

Block

Property

Additional:
See
Schedule ☐

(4) Nature of Document

Application to Register Notice of an Agreement
(Section 71 of the Act)

(5) Consideration

Dollars \$

(6) Description

Parcel 1-16 Section 51-Oro-3 being pt lot 3. Cont 4 designated being Parts 5, 6, 7, 8, 9 and 10 on Plan 51R-26764 as Parts 5, 6, 7, 8, 9 and 10 on S1R-26764 Township of Oro-Medonte and 9 and 10 on S1R-26764 County of Simcoe (formerly Oro) (2) Part lot 2 Cont 4 designated as parts 5, 6, 7, 8 and 9 more particularly described in Schedule attached S1R-26764

(7) This Document Contains:

(a) Redescription
New Easement
Plan/Sketch ☐

(b) Schedule for:

Description ☐

Additional Parties ☐

Other ☒

(8) This Document provides as follows:

CARRIAGE HILLS RESORT CORPORATION and others, the registered owners of the aforesaid lands, have an unregistered estate, right, interest or equity in the land registered in the name of Carriage Hills Resort Corporation and others in respect of the land described above and hereby applies under Section 71 of the Land Titles Act for entry of a Notice of an Agreement dated the 24th day of March, 1998, between Carriage Hills Resort Corporation, Carriage Hills Hospitality Inc. and Carriage Hills Vacation Owners Association.

The evidence in support of this application consists of an executed copy of the aforesaid agreement.

Continued on Schedule ☐

(9) This Document relates to instrument number(s)

327071

(10) Party(ies) (Set out Status or Interest)
Name(s)

CARRIAGE HILLS RESORT CORPORATION

Signature(s)

Perry Snyderman
Vice-President

Date of Signature
Y M D

1998 04 6

I/We have authority to bind the corporation

(11) Address for Service

P.O. Box 112, Horseshoe Valley, R.R. #1, Barrie, Ontario L4M 4Y8

(12) Party(ies) (Set out Status or Interest)
Name(s)

CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Signature(s)

Date of Signature
Y M D

(13) Address for Service

P.O. Box 10, Horseshoe Valley, R.R. #1, Barrie, Ontario L4M 4Y8

(14) Municipal Address of Property

NOT ASSIGNED

(15) Document Prepared by:

Sam Nash
Goldman, Sloan, Nash & Haber
250 Dundas Street West
Suite 700
Toronto, Ontario
M5T 2Z5

Fees and Tax

Registration Fee

Total

52.00

FORM
Land Titles Act
Application to register Notice of an
unregistered estate, right, interest or equity
Section 71 of the Act

TO : The Land Registrar for the Land Titles Division of Simcoe (No. 51)

I, **SAMUEL H. NASH**, of the City of Toronto, in the Municipality of Metropolitan Toronto
am the solicitor for Carriage Hills Resort Corporation and the others.

I confirm that this document affects an interest in that land.

The land is registered in the name of Carriage Hills Resort Corporation and others and I hereby
apply under Section 71 of the Land Titles Act for the entry of a Notice in the register for the
said parcel.

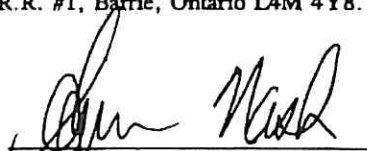
This notice will be effective as long as Instrument No. 327071 remains in effect.

The addresses for service of the applicants are:

R.R. #1, Horseshoe Valley, Box 10, Barrie, Ontario L4M 4Y8 and

P.O. Box 112, Horseshoe Valley, R.R. #1, Barrie, Ontario L4M 4Y8.

DATED: March 27, 1998.



Samuel H. Nash

AMENDMENT TO TIME SHARING AGREEMENT

THIS AGREEMENT made the 27th day of March, 1998.

B E T W E E N:

CARRIAGE HILLS RESORT CORPORATION, a corporation
incorporated under the laws of the Province of Ontario,

(hereinafter called "Carriage Hills")

OF THE FIRST PART

- and -

CARRIAGE HILLS HOSPITALITY INC., a corporation incorporated
under the laws of the Province of Ontario,

(hereinafter called the "Manager")

OF THE SECOND PART

- and -

CARRIAGE HILLS VACATION OWNERS ASSOCIATION, a not
for profit corporation incorporated under the laws of the Province of
Ontario,

(hereinafter called the "Association")

OF THE THIRD PART

RECITALS

WHEREAS:

1. A Time Sharing Agreement dated June 25, 1997 was recorded as Instrument Number 327071 on August 6, 1997 at the Land Registry Office for the Land Titles Division at Barrie (No. 51);
2. Pursuant to Article XI of the Time Sharing Agreement the following change has been made to the Time Sharing Agreement in accordance with a January 24, 1998 meeting of Association.

WITNESSETH that for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto covenant and agree as follows:

1. Section 4.06 of the Time Sharing Agreement is hereby deleted.

CARRIAGE HILLS RESORT CORPORATION

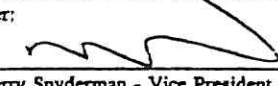
Per:


Perry Snyderman - Vice President

I have the authority to bind the Corporation

CARRIAGE HILLS HOSPITALITY INC.

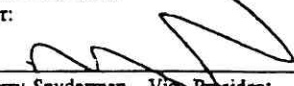
Per:


Perry Snyderman - Vice President

I have the authority to bind the Corporation

CARRIAGE HILLS VACATION OWNERS
ASSOCIATION

Per:


Perry Snyderman - Vice President

I have the authority to bind the Corporation

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