

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C.43, AS AMENDED**

**AND IN THE MATTER OF THE ADMINISTRATION
PROCEEDINGS OF CARRIAGE HILLS VACATION
OWNERS ASSOCIATION**

Applicant

**APPLICATION RECORD
(Returnable May 7, 2020)**

April 30, 2020

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**ONTARIO
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Court File No. CV-20-00640265 -00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**AND IN THE MATTER OF THE ADMINISTRATION
PROCEEDINGS OF CARRIAGE HILLS VACATION
OWNERS ASSOCIATION**

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENT(S)

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for hearing before Justice Conway of the Ontario Superior Court of Justice (Commercial List), on May 7, 2020 at 10:00 a.m., and heard by judicial video conference via Zoom at Toronto, Ontario, in accordance with the Changes to Commercial List operations in light of COVID-19 and the Notice to the Profession updated April 2, 2020, issued by Chief Justice Morawetz. Please refer to the conference details attached as Schedule "A" hereto in order to attend the hearing and advise if you intend to join the hearing by emailing Mitch Grossell at mgrossell@tgf.ca.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU OR YOUR LAWYER WISH TO PRESENT AN AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two

days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: April 30, 2020

Issued by:

A. Cardoso

~~Alexandra Medeiros Cardoso~~
Registrar, Superior Court of Justice
Local Registrar

330 University Avenue
9th Floor
Toronto, Ontario
M5G 1R7

TO: THIS HONOURABLE COURT
AND TO: THE SERVICE LIST

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c.C-43, AS AMENDED**

**AND IN THE MATTER OF THE PROCEEDINGS OF
CARRIAGE HILLS VACATION OWNERS
ASSOCIATION (the “Applicant”)**

**SERVICE LIST
(as at April 30, 2020)**

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APPLICATION

1. The Applicant makes an application for an Order substantially in the form of the draft Order included at Tab 3 of the Application Record (the “**Administration Order**”), that includes, *inter alia*:
 - (a) appointing BDO Canada Limited (“**BDO**”) as administrator, without security, of the Applicant, all of the property, assets and undertakings of the Applicant (collectively, the “**Property**”) and all of the lands and premises (the “**Resort Assets**”) on which the Applicant operates the timeshare resort known as Carriage Hills Resort (the “**Resort**”) that is collectively owned by the owners of the Applicant (the “**Owners**”) as tenants-in-common, pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”);
 - (b) empowering BDO to, among other things, review potential options to restructure the Applicant, advise the Applicant with respect to the preparation of its cash flow statements, monitor the Applicant’s receipts and disbursements, report to the Court, and assist the Applicant with the dissemination of information to the Owners;
 - (c) allowing the Applicant to remain in possession and control of the Property and to continue to manage the Resort Assets, including authorization for the Applicant to continue to incur and pay disbursements in the ordinary course from the Property;
 - (d) granting a stay of proceedings in respect of the Applicant, the Resort Assets, the directors and officers of the Applicant and the Administrator, and prohibiting any person providing goods or services to the Applicant from discontinuing the provision of such goods or services to the Applicant by commencement of these proceedings;
 - (e) granting an administration charge in favour of the Administrator, counsel to the Administrator and counsel to the Applicant up to the maximum amount of \$350,000, as security for the fees and disbursements incurred in respect of these proceedings;

- (f) authorizing a noticing procedure that is tailored to these proceedings that provides the best opportunity for notice of these proceedings to be provided to interested Owners; and
2. Such further and other relief as this Court deems just.

THE GROUNDS FOR THE APPLICATION ARE:

Background

3. The Resort is a timeshare resort located in Horseshoe Valley, Township of Oro, Ontario. It is the “sister resort” to Carriage Ridge Resort, located on the land adjacent to the Resort. The Resort is comprised of 172 residential units in eight buildings, with certain amenities.
4. The Applicant was established as a not-for-profit corporation made up of members who each own an undivided interest of the Resort Assets as tenants in common. The Applicant oversees the Resort through a volunteer board of directors comprised of five individuals who do not receive remuneration for their services.
5. The Resort is comprised of 12,043 Intervals owned by 8,944 members. As a result, title to the Resort Assets is divided into 12,043 tenancies in common among 8,944 owners.
6. Pursuant to a Time Sharing Agreement (“TSA”), each Owner has a right to use the Resort for a certain period of time, depending on the interest that such Owner purchased, known as an “**Interval**”. In accordance with the contractual relationships governing the Applicant and the Owners, the only way for an Owner to terminate its ownership is to sell the Owner’s Interval to a third party.
7. The Resort is managed by Carriage Hills Hospitality Inc. (the “**Manager**”), a subsidiary of Wyndham Worldwide Corporation, for profit. The Manager is responsible for maintaining all licenses and permits, and the general administration and management of the Applicant and the Resort. The Applicant has no employees. All personnel required to operate the Timeshare Resort are provided and employed by the Manager.

Funding of the Resort

8. The Resort is funded by the Owners. The TSA obligates the Owners to proportionally contribute annually to the costs of maintaining the Resort (the “Charges”). Due to the age of the Resort, it will require significant capital improvements over the next several years.
9. As a not-for-profit corporation, the Charges are calculated in order to break-even in respect of annual operating costs, while establishing an appropriate reserve for future capital expenditures.
10. In the event that an Owner fails to pay its respective Charges, the Applicant is forced to re-evaluate and increase the annual Charges to compensate for delinquencies and lower than expected cash flow. Effectively, the Owners in good standing are required to bear the costs of the non-payment of the defaulting Owners.

Financial Duress

11. As at February 29, 2020, Owners were in arrears on account of Charges and related interest and penalties owing to the Applicant totalling approximately \$15.5 million. Those arrears pertain to 1,981 Owners that hold 2,368 Intervals, which is approximately 22% of all Intervals.
12. The Applicant has incurred an operating deficit between 2015 - 2018, and the year-end balance of its account dedicated to future capital expenditures has been declining since 2017. The Applicant has been forced to use amounts collected for necessary future capital improvements to fund daily operations.
13. It has become apparent that the market for timeshare Intervals has steadily declined over the last several years. This decline in the ability to sell Intervals has led to sentiment among certain Owners that they are trapped in a perpetual and unworkable situation in which they are facing significant increased Charges.
14. The financial duress experienced by the Resort has been exacerbated by the COVID-19 pandemic as Owners are not allowed to use their Intervals at the Resort until at least June 1, 2020. It is anticipated that the COVID-19 pandemic may also lead to additional defaults

in respect of the payment of Charges by the Owners as those Owners are unable to use their Intervals and may experience personal financial hardship.

15. The Applicant's decreasing revenue collection and increasing Charges are both due to and contributing to each other in a downward spiral that, if permitted to continue, will culminate in the compromise of the continued viability of the Resort. Due to its corporate structure as a non-share corporation and the contractual limitations of the TSA, the Applicant does not have a viable way to remedy the underlying issues outside of a Court-supervised restructuring.
16. The relief sought in the proposed Initial Order is intended to lay the foundation for a transparent and flexible process, under the supervision of the Court, to restructure the Resort for the benefit of its stakeholders.
17. The relief is necessary at the present time to prevent a further deterioration of assets of the Applicant due to the current unsustainable situation. If the *status quo* is allowed to persist, there may be further disengagement by the Owners and the Applicant may lose its window of opportunity to plan, canvas support of, and implement a viable restructuring plan.
18. It is just and convenient for an administrator to be appointed in order to:
 - (a) bring immediate stability and non-partisan oversight to the current issues facing the Applicant and the Resort;
 - (b) develop a restructuring plan that will provide for an opt-out process for Owners and streamline a process to enforce the Applicant's contractual rights against defaulting Owners; and
 - (c) accomplish these objectives in a manner which addresses the underlying issues and which will provide for a viable and sustainable Resort.
19. BDO has consented to act as Administrator.
20. Section 101 of the CJA and Rules 1.04, 2.01, 2.03, 3.02(1), 14.05, 16.04, 16.08 and 41.02 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194.

21. Such further and other grounds as counsel may advise and this Court may permit.
22. The following documentary evidence will be used at the hearing of the Application:
 - (a) the Affidavit of Darren Chapelle, to be sworn, and the exhibits annexed thereto;
 - (b) the proposed Administrator's pre-filing report;
 - (c) the Consent of BDO Canada Limited to act as Administrator; and
 - (d) such further and other evidence as counsel may advise and this Court may admit.

April 29, 2020
30AC

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Lawyers for the Applicant, Carriage Hills Vacation
Owners Association

Schedule "A"
Zoom Video Conference Details

Join Zoom Meeting

<https://us02web.zoom.us/j/87847563077>

Meeting ID: 878 4756 3077

One tap mobile

+13017158592, 87847563077# US (Germantown) 13126266799, 87847563077# US

+(Chicago)

Dial by your location

+1 301 715 8592 US (Germantown)

+1 312 626 6799 US (Chicago)

+1 346 248 7799 US (Houston)

+1 669 900 6833 US (San Jose)

+1 929 205 6099 US (New York)

+1 253 215 8782 US (Tacoma)

Meeting ID: 878 4756 3077

Find your local number: <https://us02web.zoom.us/j/87847563077>

IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c.C.43, AND IN THE MATTER OF THE
ADMINISTRATION PROCEEDINGS OF **CARRIAGE HILLS VACATION OWNERS ASSOCIATION**

Applicant

Court File No.: CV-20- 00640265 -00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced in Toronto

NOTICE OF APPLICATION

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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C.43, AS AMENDED**

**AND IN THE MATTER OF THE PROCEEDINGS OF
CARRIAGE HILLS VACATION OWNERS ASSOCIATION
(the “Applicant”)**

**AFFIDAVIT OF DARREN CHAPELLE
(sworn April 30, 2020)**

I, Darren Chapelle of the City of St. Catherines, in the Province of Ontario, **MAKE OATH AND SAY:**

1. This affidavit is in support of the Applicant’s application for an order appointing BDO Canada Limited (“**BDO**”) as administrator of the Applicant and related relief under s. 101 of the *Courts of Justice Act* (Ontario) (the “**CJA**”).
2. I have been a director of the Applicant since October 2016 and its president since October 2018, and have been an Owner (as defined below) since 2015. As such, I have personal knowledge of the matters deposed to in this affidavit. Where I have relied on other sources of information, I have referred to them and believe their content to be true. In preparing this affidavit, I have consulted with legal, financial and other advisors of the Applicant and other members of the board of directors of the Applicant and been referred to the applicable portions of the relevant documents.

I. OVERVIEW

3. The Applicant is a corporation without share capital vested with the operation, maintenance, alteration, improvement and protection of a timeshare resort located in Horseshoe Valley, Ontario, known as the Carriage Hills Resort (“**Carriage Hills**” or the “**Timeshare Resort**”). As a non-share capital corporation, the Applicant is not carried on for profit or gain and is run by a volunteer board of five directors who receive no

remuneration, except in respect of expenses incurred in their duties as directors of the Applicant.

4. Instead of shareholders, the Applicant is comprised of members. Each member is an owner as tenant in common (an “**Owner**”) of an undivided interest in the real property municipally known as 90 Highland Drive, Oro-Medonte, Ontario and legally described in **Exhibit “A”** (the “**Carriage Hills Property**”), on which the Timeshare Resort is operated. Each Owner has a right to use the Timeshare Resort for a certain period of time, depending on the interest that such Owner purchased, known as “**Intervals**”. An Owner may own more than one Interval.
5. Based on the most up-to-date information available, the Applicant is comprised of 8,944 Owners who own 12,043 Intervals, which excludes the maintenance intervals. As a result, title to the Carriage Hills Property is divided into 12,043 tenancies in common owned by 8,944 different tenants in common.
6. The main source of revenue generated by the Applicant is funded by the Owners who are contractually required to pay dues on an annual basis to maintain and operate the Timeshare Resort. As a not-for-profit corporation, the annual dues are calculated in order to break-even in respect of annual operating costs, while establishing an appropriate reserve account for future capital expenditures. In the event that an Owner fails to pay its annual dues, the Applicant is required to increase annual dues for all Owners to compensate for delinquencies. As a result, the Owners in good standing are required to bear the costs of the non-payment of the defaulting Owners.
7. As a result of the terms of the agreements governing the Applicant and the Owners, the only way for an Owner to terminate its ownership is to sell the Intervals to a third party. As a result of a dramatically decreasing market for timeshare intervals, many Owners have abandoned their Intervals and simply stopped paying their share of the operating costs, which has resulted in continually rising annual dues that are paid by the Owners in good standing. The resulting increased costs have caused even more Owners to default on their payments to the Applicant, perpetuating the financial distress. In addition, due to

precautionary measures taken as a result of the COVID-19 pandemic, Owners are not allowed to use their Intervals at the Timeshare Resort. At this time, it is unclear how long the Owners' use will be suspended for.

8. The Timeshare Resort, as a result of its age, is also in need of significant capital improvements in the next few years that must be funded by the Owners. The Timeshare Resort requires two of its three phases to be refurbished and the estimated cost of refurbishment is thought to be approximately \$1 million per phase.
9. Absent a practical restructuring solution, this spiral of decreasing revenue collection coupled with increasing operational and capital expenditure costs, will cause the Applicant and the Timeshare Resort to fail. A restructuring is required to prevent this failure. The root causes of the current problems must also be addressed, to prevent a recurrence.
10. Certain Owners have been increasingly pressing the Applicant to rectify the current untenable situation to preserve the Timeshare Resort before it becomes unviable and the Owners are unable to utilize their Intervals.
11. The proposed proceedings are intended to give the Applicant the ability to restructure the Timeshare Resort, which is not possible outside of a proceeding for the reasons more particularly described herein. The initial focus of these proceedings is to devise a process to: (i) enable Owners to opt-out of their Intervals on reasonable terms and conditions, (ii) determine the best solution for the continued operation of the Timeshare Resort, and (iii) sell any of the Carriage Hills Property which is determined to be excess to the continuing Timeshare Resort.
12. Although the Timeshare Resort's neighbouring "sister" resort, known as "**Carriage Ridge**", is a smaller operation, it and its members' association, the Carriage Ridge Owners Association ("**CROA**") are in a nearly identical situation and CROA is applying for substantially identical relief in a separate proceeding, with the intent that motions in both proceedings be heard together unless it becomes unnecessary or inappropriate. This will allow both applicants to share the costs of substantially the same services, without

duplication. Moreover, collaborative proceedings are expected to yield additional restructuring options, benefitting both of the applicants' owners and other stakeholders.

II. BACKGROUND

13. In 1996, the Shell Vacations Club group of companies ("**Shell**") developed the Carriage Hills Property and in 2003 developed the real property on which Carriage Ridge is situated (collectively, the "**Lands**") into timesharing resorts now known as Carriage Hills and Carriage Ridge (collectively, the "**Resorts**"). The Lands are adjacent properties located in Horseshoe Valley, Ontario. It is my understanding that Wyndham Worldwide Corporation ("**Wyndham**") acquired Shell on September 13, 2012.
14. The Timeshare Resort is comprised of 172 residential units in eight buildings, together with certain amenities such as swimming pools, a sauna and a playground in a separate common building. Each unit is comprised of a one bedroom suite and a second bedroom studio. The units are used by the Owners for their personal use, renters by agreement with an Owner and by members of timeshare exchange networks.
15. The Applicant was incorporated on August 6, 1996 by Letters Patent under the Ontario *Corporations Act* (Ontario) (the "**CA**"). Attached as **Exhibit "B"** is a copy of the corporation profile report for the Applicant.
16. In 1996, Shell incorporated (i) Carriage Hills Resort Corporation ("**CHRC**") to acquire and develop the Lands to eventually sell Intervals for profit, and (ii) Carriage Hills Hospitality Inc. (the "**Manager**") to provide paid management services to the Applicant in respect of the Timeshare Resort and later Carriage Ridge, for profit. These entities became indirect subsidiaries of Wyndham after its acquisition of Shell.
17. CHRC (as a subsidiary of Wyndham) owns 1,225 Intervals which constitutes approximately 10% of the ownership of the Timeshare Resort.

III. CONTRACTUAL STRUCTURE

18. CHRC, the Manager and the Applicant entered into Time Sharing Agreements dated June 25, 1997, June 28, 1999, and June 30, 2000 (collectively, the "**TSA**"), which were

registered against title to the Carriage Hills Property. The TSA is the main document setting out the Applicant's powers and responsibilities and the Owners' rights and obligations as to the use of the Timeshare Resort. I am advised by my counsel, Thornton Grout Finnigan LLP ("TGF"), that each of the TSA agreements relate to a different phase of the Carriage Hills Property, which consist of three parcels that were developed in phases, but are otherwise virtually identical. Attached as **Exhibit "C"** is a copy of the June 25, 1997 TSA related to Phase 1 of the Carriage Hills Property.

19. At the time of purchase, prospective Owners are provided with copies of the relevant TSA, the By-Laws of the Applicant, Rules and Regulations, the Current Operating Budget and an Adherence Agreement (as such terms are defined in the TSA), which contractually binds the Owner to the TSA. These documents are not open to negotiation by prospective owners. Attached as **Exhibit "D"** is a summary of the key terms of the Applicant's By-Laws.
20. Pursuant to the terms of the TSA, an Owner's obligations to the Applicant are in perpetuity and may only be terminated upon a transfer of their Interval. In other words, the only way for an Owner to terminate its relationship with the Applicant is to sell their Interval to another party.
21. There is no mechanism for an Owner to transfer for nominal value or gift their Interval back to the Applicant and, upon the death of an Owner, the Interval becomes an asset of their estate which is then obligated to pay the associated liabilities to the Applicant in perpetuity.
22. It has become apparent that the market for timeshare Intervals has steadily declined over the last several years. This decline in the ability to sell Intervals has led to a feeling among certain Owners that they are trapped in a perpetual and unworkable situation. This has caused certain Owners to abandon their Intervals and cease paying annual dues to the Applicant. It is the intention of the Applicant to address the perpetual nature of the Intervals as part of this restructuring.

23. Under the terms of the TSA, the Timeshare Resort is to remain in effect in perpetuity unless: (i) all units are destroyed and a decision has been made not to rebuild them, or they are condemned, or (ii) if at any special meeting, the Owners of at least 75% of Intervals vote to declare that the Timeshare Resort “has reached an undesirable state of disrepair or is obsolete”. This would require Owners holding more than 9,000 Intervals to make such a declaration. Due to the rigid and structured terms of the TSA, it is not feasible to achieve a permanent contractual restructuring solution.

IV. STAKEHOLDERS OF THE APPLICANT

A. Owners

24. The primary stakeholders of the Applicant are the Owners. Unlike many other timeshare properties, Owners have a proportionate ownership interest in the Carriage Hills Property and not only contractual rights of use. Each Interval is either (i) an “**Every Year Interval**” which includes ownership of a 1/8,944 undivided interest as a tenant in common in the Carriage Hills Property, or (ii) an “**Every Other Year Interval**”, which consist of “Odd Year Intervals” and “Even Year Intervals” which both include a 1/17,544 undivided interest as a tenant in common in the Carriage Hills Property.
25. It is my understanding that currently, there are 8,944 Owners (including Wyndham) that own 12,043 Intervals, comprised of 5,501 Every Year Intervals and 6,542 Every Other Year Intervals. This means title to the Carriage Hills Property is currently divided into 12,043 tenancies in common owned by 8,944 tenants in common. Owners other than Wyndham own approximately 90% of the Carriage Hills Property.
26. It is also my understanding that there are 1,647 Owners, including CHRC, who also own an Interval at Carriage Ridge (collectively, the “**Common Owners**”). The Common Owners represent approximately 18.4% of the Applicant’s Owners. The Common Owners collectively own approximately 3,526 or 29.3% of all Intervals at the Timeshare Resort.
27. Adding to the complexity is the fact that the Lands’ parcel registers are the only ones in Ontario that could not be imported into the Teraview electronic system due to the exceedingly high number of owners and fractional interests. This means that the original

parcel registers collectively consist of tens of thousands of pages held in the Barrie, ON registry office. I have been advised by the Applicant's counsel that certified copies of the parcel registers have recently become available and will require considerable time to review. Thus, all title-based information, including the number of Owners and mortgagees, is based on secondary sources, such as information obtained by BDO from the Manager, and remains subject to verification.

28. It is my understanding that certain Owners may have mortgaged their tenancy in common interests in the Carriage Hills Property. Over the years since the resort was built, CHRC offered to extend mortgage loans to Interval purchasers leading me to believe that the Carriage Hills Property may be encumbered. As a result of the status of the certification of the Lands, I do not know, at this time, exactly how many mortgages encumber the Carriage Hills Property.

B. *Manager*

29. The TSA provides that the Applicant must maintain a manager at all times. Based on my review of the Management Agreement, I understand that the Manager has managed the Timeshare Resort since 2007. Attached as **Exhibit "E"** is a copy of the Management Agreement dated April 28, 2007 (as amended and restated on October 31, 2016 and October 27, 2017), between the Manager and the Applicant (the "**Management Agreement**"). The current term of the Management Agreement expires on December 31, 2022.
30. Pursuant to the Management Agreement, the Manager receives \$368,424 annually, adjusted for inflation based on the Consumer Price Index. As consideration for that compensation, the Manager is responsible for maintaining all licenses and permits, and the general administration and management of the Applicant and the Timeshare Resort. In addition, the Applicant reimburses the Manager for expenses incurred, among other things, wages for employees engaged by the Manager (such as cleaning staff, accounting and bookkeeping staff and maintenance staff).

31. The Applicant has no employees. All personnel required to operate the Timeshare Resort are provided and employed by the Manager.

C. Secured Creditor

32. There is one *Personal Property Security Act* (“**PPSA**”) registration against the Applicant and CROA in favour of RoyNat Inc. with a collateral description of “portable office(s), mobile office(s), office complex(s), complex(s), portable structure(s), portable building(s)” together with attachment, substitutions, and proceeds. It is my understanding that this registration is in respect of a lease agreement and that as of April 16, 2020, the Applicant is current in its payments thereunder. Attached as **Exhibit “F”** is a true copy of the certified PPSA search in respect of the Applicant, current as of April 15, 2020.

D. Other Suppliers

33. The Applicant has several contracts with other suppliers, the most important of which include:
- (a) Affiliation Agreements with RCI Canada Inc. and Interval International Inc., for inter-resort exchange programs for members in participating timeshare resorts;
 - (b) director’s and officer’s liability insurance policies with Travelers;
 - (c) Inventory Rental Agreements with Extra Holidays, LLC, whereby units in the Timeshare Resort may be added from time to time to Extra Holiday’s rental platform, including the use periods of defaulting Owners which the Applicant elects to rent pursuant to the rights and remedies available under the TSA; and
 - (d) Several contracts with trade suppliers including for internet, cable television, electricity, garbage disposal, snow removal, landscaping and security.
34. The Applicant proposes to continue paying its suppliers in the ordinary course, including any outstanding pre-filing obligations.

V. FUNDING OF THE TIMESHARE RESORT

35. The Owners are responsible for the operational costs of the Timeshare Resort. The Owners' responsibility is proportional to the number of Intervals owned, through the payment of a "Basic Charge", a "Special Charge" and a "Personal Charge", as such terms are defined in the TSA (collectively, the "**Charges**"). The Charges amount to approximately 91% of the Applicant's total revenues as of February 29, 2020.
36. The most significant Charge borne by the Owners is the Basic Charge, which is comprised of their individual share of "Resort Expenses". Resort Expenses include, but are not limited to, property taxes, utilities, insurance, annual maintenance fees, and all amounts necessary to provide for contingencies and reserves and to cover any shortfall in funds necessary for continued operations. The Basic Charge for the next year is payable in advance as a lump sum amount. The Applicant issues assessments for Basic Charges in or around October each year, with payment due in or around the end of the following November.
37. Owners are also responsible for any Special Charges that may be assessed if the Basic Charges prove to be insufficient to pay Resort Expenses on a current basis. A Special Charge is payable pursuant to the Applicant's assessment. Personal Charges result from the individual acts of Owners for things like telephone charges and the repair of any damage caused by that Owner.
38. As at February 29, 2020, Owners were in arrears on account of Charges and related interest and penalties owing to the Applicant totalling approximately \$15.5 million. Those arrears pertain to 2,368 Intervals, which is approximately 22% of all Intervals, and 1,981 Owners, which is approximately 22% of all Owners, excluding CHRC. The following chart illustrates the escalation in Owners' defaults on account of Charges since 2008:

Total amount that Owners failed to pay to Applicant on account of Charges														
Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
'000's	\$ 67	\$ 102	\$ 146	\$ 234	\$ 307	\$ 413	\$ 867	\$1,130	\$1,498	\$1,733	\$2,533	\$3,240	\$3,256	\$15,528

39. In order to deal with defaulting Owners, the Applicant, as at February 25, 2020, is pursuing collection actions against approximately 1,500 Owners. The number of collection actions is anticipated to increase as it becomes clear that additional Owners have abandoned their interest in the Timeshare Resort. As a result of the COVID-19 pandemic, these collection actions have been temporarily suspended. Likewise, collection calls have also been put on hold due to the current circumstances. The failure to pursue collections has further exasperated the deteriorating cash position of the Applicant.
40. The amount of the annual Basic Charge for 2020 was increased by approximately 10%. Based on the current financial position of the Applicant, it is expected that the 2021 Basic Charge may increase by an additional 5% from the previous year to meet future cash requirements. It is further anticipated that, in the following years, the Basic Charges will continue to increase, due to decreasing Charge collection and increasing capital expenditures, which are discussed in further detail herein.
41. Due to the underlying contractual structure of the Timeshare Resort, the significant year-over-year increase to the Basic Charge is both a cause of the Applicant's revenue issues (as Owners cease paying increasing charges) and an effect of the Applicant's revenue issues (as higher delinquency rates require higher annual Basic Charges to pay for ongoing operations). This untenable situation is fast approaching a point where the Timeshare Resort will no longer be able to continue operating and is at risk of failing.

VI. THE APPLICANT'S FINANCIAL POSITION

A. *Assets and Liabilities*

42. The Applicant's most significant assets are cash, investments and accounts receivable, collectively amounting to approximately 98% of the Applicant's assets as of February 29, 2020.
43. The Applicant's most significant liability is deferred revenue, amounting to approximately 93% of the Applicant's liabilities as of February 29, 2020. There are also accounts payable and accrued liabilities totalling \$1.1 million, which in large part relate to normal operating obligations and Resort Expenses.

44. The most significant operating expenses are for housekeeping, resort management, and utilities.
45. For the two month period ending February 29, 2020, there was a deficiency of revenues over expenditures of approximately \$120,000.

B. Increasing Capital Expenditures

46. The Applicant's capital expenditures have steadily increased since 2017, from \$0.6 million in that year to \$5.8 million in 2019. This is due to the aging of the Timeshare Resort. Renovation and improvement projects have been conducted over the last several years and it is estimated that additional capital expenditures in the aggregate amount of \$22 million will be required for the period 2020 to 2025, peaking at \$9 million in 2023. In order to finance these capital expenditures, the Applicant will have no other option but to levy increased Charges.
47. Based on the historical increase in default rates among the Owners, it is expected that such increased Charges will lead to further payment defaults by those Owners who no longer wish or cannot afford to enjoy the Timeshare Resort. This will require the Applicant to further increase the Charges, perpetuating the Applicant's viability issues.

C. Decreasing Cash Reserves

48. The TSA requires that funds collected from Owners be split and held in an account earmarked for either general operations (the "**Operating Account**") or future improvements (the "**Savings Account**") and together with the Operating Account, the "**Accounts**").
49. The Applicant's finances and expenses are managed by the Manager pursuant to the TSA and the Management Agreement. The TSA requires the Applicant to delegate all of the Applicant's powers and duties to the Manager, unless any of the applicable documents expressly provide that the Applicant shall exercise a particular power or duty. The Management Agreement grants the Manager broad authorization and powers to use the Applicant's funds collected by the Applicant under the TSA.

50. As of December 31, 2019, the aggregate cash balance in the Accounts was \$858,000. This represented a decline of approximately \$3.1 million from the cash balance in the Accounts as of December 31, 2018. The decline was attributable to increasing defaulting Owners and capital improvements of approximately \$5.8 million, or \$3.5 million greater than receipts collected in 2019 allocated to the Savings Account. Between 2017 – 2019, the Savings Account has declined from an end of year balance of approximately \$5.8 million in 2017 to an end of year balance of approximately \$1.6 million in 2019. If this trend continues, the Savings Account will be depleted and there will be no funds available for the upcoming necessary capital expenditures that the Timeshare Resort requires to continue operating.
51. Further, the Applicant's Operating Account has started the year in a negative cash balance since at least 2016. This means that the Applicant must fund its annual operating expenditures using either cash allocated to the Savings Account or cash collected from Owners for the upcoming year. By way of example, if the Applicant only used the 2021 Basic Charge collections for fiscal 2021 operating expenses, it is anticipated that the Applicant's year-end Operating Account would be in a deficit of approximately \$2.8 million. Although the Applicant had a surplus of approximately \$437,000 in its Operating Account in 2019, this was due to increased Charges and a budget that forecasted higher utilities expenses than were actually incurred. The Applicant expects this surplus to reverse going forward as the increased Charges resulted in additional defaulting Owners.
52. This situation, coupled with the increase in defaulting Owners, has become untenable and can no longer persist.

VII. Owners' Concerns

53. In my capacity as a director and the president of the Applicant, and an Owner, I have acquired information that the Owners have varying levels of dissatisfaction with the current circumstances for a number of reasons, such as:
- (a) there is no provision for the Owners to end their respective obligations to the Applicant, save for a valid assignment, which issue is exacerbated because the

market for Intervals suggests that they may only be sold for nominal consideration, if at all

- (b) the rate of increase of the Charges is unsustainable; and
- (c) the current rate of the Charges is too high.

54. Owners have raised these concerns directly with me by telephone, email and in-person at the Timeshare Resort, including at the annual meeting held in November 2019. I am also aware that certain Owners have expressed these concerns through the Owners' personal social media pages.

55. The Applicant also believes that the situation will be exasperated by the fact that the Owners are aging and their heirs will not necessarily want to be responsible for the ongoing obligations of the Resort given the alternatives now available, including Airbnb.

56. The Applicant disclosed the engagement of restructuring professionals on its Owner-only, password-protected website, and has posted updates in respect thereto. On November 7, 2019, the Applicant advised that an all-encompassing review of the Carriage Hills and Carriage Ridge situations is ongoing, intending to address, among other things, the perpetuity of the obligations and the increasing Charges.

VIII. THE EFFECT OF COVID-19

57. On March 30, 2020, the Applicant issued a public statement on its website advising that it would not be accepting any reservations through to April 30, 2020 which may be extended depending on ongoing COVID-19 pandemic.

58. It is anticipated that the COVID-19 pandemic may also lead to additional defaults in respect of the payment of Charges by the Owners as those Owners are unable to use their Intervals and may experience personal financial hardship.

IX. NEED FOR REQUESTED RELIEF

59. The Applicant's decreasing revenue collection and increasing Charges are both due to and contributing to each other in a downward spiral that if permitted to continue, will culminate

in the compromise of the continued viability of the Timeshare Resort. Due to its corporate structure as a non-share corporation and the contractual limitations of the TSA, the Applicant does not have a viable way to remedy the underlying issues outside of a Court-supervised restructuring.

60. The relief sought in the proposed Initial Order is intended to lay the foundation for a transparent and flexible process, under the supervision of the Court, to restructure the Timeshare Resort for the benefit of its stakeholders. In this initial phase, if the Initial Order is granted, the Applicant, its assets and the Carriage Hills Property would become subject to the Court's jurisdiction. This would permit the Applicant, with the Administrator's assistance, to formulate and seek Court approval of various steps and processes that are necessary before a definitive restructuring plan can be implemented. For example, one such process would be an opt-out mechanism allowing Owners to dispense with their Interval ownership and future obligations to the Applicant, subject to and on certain terms and conditions.
61. It is anticipated at this early stage of the proceedings that a restructuring and associated transactions could include any one or more of the following elements, either on a stand-alone basis or together with CROA:
 - (a) the Timeshare Resort could be downsized to a smaller number of units and facilities appropriate for the number of Owners electing not to opt-out, provided that such number is sufficient to make the restructured Timeshare Resort viable and sustainable going forward;
 - (b) surplus Carriage Hill Property not required for a downsized Timeshare Resort could be sold or redeveloped pursuant to a Court-approved and supervised process; and
 - (c) the proceeds of any such sales or redevelopments would be distributed as lawful and appropriate in the circumstances.
62. The relief is necessary at the present time to prevent a further deterioration of assets of the Applicant due to the current unsustainable situation. If the *status quo* is allowed to persist,

there may be further disengagement by the Owners and the Applicant may lose its window of opportunity to plan, canvas support of, and implement a viable restructuring plan.

X. RELIEF SOUGHT

A. *Appointment of BDO as “Administrator” and the Administrator’s Powers*

63. BDO has advised the Applicant for several months and is thus knowledgeable of the business and affairs of the Applicant. I believe that BDO is an established and qualified firm for the Administrator appointment. BDO has consented to act as Administrator. Attached as **Exhibit “G”** is a true copy of BDO’s consent.
64. The draft Initial Order uses the term “administrator” rather than “receiver” because the relief sought is not typical of a receivership and I believe that “administrator” more accurately reflects the proposed powers of the Court officer and avoids some of the negative connotations that the term “receiver” implies.
65. The proposed Initial Order generally gives the Administrator non-intrusive, supervisory and assistive powers. If necessary and appropriate, the Applicant may seek to expand the powers of the Administrator at a later date and on notice to the stakeholders engaged in the process.
66. The relief sought contemplates that the Administrator be appointed not only in respect of the Applicant and its assets and proceeds, but also in respect of the Carriage Hills Property, including the Owners’ interests therein. This will assist the Applicant in developing various processes and considering various restructuring options and associated transactions that may include the Carriage Hills Property. The proposed Initial Order does not allow the Administrator to seize, take possession of or borrow on the security of the Owners’ interests in the Carriage Hills Property, nor is the Carriage Hills Property subject to the proposed Court-ordered charge.

B. *Debtor-in-Possession*

67. The proposed Initial Order generally provides that the Applicant will remain in possession of its assets and continue to manage its affairs, subject to and pursuant to the terms of all

applicable agreements, with certain exceptions relating to capital expenditures. It is expected that these measures will contribute to the stability of the Timeshare Resort and permit the Applicant to continue operations in the ordinary course during the restructuring period.

C. *Funding of Restructuring*

68. The draft Initial Order approves the Applicant's use of funds in its Savings Accounts to pay for operating expenses, including restructuring costs, during the present proceedings to allow it to effect a restructuring to achieve the long-term viability of the Timeshare Resort for the benefit of its stakeholders.

D. *Notice Provisions*

69. The Applicant is proposing a procedure to notify as many Owners as possible in the circumstances using electronic messaging, the Applicant's website and BDO's case website.

E. *Restructuring Charges*

70. The draft Initial Order provides for a super-priority Administration Charge. At this stage of the restructuring, the Administration Charge is limited to a security interest on the property of the Applicant, being primarily comprised of the cash in the Accounts, and not on the Carriage Hills Property or the Owners' interests therein.
71. The Administration Charge, which is limited to \$350,000 in respect of CHVOA, is required for the professionals to remain involved throughout the restructuring, which is essential.

F. *Stay of Certain Corporate Governance Matters*

72. The draft Initial Order provides for a stay of some aspects of the Applicant's corporate governance, including the obligation to call and hold an annual or special meeting of Members, the expiration of a director's term, and the Member's ability pursuant to the TSA to veto or direct any action of the Applicant. Such stay is necessary to provide stability in the Applicant's governance during the restructuring.


G. *Appropriateness of Parallel Proceedings with CROA*

73. Although the Timeshare Resort's neighbouring "sister" resort, Carriage Ridge, is smaller, CROA and the Applicant now find themselves subject to the same pressures and challenges, and are interrelated in several important respects. This is acknowledged by Martin Ginsberman in his affidavit sworn April 30, 2020 in support of CROA's companion application, which I have read.
74. The proposed Initial Order provides that all costs in respect of professional services relating to both the Applicant and CROA will be split between the Applicant and CROA in a 69/31% proportion, which is the same proportion agreed to between the Applicant and CROA in respect of other joint expenses.
75. Since the potential restructuring options for each applicant will be greater if they collaborate, the Applicant and CROA are seeking virtually identical initial orders contemplating joint hearings in the two applications.


XI. CONCLUSION

76. This affidavit is sworn in support of the application by the Applicant for the draft Initial Order appointing BDO as the "administrator" of the Applicant and for no other or improper purpose.

SWORN BEFORE ME by video conference
at the City of Toronto, in the Province of
Ontario, this 30th day of April, 2020

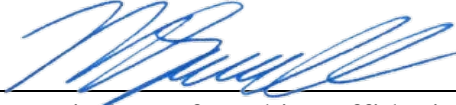


Commissioner for taking affidavits



Darren Chapelle

This is Exhibit "A" referred to in the
Affidavit of Darren Chapelle sworn before me
this 30th day of April 2020.



A Commissioner for taking affidavits

LEGAL DESCRIPTION OF CARRIAGE HILLS PROPERTY

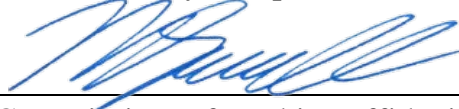
Parcel 1-16 Section 51-Oro-3

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 51R26764 as set out in Instrument Number 323093.

This is Exhibit "B" referred to in the
Affidavit of Darren Chapelle sworn before me
this 30th day of April 2020.



A Commissioner for taking affidavits

Request ID: 024387034
Transaction ID: 75087846
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2020/03/30
Time Report Produced: 13:43:03
Page: 1

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1185995	CARRIAGE HILLS VACATION OWNERS ASSOCIATION	1996/08/06
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO CORP NON-SHARE	ACTIVE	NOT APPLICABLE
Head Office Address		Date Amalgamated
ESA PALTANEN 90 HIGHLAND DRIVE		NOT APPLICABLE
		Amalgamation Ind.
		NOT APPLICABLE
Suite # 2268		New Amal. Number
ORO-MEDONTE		NOT APPLICABLE
ONTARIO		Notice Date
CANADA LOL 2LO		NOT APPLICABLE
		Letter Date
Mailing Address		NOT APPLICABLE
ESA PALTANEN		Revival Date
90 HIGHLAND DRIVE		NOT APPLICABLE
		Continuation Date
Suite # 2268		NOT APPLICABLE
ORO-MEDONTE		Transferred Out Date
ONTARIO		NOT APPLICABLE
CANADA LOL 2LO		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		NOT APPLICABLE
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification		
NOT AVAILABLE		

Request ID: 024387034
Transaction ID: 75087846
Category ID: (C)CC/E

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

1185995

Corporation Name

CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Corporate Name History

CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Effective Date

1996/08/06

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

GORDON
AUE

Address

31 MEDLEY CRES

MARKHAM
ONTARIO
CANADA L3S 4M8

Date Began

2019/11/19

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Request ID: 024387034
Transaction ID: 75087846
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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

1185995

Corporation Name

CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Administrator:

Name (Individual / Corporation)

GORDON
AVE

Address

31 MEDLEY CRESENT

MARKHAM
ONTARIO
CANADA L3S 4M8

Date Began

2019/11/19

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

LLOYD ALAN
BONE

Address

66 BROADLANDS BLVD

TORONTO
ONTARIO
CANADA M3A 1J5

Date Began

2018/10/30

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 024387034
Transaction ID: 75087846
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

1185995

Corporation Name

CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Administrator:

Name (Individual / Corporation)

LLOYD
ALAN
BONE

Address

66 BROADLANDS BLVD

TORONTO
ONTARIO
CANADA M3A 1J5

Date Began

2019/11/19

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

VICE-PRESIDENT

Resident Canadian

Administrator:

Name (Individual / Corporation)

DARREN
CHAPELLE

Address

27 PRINCEWAY DRIVE

ST. CATHARINES
ONTARIO
CANADA L2N 2X7

Date Began

2016/10/25

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 024387034
Transaction ID: 75087846
Category ID: (C)CC/E

Province of Ontario
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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

1185995

Corporation Name

CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Administrator:

Name (Individual / Corporation)

DARREN
CHAPELLE

Address

27 PRINCEWAY DRIVE

ST. CATHARINES
ONTARIO
CANADA L2N 2X7

Date Began

2018/10/30

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

MICHELLE
EEUWES (REESOR)

Address

686 BALL ROAD

UXBRIDGE
ONTARIO
CANADA L9P 1R2

Date Began

2018/10/30

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 024387034
Transaction ID: 75087846
Category ID: (C)CC/E

Province of Ontario
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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1185995	CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Administrator:
Name (Individual / Corporation)

KURT
FLECKENSTEIN

Address

7628 APPLE TREE CRESENT

ORLANDO
FLORIDA
UNITED STATES OF AMERICA 32819

Date Began
2019/11/19

First Director
NOT APPLICABLE

Designation
DIRECTOR

Officer Type
Resident Canadian
N

Administrator:
Name (Individual / Corporation)

KURT
FLECKENSTEIN

Address

7628 APPLE TREE CRESENT

ORLANDO
FLORIDA
UNITED STATES OF AMERICA 32819

Date Began
2019/11/19

First Director
NOT APPLICABLE

Designation
OFFICER

Officer Type
Resident Canadian
N

Request ID: 024387034
Transaction ID: 75087846
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Province of Ontario
Ministry of Government Services

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1185995

CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2020/02/10

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this certified report in electronic form is authorized by the Ministry of Government Services.

This is Exhibit "C" referred to in the
Affidavit of Darren Chapelle sworn before me
this 30th day of April, 2020.



A Commissioner for taking affidavits



CARRIAGE HILLS RESORT
AT HORSESHOE VALLEY
A SIBEL 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	JUN 25 1997	18	11 R
	(1) Registry <input type="checkbox"/> Land Titles <input checked="" type="checkbox"/> (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 <input type="checkbox"/> (b) Schedule for: Description <input type="checkbox"/> Additional Parties <input type="checkbox"/> Other <input type="checkbox"/>				

(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) Signature(s) Date of Signature
CARRIAGE HILLS RESORT CORPORATION
 Lorne Borgal
 President
 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) Signature(s) Date of Signature
CARRIAGE HILLS VACATION OWNERS ASSOCIATION

(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

Box (b) Description, continued

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 (nnn);
- (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;
- (jj) "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;
- (ijj) "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;
- (iiii) "Threatened Owner" is defined in Section 5.04;
- (jjjj) "Time Period" is defined in Section 2.03;
- (kkkk) "Total Destruction" is defined in Section 10.01;
- (llll) "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.

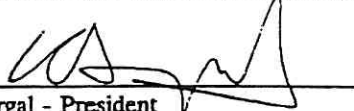
Each Owner, Association and Manager may change his address for the purposes of this Section by giving notice of the change. But, unless notice of an address change is actually received, the last address will still be considered as the address for all purposes.

- 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

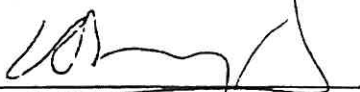
I have authority to bind the Corporation
(PURCHASER)

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 except 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.

FOR OFFICE USE ONLY

366718

CERTIFICATE OF TITLE

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

(6) Description Dollars \$

Parcel 1-16 Section 51-Oro-3 being pt lot 3. Con 4 designated being Parts 5, 6, 7, 8, 9 and 10 on Plan 51R-26764 Township of Oro-Medonte 9 and 10 on SIR-26764 County of Simcoe (formerly Oro)

(2) Part lot 2 Con 4 designated as parts 5, 6, 7, 8 & 9 more particularly described in Schedule attached = 10 on SIR-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* Date of Signature Y M D **1998 04 6**
Perry Snyderman
Vice-President

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	50.00

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.

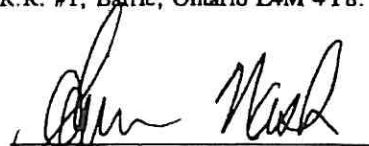
This notice will be effective as long as Instrument No. 327071 remains in effect.

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

This is Exhibit "D" referred to in the
Affidavit of Darren Chapelle sworn before me
this 30th day of April, 2020.



A Commissioner for taking affidavits

Key Terms of CHVOA By-laws

- **Membership**

Each Owner of an Undivided Interest is a member of CHVOA [s. 2.1]

- **Membership Appurtenant to Undivided Interest**

Membership is not to be assigned or alienated in any way except on transfer of title to Undivided Interest to transferee, upon which membership is automatically transferred to new Owner of Undivided Interest [s. 2.2]

- **Voting Rights** – 2 classes of voting membership:

Class A – all Owners of Undivided Interests except CHRC:

Owners of Every Year Undivided Interests: 2 votes for each such interest owned

Owners of Every Other Year Undivided Interests: 1 vote for each such interest owned

Class B – CHRC: 8 votes for each Every Year Undivided Interest and 4 votes for Every Other Year Undivided Interest owned [s. 2.3]

Board may suspend voting rights where an Owner is delinquent in payment or other defaults and may impose monetary penalties [s. 4.3]

- **Membership Charges**

To be paid by Members and fixed, levied and collected by Board as provided in TSA [s. 3.1]

- **Lien Rights**

As set out in TSA and enforceable by Board as set forth in TSA and at law or equity [s. 3.2]

- **Rules Governing Annual and Special Meetings of Members: Article 5**

- **Directors**

Affairs of CHVOA – to be managed by Board of 5 directors; each must be Member entitled to vote or a representative of CHRC designated by CHRC; from and including the first election of the Board by members, at least one Board member shall be elected by votes of Members other than CHRC; subject to the special election procedures specified [s. 6.1]

Quorum – a majority of the Board [s. 6.11]

Open meetings – all Board meetings are open to Members, who may not participate in any deliberation or discussion unless authorized by a majority of a quorum of the Board; such majority may adjourn and reconvene in executive session on personnel matter, litigation and orders of business of a similar nature after announcing the nature of the business to be considered **[s. 6.13]**

Committees – Board may appoint an Executive Committee and other committees and delegate powers to them, except the powers listed **[s. 6.15]**

Powers and Duties – Subject to the limitations of the Articles, By-laws, the TSA and the CA, as to actions required to be approved by the Members, all CHVOA powers and duties including those set forth in the TSA shall be exercised by or under the authority of the Board, and the business and affairs of CHVOA shall be controlled by the Board **[s. 6.16]**

- **Officers**

There must be a President, Vice President and Secretary (who must be Board members) and such others as the Board deems necessary. Each officer must be a member of CHVOA or designated by CHRC. Board may appoint subordinate officers. **[s. 7.1 and 7.2]**

- **Indemnification of Directors, Officers and Others**

General – There are provisions for CHVOA indemnifying directors, officers, employees or other agents, subject to the terms set out **[Article 8]**

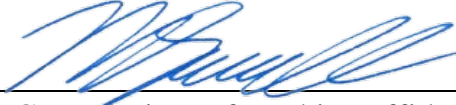
Insurance – Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of directors, officers, employees or other agents **[s. 8.9]**

- **Miscellaneous**

Execution of Contracts and Instruments – Except as otherwise provided, Board may authorize any officer(s) or agent(s) to enter into any contract or execute any instrument in the name of and on behalf of CHVOA, with general or specific authority **[s. 9.2]**

Corporate Records – The minutes and accounting books and records shall be open to inspection on written demand of any member (seems to include Board minutes) **[s. 9.5]**

This is Exhibit "E" referred to in the
Affidavit of Darren Chapelle sworn before me
this 30th day of April, 2020.



A Commissioner for taking affidavits



CARRIAGE HILLS HOSPITALITY INC.
MANAGING TO MAKE A DIFFERENCE®

MANAGEMENT AGREEMENT

BETWEEN

CARRIAGE HILLS VACATION OWNERS' ASSOCIATION

AND

CARRIAGE HILLS HOSPITALITY, INC.

FINAL
Saturday, April 28, 2007

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MANAGEMENT AGREEMENT

This Management Agreement ("Agreement") is entered into effective as of November 30th, 2006, by and between Carriage Hills Vacation Owners' Association ("Association"), and Carriage Hills Hospitality, Inc., an Ontario Corporation ("Manager"):

RECITALS

A. The Association is the duly constituted governing body responsible for the operation and administration of the Resort and the Property (collectively hereinafter referred to as the "Resort") located in Barrie, Ontario, Canada.

B. Pursuant to the provisions of The Time Sharing Agreement for Carriage Hills Vacation Owners Association (attached hereto and incorporated herein by reference as Addendum A) recorded on August 6, 1997 at the Land Registry Office for the Land Titles Division at Barrie (collectively, the "Program Documents"), the Association is responsible for the operation and administration of the Resort. The Association is authorized to retain professional management and to delegate to such Manager certain of the Association's powers and responsibilities.

C. Manager shall be responsible for maintaining all licenses, permits, etc. required by Federal, Provincial and Municipal law, in the performance of its business related to this Agreement.

D. The Association desires to retain the Manager to perform and to provide various services for the Resort and the Interval Ownership Program, and the Manager is willing to provide such services, all on the terms and conditions hereinafter set forth.

E. The Board of Directors ("Board") of the Association desires to engage Manager to manage and operate the Resort as contemplated by the Program Documents, and Manager desires to accept such engagement, all on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements contained herein, the parties agree as follows:

TERMS AND CONDITIONS

1. Engagement of Manager. Association hereby engages Manager as the exclusive managing agent of the Resort and Manager hereby accepts said appointment and undertakes to perform all of the services and responsibilities set forth herein, and will perform other duties and responsibilities as may be required from time to time, in such capacity and to comply with all provisions of this Agreement. Manager's performance hereunder shall be as an independent contractor and not as an employee of the Association.

2. Definitions. In addition to other definitions provided for herein, the capitalized terms in this Agreement shall have the same meanings as attributed to them in the Program Documents.

3. Term

3.1 Commencement/Expiration of Agreement. The initial term of this Agreement ("Initial Term") shall be for a period of five (5) years commencing on January 1, 2007, through December 31, 2011, and shall automatically renew for subsequent five (5) year terms unless otherwise terminated pursuant to the provisions set forth in section 3.2 below.

3.2 Termination. This Agreement may be terminated by the Manager or Board of Directors of the Association, pursuant to the provisions set forth in the Program Documents, as restated.

The Association or the Manager may terminate this Agreement upon not less than 30 days written notice. However, if the written notice is given by the Board of Directors of the Association, it shall not be given unless such notice is given pursuant to a resolution passed by 66 2/3% of the Owners at a regularly constituted meeting of the Association.

3.3 Actions Upon Termination. Upon any termination or expiration of this Agreement, the Manager shall promptly account for all bank accounts, and funds arising out of, or in any way connected with, this Agreement and all monies received by the Manager subsequent to the termination of this Agreement and arising out of this Agreement. In addition, the Manager shall deliver to the Association, or to such other person as the Association shall designate in writing, a list as well as copies and originals of all materials, contracts, books and records and any and all other documents pertaining to the Resort. The Manager shall also furnish all such information, take all such action and cooperate with the Association as the Association shall reasonably require in order to effectuate an orderly and systematic conclusion of the Manager's duties and activities hereunder.

Upon the termination or expiration of this Agreement, the Association and the Manager shall be released from further performance hereunder; provided, however, that all rights

and obligations of the Association and the Manager accruing to such date, including without limitation any rights to receive payments and the indemnification provisions contained herein, shall survive the termination or expiration of this Agreement.

3.4 Resignation. Manager may resign only upon written notice and in compliance with the following conditions:

a. The effective date of the resignation ("Effective Date") shall not be less than thirty (30) days after the Association received written notice of Manager's resignation;

b. On or before the Effective Date of any resignation by Manager, or of any termination of the Agreement, Manager must turn over to the Board of Directors all books and registers, employee and employment registers, license 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 the Association or the Resort and whether in written form or on computer data or otherwise, all of which are and shall be Association property.

c. In the event that Manager's resignation shall be authorized as provided hereinabove, the Association shall use its best efforts to obtain the services of a responsible management company to provide Association with services consistent with industry-recognized standards so that Manager may accomplish the resignation in a timely manner;

d. Such conditions as may be subsequently negotiated and established by and between Association and Manager pursuant to a properly executed written document intended to govern an event of resignation without case by Manager.

4. Duties of Association. The Association shall furnish the Manager with copies of any and all documents connected with the Resort which may assist Manager in carrying out its duties hereunder, including without limitation the Program Documents, the Articles of Incorporation (if applicable) and Bylaws of the Association, any notices received by the Association, any rules and regulations promulgated by the Association, and any written instruments executed by or on behalf of the Association. Manager acknowledges that upon the signing of this Agreement, all such documents are in its possession. The Association shall provide Manager, on a timely basis, any information that may be relevant to Manager's performance under this Agreement. The Association shall fully cooperate with the Manager in connection with Manager's performance hereunder.

5. Duties and Obligations of Manager.

5.1 In General. Manager shall provide, or cause to be provided, all services and personnel required to administer the affairs of the Association and to manage and operate the Resort as contemplated by the Declaration, at all times in the manner

consistent with the provisions of the Program Documents and the Bylaws of the Association and subject to the terms and conditions set forth herein. Manager shall have all the powers which the Association has, pursuant to the Program Documents, to the extent necessary to perform its duties and obligations hereunder. Subject to the provisions of paragraph 5.5 below, Manager may delegate its authority and responsibilities to one or more subagents for such periods and upon such terms as Manager deems proper.

Unless otherwise indicated in this Agreement, all expenses associated in the performance of the services and the personnel required to manage the affairs of the Association and to operate the Resort will be at the cost of the Association.

5.2 Administrative Services. Not in limitation of the provisions of Paragraph 5.1 above, Manager shall provide the following services of an administrative nature:

a. Association Meetings. Manager shall provide assistance to the Board, as the Board may from time to time request or direct, with the organizing and coordinating of the meetings of the Board and of the Association, which assistance shall include the preparation and delivery of notices of meetings consistent with the requirements of the Association's Bylaws. Manager shall coordinate the preparation and approval of agendas with the Board and shall be available, as the Board may direct, to assist in the conduct of meetings and/or to oversee the election of Board members. Manager shall circulate minutes of any such meeting to members of the Board within thirty (30) days following such meetings.

b. Association Records. Manager shall hold or cause to be held at such place or places designated by the Board, or, in the absence of such designation, at the principal executive office of the Association, all records of the affairs of the Association, including but not limited to, minutes of meetings, correspondence and amendments of Bylaws and Rules and Regulations.

c. Communications. Manager shall initiate, develop, and establish effective communication with the Board, owners and committee members by use of newsletters, meetings, telephonic or other effective forms of communication.

d. Association Documents. Manager shall, from time to time as necessary or desirable, recommend to the Board that it amend, modify or supplement the Rules and Regulations or other documents to comply with statutes and operational requirements.

e. Roster of Owners. Manager shall maintain a complete and accurate list of Owners (the "Roster") setting forth the name of each Owner and the mailing address of such Owner. Manager shall thereafter cause the Roster to be maintained on a current basis. Manager shall make all reasonable efforts to insure that, for so long as this Agreement remains in effect, it is in substantial compliance with applicable requirements of the *Personal Information Protection and Electronics Documents Act* (Canada) ("PIPEDA"), and that it shall make reasonable efforts to require that all of its affiliates,

suppliers and subcontractors who receive or process any personal information within the contemplation of this Agreement with respect to any Owner, applicant or other person not disclose any such information except in compliance with applicable law. Manager shall not intentionally disburse a copy of the Roster to any Owner, unless required by court order, the Board, or any other applicable or superseding obligation or requirement.

f. Committee Formation. Manager will assist in the formation of Owner committees for the purpose of and to encourage input and participation.

g. Exchange Services. The Manager shall coordinate the administration of any third-party exchange program (the "Exchange Program") that may from time to time be available at the Resort and communicate with the representative of Exchange Program regarding the reservations processed by such Exchange Program at the Resort.

h. Bonus Time Program. Manager shall facilitate a Bonus Time Program to the benefit of the Owners, consistent with the Program Documents.

i. Legal Issues. Manager will work with, communicate with, and assist the Association's legal counsel in any activities that affect the Association.

5.3 Fiscal Services. Not in limitation of the provisions of Paragraph 5.1 above, Manager shall provide the following services of a fiscal nature.

a. Budgets. Manager shall prepare and submit to the Board for approval, not less than sixty (60) days prior to the Annual General Meeting of the Association, a proposed budget and a management plan meeting the requirements of the Program Documents. Each budget approved by the Board is called the "Budget". The Budget, as approved by the Board of Directors, shall be submitted to the Owners at each Annual General Meeting of the Association. A copy of the Budget shall be distributed to the Owners.

b. Reserve Program. Manager shall recommend to the Board an appropriate replacement reserve program as required by the Program Documents. The program shall include an annual capital expenditure projection for the replacement of items and an annual review of the adequacy of the Association's capital reserve funding.

c. Special Assessments. Manager shall, promptly upon making a determination that a Special Assessment is required, submit a recommendation to the Board that a Special Assessment be considered.

d. Collection of Assessments. Manager shall, cause the assessments for the Resort expenses to be timely billed and shall enforce collection thereof, at the Association's expense and direction.

e. Bank Accounts. Manager shall establish such bank accounts as the Board may direct, and shall deposit or invest funds collected from Owners, and all other

amounts collected, by Manager, in connection with the performance of its duties hereunder in interest bearing accounts designated for such purpose. The Manager shall keep accurate books and records reflecting the amount of such accounts.

f. Disbursements. Manager shall cause disbursement from the operating bank account of the Association only those amounts required for the payment of all Association expenses incurred consistent with the applicable Budget and as otherwise permitted by the Program Documents and as may be directed by the Board.

g. Financial Statements and Audit. Manager shall cause an audit to be conducted, at the Association's expense, as provided for in the Program Documents. Manager shall cause the financial statements provided for in the Program Documents to be prepared at the Association's expense.

h. Books and Records. Manager shall cause to be kept and maintained full and adequate books and records accurately reflecting the results of operation of the Resort in accordance with generally accepted accounting principles. The books and accounts and other records relating to the operation of the Resort shall be available to the Association and its representatives at all reasonable times for examination, inspection and transcription, or at the Association's expense, distribution to all members as may be directed by the Board.

i. Expense Control. Manager shall oversee an operating expense control system in an effort to eliminate unnecessary expenses and initiate cost cutting measures to maximize the Association's fiscal efficiency.

j. Reporting. Manager shall provide such information, periodic reports and schedules to the Board at the frequency and as directed by the Board from time to time.

5.4 Physical Services. Not in limitation of the provisions of Paragraph 5.1 above, Manager shall provide the following services of a physical nature.

a. Emergency Procedures. Manager shall oversee establishment and implementation of emergency and disaster procedures to enhance Owner safety and reduce potential Association liability.

b. Inspections. Manager shall make timely inspections of the Resort and the Property and render reports and make recommendations to the Board concerning repairs, restoration, and maintenance.

c. Insurance. Manager shall obtain and keep in force hazard (replacement cost) insurance, commercial liability, directors and officers liability and all other insurance as required by the provisions of the Program Documents, at the Association's expense. In addition, Manager shall obtain and keep in force at all times a fidelity bond in an amount determined by the Board covering the Manager, all employees of the Association and the Board as may be applicable. Manager shall administer all such

insurance and claims under such insurance policies and bonds at the Association's expense.

d. Repair and Maintenance of the Units, Common Furnishings and Common Areas. Manager shall, pursuant to and consistent with a plan established by the Board, cause the Units, the Common Furnishings, recreational facilities and Common Areas and the furnishings appurtenant to the same to be repaired, maintained, repainted, furnished and refurbished in accordance with the provisions of the Program Documents and in the manner consistent with the reserves established for such purpose.

e. Check-In and Check-Out. Manager shall cause on-site personnel to be available at all required times in order to check-in and check-out Owners, Rental Guests and Exchange Users. Manager shall also audit or review all procedures for check-in/out to ensure accuracy, efficiency, and quality.

f. Maid Service. Manager shall cause maid service to be provided to the Units within the Resort in the manner provided for in the Program Documents and in the Rules and Regulations. Manager shall also conduct periodic review of procedures to see that personnel and materials are being used in an efficient manner.

g. Maintenance. Manager shall oversee maintenance to ensure:

- i. The quality of maintenance is maintained.
- ii. Maintenance Weeks are scheduled properly with appropriate work schedules.
- iii. Proper specification for bids is maintained.
- iv. Quality goods and services are provided by vendors/contractors.
- v. Inspect and evaluate procedures to ensure quality service and good Owner relations. Generally, Manager will establish levels of service and quality and monitor those standards.

h. Reservations. Manager shall cause to be established and operated a reservation system implementing the reservation procedure set forth in the Rules and Regulations and shall do so in a manner that has been mutually agreed between Association and Manager to be in the best interests of the Owners. The reservation system shall include the books and records required to reflect reservations made, Use Periods actually used, and such other information as shall be necessary to coordinate efficient Resort operation.

i. Right to Entry. During Service Periods and at any other reasonable time, Manager or its representatives may enter the Units, for the purpose of (i) making emergency repairs therein, (ii) abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit, (iii) protecting property rights and welfare of other occupants, or (iv) for any other purpose reasonably related to the performance by the Association of its responsibilities under the terms of the Program Documents. Such right of entry shall be exercised in such a manner

as to avoid any unreasonable or unnecessary interference with the possession, use and/or enjoyment of the Owner, Rental Guest, Exchange Owner or other occupant of such Unit and shall be preceded by reasonable notice to the Owner or occupant thereof whenever the circumstances permit.

j. Personnel Services. The Manger is authorized to hire, pay, supervise and discharge, or cause to be hired, paid, supervised and discharged all employees and independent contractors that may be required for the proper maintenance and operation of the Resort and the Association. All employees, in every instance, shall be employees of the Manager or Manager's affiliates, at its sole discretion. Compensation, payroll taxes and employees' benefits of such employees shall be at the expense of the Association. Manager shall also conduct on-going staff training, conduct reviews and evaluation of management level personnel, maintaining morale and consistency throughout the Resort.

k. Utilities and Other Services. Manager shall negotiate on behalf of the Association a contract for certain services including, but not limited to, trash and rubbish removal, utilities, cable or other TV services, snow removal, heating and plumbing repairs, laundry and dry cleaning, pest control and any other services as may be necessary or desirable in connection with the Resort.

l. Equipment. The Manager shall, with the approval from the Board of Directors, lease and/or purchase office equipment including but not limited to, calculators, telephone equipment, computers and any other office items, equipment, supplies and facilities which may be necessary or desirable in connection with management of the Resort.

5.5 Limitation on Powers of Manager. Notwithstanding the powers of the Manager as set forth in Paragraphs 5.1 through 5.4, above, Manager shall not: make the final determination of estimated expenses, annual budgets and assessments based thereon; promulgate rules and regulations; open bank accounts; purchase, hold, sell, convey or mortgage any interest in the Resort; or bring, prosecute and settle litigation; or enter into any contract in the name of the Association for goods or services for a term greater 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, except for:

- (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) Joint Use Agreement; and
- (vii) Easement Agreement.

5.6 Limited Liability. Manager shall not be responsible for the acts, omissions to act or conduct of any of the Owners, Exchange Users or Rental Guests, or for the breach of any of the obligations of any of the Owners, Exchange Users or Rental Guests.

5.7 Miscellaneous. Manager is further authorized to do all things reasonably deemed necessary or desirable for the proper maintenance and operation of the Resort.

6. Compensation of Manager. For the full and faithful performance of the duties provided for herein during the term hereof, the Manager shall be entitled to receive annual compensation ("Compensation") of \$368,424. Manager is permitted to pay itself monthly in 12 equal payments that total the annual amount. Nothing herein shall be interpreted to entitle Manager to anything other than the Compensation in the event of early termination of this Agreement. Each successive year of the Agreement, the Compensation paid to Manager will be adjusted upward or stay the same if the CPI goes down or does not change in January of that year by a percentage amount equal to the most recent annual percentage change in the Canadian Consumer Price Index ("CPI") ALL ITEMS index Province of Ontario, with the Base Period: (1992=100).

If the government stops publishing the referenced CPI measure, then the most similar index available will be used in its place.

Manager shall not be required to perform any act or duty hereunder involving an expenditure of money unless there shall be sufficient funds therefore in the bank accounts of the Association; if at any time the funds in the bank accounts of the Association are not sufficient to pay the charges incident to this Agreement, Manager shall, under no circumstances, be required to advance such necessary sums.

All discounts, rebates or commissions or like items shall inure to the benefit of the Association.

7. Indemnification.

7.1 Manager's Indemnification. The Manager shall protect, indemnify and hold the Association harmless from and against any and all losses, costs, expenses, damages or liabilities (including, without limitation, the cost of litigation and attorneys' fees) arising out of any negligence or willful misconduct of Manager or related in any way to the negligent or willful failure or refusal of Manager to comply timely and fully with each of its obligations, promises and covenants set forth in this Agreement.

7.2 Association's Indemnification. The Association shall protect, indemnify and hold Manager harmless from and against any and all losses, costs, expenses, damages or liabilities (including, without limitation, the cost of litigation and attorneys' fees) arising out of any negligent or willful misconduct of the Association, its Directors or Officers, or litigation in which Manager is named as a party solely by virtue of Manager's engagement under this Agreement.

8. 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 or certified mail, return receipt requested, as follows:

If the Association: Its: President
Carriage Hills Vacation Owners Association
Box 58, Horseshoe Valley Road, RR#1
Barrie, ON L4M 4Y8
Canada

If to Manager: Its: Vice-President
Carriage Hills Hospitality, Inc.
PO Box 10, Horseshoe Valley Road, RR#1
Barrie, ON L4M 4Y8
Canada

Notices so mailed shall be deemed to have been given seventy-two (72) hours after the deposit of same in any Canada Post Office in the Province to which the notice is addressed or ninety-six (96) hours after deposit in any such post office box other than in the Province to which the notice is addressed as set forth above. The addresses and addressees for the purpose of this paragraph may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice is received, the last address and addressee stated by written notice, or as provided herein if no written notice of change has been set or received, shall be deemed to continue in effect for all purposes hereunder.

9. Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of such provision or of any other provisions hereof.

10. Merger. All understandings and agreements heretofore had between the parties respecting the employment contemplated by this Agreement are merged by this Agreement which fully and completely expresses the agreement of the parties. There are no agreements except as specifically set forth in this Agreement or to be set forth in the instruments or other documents delivered or to be delivered hereunder.

11. Amendments. No change in or addition to, or waiver or termination of this Agreement or any part thereof shall be valid unless in writing and signed by or on behalf of each of the parties hereto.

12. Paragraph Headings. The paragraph headings herein contained are for the purposes of identification only and shall not be considered in construing this Agreement.

13. Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties and each of their respective successors and assigns. Manager may, without the consent or agreement of the Association, assign this Agreement to any corporation, partnership or other entity affiliated or related to Manager, provided that such entity is licensed, registered, bonded and insured as required herein or by law and upon such assignment, Manager shall be released from any obligations and liabilities hereunder; provided that the assignment of this Agreement shall not impair Manager's obligations to cooperate beyond the date of said assignment as may be otherwise provided in this Agreement.

14. Attorneys' Fees. In the event of any controversy, claim or dispute between the parties hereto arising out of or relating to this 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 reasonable expenses, attorneys' fees and costs.

15. Severability. Every provision of the Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality shall not affect the validity of the remainder of the within Agreement.

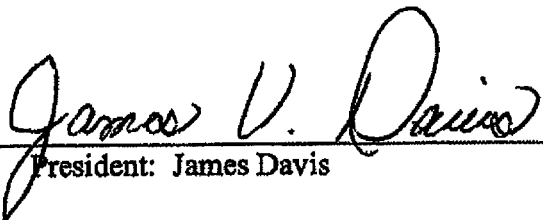
16. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

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

ASSOCIATION:

Carriage Hills Vacation Owners' Association

By:

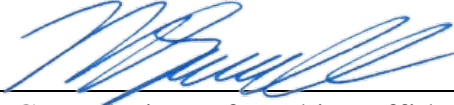

President: James Davis

MANAGER:

Carriage Hills Hospitality, Inc.

By: *Susan C Kelley*
CHHI Vice President: Susan Kelley

This is Exhibit "F" referred to in the
Affidavit of Darren Chapelle sworn before me
this 30th day of April, 2020.



A Commissioner for taking affidavits

RUN NUMBER : 107
RUN DATE : 2020/04/16
ID : 20200416095424.24

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2462)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : CARRIAGE HILLS VACATION OWNERS ASSOCIATION

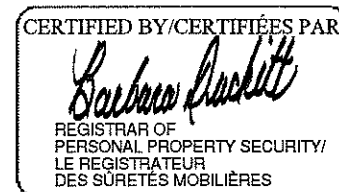
FILE CURRENCY : 15APR 2020

ENQUIRY NUMBER 20200416095424.24 CONTAINS 5 PAGE(S), 1 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THORNTON GROUT FINNIGAN LLP - ROXANA MANEA

3200-100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7



(orfj5 06/2019)

CONTINUED... 2

Ontario 

RUN NUMBER : 107
RUN DATE : 2020/04/16
ID : 20200416095424.24

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(2463)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CARRIAGE HILLS VACATION OWNERS ASSOCIATION
FILE CURRENCY : 15APR 2020

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
699020785

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	3		20140915 1503 1902 9596	P PPSA	06

DEBTOR NAME	DATE OF BIRTH	BUSINESS NAME	FIRST GIVEN NAME	INITIAL	SURNAME	ONTARIO CORPORATION NO.
		CARRIAGE RIDGE OWNERS ASSOCIATION				
		ADDRESS	90 HIGHLAND DRIVE		SHANTY BAY	ON L0L 2L0

DEBTOR NAME	DATE OF BIRTH	BUSINESS NAME	FIRST GIVEN NAME	INITIAL	SURNAME	ONTARIO CORPORATION NO.
		CARRIAGE HILLS VACATION OWNERS ASSOCIATION				
		ADDRESS	90 HIGHLAND DRIVE		SHANTY BAY	ON L0L 2L0

SECURED PARTY / LIEN CLAIMANT	ADDRESS	LOCATION	PROVINCE	POSTAL CODE
ROYNAT INC.	SUITE 1500, 4710 KINGSWAY ST.	BURNABY	BC	V5H 4M2

COLLATERAL CLASSIFICATION	CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO. FIXED MATURITY DATE
			X			X				

MOTOR VEHICLE	YEAR	MAKE	MODEL	V.I.N.

GENERAL COLLATERAL DESCRIPTION
PORTABLE OFFICE(S), MOBILE OFFICE(S), OFFICE COMPLEX(S), COMPLEX(S), PORTABLE STRUCTURE(S), PORTABLE BUILDING(S) TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS

REGISTERING AGENT	ADDRESS	LOCATION	PROVINCE	POSTAL CODE
AVS SYSTEMS INC.	201 - 1325 POLSON DR.	VERNON	BC	V1T 8H2

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
Barbara Luckitt
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTREUR
DES SÛRETÉS MOBILIÈRES

(crj1fu 06/2019)



RUN NUMBER : 107
RUN DATE : 2020/04/16
ID : 20200416095424.24

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(2464)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CARRIAGE HILLS VACATION OWNERS ASSOCIATION
FILE CURRENCY : 15APR 2020

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
699820785

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	002	3		20140915 1503 1902 9596		

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
-------------	---------------	------------------	---------	---------

BUSINESS NAME

ONTARIO CORPORATION NO.

ADDRESS

SECURED PARTY / LIEN CLAIMANT

ADDRESS

COLLATERAL CLASSIFICATION

CONSUMER GOODS	MOTOR VEHICLE	AMOUNT	DATE OF MATURITY OR	NO. FILED	
INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	INCLUDED	MATURITY DATE

MOTOR VEHICLE	YEAR MAKE	MODEL	V.E.I.N.
---------------	-----------	-------	----------

GENERAL COLLATERAL DESCRIPTION
ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT

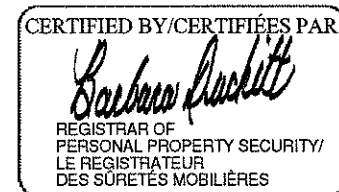
REGISTERING AGENT

ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...

4



(crj1fu 06/2019)

RUN NUMBER : 107
RUN DATE : 2020/04/16
ID : 20200416095424.24

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(2465)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CARRIAGE HILLS VACATION OWNERS ASSOCIATION
FILE CURRENCY : 15APR 2020

FORM IC FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
699B20785

01 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
003 3 20140915 1503 1902 9596

02 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME ONTARIO CORPORATION NO.
04 ADDRESS

05 DEBTOR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY /
09 LIEN CLAIMANT ADDRESS

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL V.I.N.
12 VEHICLE

13 GENERAL INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR
14 COLLATERAL PROCEEDS OF THE COLLATERAL
15 DESCRIPTION

16 REGISTERING
17 AGENT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR
Barbara Aschitt
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(ej1fu 06/2019)



RUN NUMBER : 107
RUN DATE : 2020/04/16
ID : 20200416095424.24

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

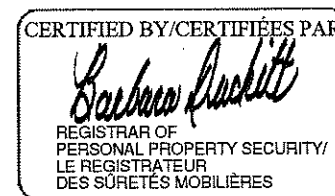
REPORT : PSSR060
PAGE : 5
(2466)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : CARRIAGE HILLS VACATION OWNERS ASSOCIATION
FILE CURRENCY : 15APR 2020

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

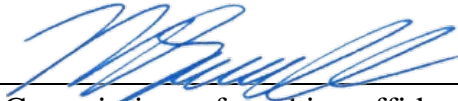
FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
699820785	20140915	1503	1902	9596

1 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



(crfj5 06/2019)

This is Exhibit "G" referred to in the
Affidavit of Darren Chapelle sworn before me
this 30th day of April, 2020.



A Commissioner for taking affidavits

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C.43, AS AMENDED**

**AND IN THE MATTER OF THE PROCEEDINGS OF
CARRIAGE HILLS VACATION OWNERS ASSOCIATION
(the "Applicant")**

CONSENT

BDO CANADA LIMITED hereby consents to act as Court-appointed Administrator in this proceeding should such an Order be granted by the Court.

Dated at Beamsville, Ontario, this 30th day of April, 2020.

BDO CANADA LIMITED

Per: Brad Newton
Name: Brad Newton
Title: Senior Vice-President

**AND IN THE MATTER OF THE ADMINISTRATION PROCEEDINGS OF CARRIAGE
HILLS VACATION OWNERS ASSOCIATION**

Court File No. CV-20-00640265-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced in Toronto**

CONSENT

Thornton Groat Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax:(416) 304-1313

Leanne M. Williams (LSO# 41877E)
Email: lwilliams@tgf.ca
Tel: (416) 304-0060

Mitchell W. Grossell (LSO # 699931)
Email: mgrossell@tgf.ca
Tel.:(416) 304-7978

Lawyers for Applicant, Carriage Hills
Vacation Owners Association

**AND IN THE MATTER OF THE ADMINISTRATION PROCEEDINGS OF CARRIAGE
HILLS VACATION OWNERS ASSOCIATION**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced in Toronto

**AFFIDAVIT OF DARREN CHAPELLE
(sworn April 30, 2020)**

Thornton Grout Finnigan LLP

TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax: (416) 304-1313

Leanne M. Williams (LSO# 41877E)

Email: lwilliams@tgf.ca

Tel: (416) 304-0060

Mitchell W. Grossell (LSO # 69993I)

Email: mgrossell@tgf.ca

Tel.: (416) 304-7978

Lawyers for Applicant, Carriage Hills
Vacation Owners Association

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) DAY, THE 7TH
)
MADAME JUSTICE CONWAY) DAY OF MAY, 2020
)

**IN THE MATTER OF THE *COURTS OF JUSTICE ACT*,
R.S.O. 1990, c. C.43, AS AMENDED**

**AND IN THE MATTER OF THE ADMINISTRATION
PROCEEDINGS OF CARRIAGE HILLS VACATION
OWNERS ASSOCIATION (the “Applicant”)**

**ORDER
(appointing Administrator)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “CJA”) appointing BDO Canada Limited (“**BDO**”) as administrator (the “**Administrator**”) without security, in respect of:

- (a) the Applicant and all the Applicant’s present and future assets, undertakings and properties (collectively, the “**Property**”), and
- (b) all the lands and premises on which the Applicant operates the timeshare resort known as Carriage Hills Resort, legally described in Schedule “A” hereto, collectively owned by the members of the Applicant (the “**Members**”) as tenants in common, as recorded in the Land Registry Office for the Land Titles Division of Simcoe (No. 51) (collectively, the “**Lands**”),

was heard this day via teleconference in, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of Darren Chapelle, sworn April 30, 2020 (the “**Chapelle Affidavit**”) and the Exhibits thereto, the pre-filing report of BDO and the appendices thereto and the consent of BDO to act as Administrator, and on hearing the submissions of counsel for the Applicant and no one appearing for any other parties on the service list set out in the Notice of Application, although duly served as appears from the affidavit of service of Mitchell Grossell, sworn April 30, 2020,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and service is validated so that this Application is properly returnable today and further service thereof is hereby dispensed with.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 101 of the CJA, BDO is hereby appointed as Administrator, without security, in respect of:

- (a) the Applicant and the Property, including all proceeds thereof, and
- (b) the Lands, including all proceeds thereof.

(the Property and the Lands, including all proceeds thereof collectively, the “**Resort Assets**”).

3. **THIS COURT ORDERS** that the Administrator is not and shall not be deemed to be a “receiver” within the meaning of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and shall not be required to comply with the provisions of the BIA applicable to receivers including, without limiting the generality of the foregoing, any requirement to provide notice of its appointment or any statements or reports to any Persons (as defined below), including the Office of the Superintendent in Bankruptcy, in accordance with sections 245 and 246 of the BIA.

4. **THIS COURT ORDERS** that the Applicant, its members, officers, directors, agents and advisors shall advise the Administrator of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Administrator in the exercise of its powers and

discharge of its obligations and provide the Administrator with the assistance that is necessary to enable the Administrator to adequately carry out the Administrator's functions.

ADMINISTRATOR'S POWERS

5. **THIS COURT ORDERS** that the Administrator is hereby empowered and authorized, but not obligated, to act at once in respect of the Resort Assets as provided in this Order and, without in any way limiting the generality of the foregoing, the Administrator is hereby expressly empowered and authorized to do any of the following where the Administrator considers it necessary or desirable, in consultation with the Applicant:

- (a) to review, research and consider potential options to market, redevelop or restructure any or all of the Resort Assets and/or the Applicant, and to advise the Applicant thereon but, not to implement same without further Order of this Court;
- (b) to advise the Applicant in its preparation of its cash flow statements;
- (c) to review and monitor the Applicant's cash receipts and disbursements;
- (d) to advise the Applicant in connection with possible options to meet any cash flow deficiencies;
- (e) to advise the Applicant in connection with the restructuring of the operations of the Applicant, including the restructuring of the ownership of the Resort Assets;
- (f) to report to this Court at such times and intervals as the Administrator may deem appropriate with respect to matters relating to the Resort Assets, the Applicant and its business and operations (the "**Business**"), and such other matters as may be relevant to the proceedings herein;
- (g) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Administrator's powers and duties, including without limitation those conferred by this Order;

- (h) to assist the Applicant, to the extent required by the Applicant, with disseminating information to the Members, creditors or other interested Persons;
- (i) to contact, communicate with and discuss the Applicant's business and affairs and the Resort Assets with applicable municipal, provincial, and federal governments and their boards, agencies, commissions, and similar bodies, regarding matters within the Applicant's powers pursuant to this Order;
- (j) to report to, and meet, communicate and discuss with such affected Persons as the Administrator deems appropriate, on all matters relating to the Applicant, the Resort Assets, the Business and the administration ordered herein, and to share information, documents and other material with such Persons, subject to such terms as to confidentiality as the Administrator or the Applicant deems advisable and provided that the Administrator shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph; and
- (k) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations and to perform such other duties as are required by this Order or by this Court from time to time;

and in each case where the Administrator takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons except the Applicant, where applicable pursuant to this Order.

6. **THIS COURT ORDERS** that the Administrator is authorized to register a copy of this Order against title to any of or all the Lands.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE ADMINISTRATOR

7. **THIS COURT ORDERS** that (i) the Applicant, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and members, and all other persons acting or having acted on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith

advise the Administrator of the existence of any Property in such Person's possession or control, and shall grant immediate and continued access to the Resort Assets to the Administrator if so requested by the Administrator.

8. **THIS COURT ORDERS** that all Persons shall forthwith advise the Administrator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the Business or the Resort Assets, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall at the request of the Administrator provide to the Administrator or permit the Administrator to make, retain and take away copies thereof and grant to the Administrator unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 8 or in paragraph 9 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Administrator due to privilege, including privilege attaching to solicitor-client communications, or to statutory provisions prohibiting such disclosure.

9. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Administrator for the purpose of allowing the Administrator to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Administrator in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Administrator. Further, for the purposes of this paragraph, all Persons shall provide the Administrator with all such assistance in gaining immediate access to the information in the Records as the Administrator may in its discretion require including providing the Administrator with instructions on the use of any computer or other system and providing the Administrator with any and all access codes, account names and account numbers that may be required to gain access to the information.

POSSESSION OF PROPERTY AND OPERATIONS

10. **THIS COURT ORDERS** that subject to the terms of this Order and further Orders of this Court, the Applicant:

- (a) shall remain in possession and control of the Property and continue to manage the Resort Assets under the supervision of the Administrator and the Applicant's board of directors, subject to and pursuant to the terms of all applicable agreements in connection therewith;
- (b) shall continue to carry on the Business in a manner consistent with the preservation of the Business and the Resort Assets;
- (c) is authorized and empowered to continue to use funds in its Savings Account(s) (as that term is defined in the Chappelle Affidavit) for the purposes set out therein or as may be reasonably necessary for the ongoing operations of the Resort Assets or the carrying out of the Business, and all uses of such funds by the Applicant after the date hereof are hereby approved by this Court such that no cause of action lies against the Applicant or any of its former or current directors or officers solely by reason of making such uses in contravention of any agreement, whether express or implied and whether or not such agreement predates the date of this Order; and
- (d) is authorized and empowered to continue to retain and employ consultants, agents, experts, accountants, counsel and such other persons (collectively, the "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of its Business or for the carrying out of the terms of this Order.

11. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled, but not required to pay, or cause to be paid on its behalf, all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) in the event that the Applicant employs any Persons, all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges;
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Resort Assets or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services, provided that the Applicant shall not make, or enter into any agreement in respect of, any capital expenditures exceeding \$100,000 in the aggregate after the date of this Order except with the written consent of the Administrator or pursuant to further Order of this Court; and
- (b) payment for goods or services actually supplied to the Applicant, whether prior or subsequent to the time of the granting of this Order.

12. **THIS COURT ORDERS** that the Applicant shall, in accordance with legal requirements, remit or pay, or cause to be remitted or paid on its behalf:

- (a) in the event that the Applicant employs any Persons, any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services, harmonized sales or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the time of the granting of this Order, or where such Sales Taxes were accrued or collected prior to the time of

the granting of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

RESTRUCTURING

13. **THIS COURT ORDERS** that subject to the terms of this Order and further Orders of this Court, the Applicant shall have the right to:

- (a) meet, communicate and discuss with such affected Persons as the Applicant deems appropriate, on all matters relating to the Applicant, the Resort Assets, the Business and the administration ordered herein, provided that the Applicant or its counsel notifies the Administrator regarding any communication that the Applicant has with any affected Persons prior to issuing any communications; and
- (b) with the consent of the Administrator, dispose of redundant or non-material Property not exceeding \$1 million in any one transaction or \$4 million in the aggregate.

NO PROCEEDINGS AGAINST THE ADMINISTRATOR

14. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Administrator without leave of this Court pursuant to motion brought on at least 7 days’ notice.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

15. **THIS COURT ORDERS** that no Proceeding against or in respect of the Applicant or the Resort Assets shall be commenced or continued, and any and all Proceedings currently under way against or in respect of the Applicant or the Resort Assets are hereby stayed and suspended

pending further Order of this Court, except with the written consent of the Applicant and the Administrator, or with leave of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that all rights and remedies against the Applicant, the Administrator, or affecting the Business or the Resort Assets, are hereby stayed and suspended, except with the written consent of the Applicant and the Administrator, or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Administrator or the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) exempt the Administrator or the Applicant from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE APPLICANT

17. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, without written consent of the Applicant and Administrator or leave of this Court.

CONTINUATION OF SERVICES

18. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Applicant are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such

other practices as may be agreed upon by the supplier or service provider and the Applicant and the Administrator, or as may be ordered by this Court.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **THIS COURT ORDERS** that no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until the Administrator is discharged.

EMPLOYEES

20. **THIS COURT ORDERS** that all employees of the Applicant, if any, shall remain the employees of the Applicant until such time as the Applicant may terminate the employment of such employees, as applicable. The Administrator shall not be liable for any employee-related liabilities, including any successor employer liabilities.

LIMITATIONS ON THE ADMINISTRATOR'S LIABILITY

21. **THIS COURT ORDERS** that the Administrator shall not, unless permitted by further Order of this Court and consented to by the Administrator, take possession of the Resort Assets and shall take no part whatsoever in the management or supervision of the management of the Business, save and except for the Administrator's duties and obligations within this Order, and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Resort Assets, or any part thereof.

22. **THIS COURT ORDERS** that nothing in this Order shall be construed in resulting in the Administrator being or being deemed to be an officer, director, responsible person or operator of the Applicant or the Resort Assets within the meaning of any statute, regulation, rule or law for any purpose whatsoever.

23. **THIS COURT ORDERS** that, pursuant to clauses 7(1)(a) and 7(2)(d) of the Canada *Personal Information Protection and Electronic Documents Act*, the Administrator may collect and use personal information of Members and other identifiable individuals, but only in a

manner which is in all material respects identical to the prior use of such information by the Applicant or otherwise to the extent desirable or required to fulfil the Administrator's duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that nothing herein shall require the Administrator to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Resort Assets that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Environmental Protection Act* (Ontario), the *Ontario Water Resources Act*, or the *Occupational Health and Safety Act* (Ontario) and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Administrator from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Administrator shall not, as a result of this Order or anything done in pursuance of the Administrator's duties and powers under this Order, be deemed to be in Possession of any of the Resort Assets within the meaning of any Environmental Legislation, unless it is actually in possession.

25. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Administrator under this Order or as an officer of this Court, the Administrator shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

ADMINISTRATOR'S AND OTHERS' ACCOUNTS

26. **THIS COURT ORDERS** that the Administrator, counsel to the Administrator and counsel to the Applicant shall be paid:

- (a) in respect of services relating to both the Applicant and Carriage Ridge Owners Association in its administration, 69% of, and

- (b) in respect of services for the benefit of, or relating virtually entirely to, the Applicant alone, 100% of

their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings unless otherwise ordered by the Court. The Applicant is hereby authorized and directed to pay from time to time the interim accounts of the Administrator, counsel to the Administrator and counsel to the Applicant in accordance with the foregoing.

27. **THIS COURT ORDERS** that the Administrator, counsel to the Administrator and counsel to the Applicant shall be entitled to and are hereby granted a charge (the “**Administration Charge**”) on the Property, as security for such fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order in respect of these proceedings, and that the Administration Charge shall form a first charge on the Property in the maximum amount of \$350,000 in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

28. **THIS COURT ORDERS** that the Administrator and counsel to the Administrator shall pass their accounts from time to time, and for this purpose the accounts of the Administrator and counsel to the Administrator are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

VALIDITY AND PRIORITY OF CHARGE CREATED BY THIS ORDER

29. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected prior or subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

30. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the Property and such Administration Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

31. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Administration Charge, unless the Applicant also obtains the prior written consent of the Administrator or further Order of this Court.

32. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the “**Chargees**”) shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (each, an “**Agreement**”) which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any alleged breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
- (c) the payments made by the Applicant pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

CORPORATE MATTERS

33. **THIS COURT ORDERS** that until further Order of this Court:

- (a) the Applicant is hereby relieved of any obligation to call and hold an annual or special meeting of Members, and if the term of a director of the Applicant expires before the next annual or special meeting that is held, such term is hereby extended until such annual or special meeting; and
- (b) any and all rights of Members to call and hold a special meeting of Members, to take any action by written ballot, to remove any director of the Applicant or to veto or direct any action of the Applicant, its board of directors in its capacity as manager, or any successors or assignees thereof, are hereby stayed and suspended.

SERVICE AND NOTICE

34. **THIS COURT ORDERS** that the Applicant shall make commercially reasonable efforts to inform the Members of this Order and any upcoming motions in these proceedings by issuing a notice substantially in the form attached hereto as Schedule “B” (the “**Member Notice**”) to the Members by:

- (a) causing the Manager (as defined in the Chappelle Affidavit) to send the Member Notice via electronic mail to all of those Members for which they have email addresses; and
- (b) posting the notice and any other subsequent notices with respect to these proceedings, on the Applicant’s website.

35. **THIS COURT ORDERS** that the Applicant, the Administrator and their respective counsel are at liberty to serve or distribute this Order, any Member Notice, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Members, the Applicant’s creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation,

and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

36. **THIS COURT ORDERS** that the sending and posting of the Member Notice in accordance with this Order, and the completion of the other requirements of this Order, shall constitute good and sufficient delivery of notice of this Order on all the Members who may be entitled to receive notice, and no other notice need be given or made and no other document or material need be sent to or served upon any Member in respect of this Order.

37. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established by the Administrator in accordance with the Guide with the following URL: www.bdo.ca/en-ca/extranets/carriage.

38. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Applicant and the Administrator are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the intended recipient, including the Applicant’s creditors or other interested parties, at their respective addresses as last shown in the Applicants’ records and, in the case of a Member, in accordance with paragraph 34, and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

39. **THIS COURT ORDERS** that each of the Applicant and the Administrator may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

40. **THIS COURT ORDERS** that nothing in this Order shall prevent the Administrator from acting as an interim receiver, a receiver, a receiver and manager, a monitor, a proposal trustee, or a trustee in bankruptcy in respect of the Applicant, the Business or the Resort Assets.

41. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicant, the Administrator and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Administrator, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Administrator in any foreign proceeding, or to assist the Applicant and the Administrator and their respective agents in carrying out the terms of this Order.

42. **THIS COURT ORDERS** that the Applicant and the Administrator be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Administrator is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

43. **THIS COURT ORDERS** that the Applicant or the Administrator or any other interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Applicant and the Administrator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

44. **THIS COURT ORDERS** that, unless impracticable or otherwise ordered by further Order of this Court, all motions in this administration may be heard together with motions in the

administration of Carriage Ridge Owners Association (Court file no. CV-20-00640266-00CL) seeking substantially similar relief.

45. **THIS COURT ORDERS** that this Order and all its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

SCHEDULE "A"
LEGAL DESCRIPTION OF CARRIAGE HILLS PROPERTY

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 51r26764 as set out in Instrument Number 323093.

**NOTICE TO OWNERS OF
CARRIAGE RIDGE RESORT AND CARRIAGE HILLS RESORT**

PLEASE TAKE NOTICE that on May 7, 2020, Carriage Ridge Owners Association and Carriage Hills Vacation Owners Association (collectively, the “**Applicants**”), commenced independent, but parallel, administration proceedings under the *Courts of Justice Act*, R.S.O. 1990 c. C. 43, as amended (the “**Administration Proceedings**”) and BDO Canada Limited was appointed as administrator of the Applicants (in such capacity, the “**Administrator**”) by Orders of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated May 7, 2020 (the “**Administration Orders**”)

PLEASE TAKE FURTHER NOTICE that the Applicants have brought a motion seeking [BRIEFLY DESCRIBE RELIEF SOUGHT] which is to be heard by the Court on [DATE].

Copies of the Motion Record for the upcoming proceeding, the Administration Orders and the other documents related to these Administration Proceedings will be posted on the Administrator’s website at: www.bdo.ca/en-ca/extranets/carriage.

In the event that your contact information is out of date, we ask that you update your information on the Administrator’s website on the link noted above. If you have any other questions or concerns please feel free to contact the Administrator at either BDOCarriageHills@bdo.ca and BDOCarriageRidge@bdo.ca .

IN THE MATTER OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED AND IN THE MATTER OF THE
ADMINISTRATION PROCEEDINGS OF **CARRIAGE HILLS VACATION OWNERS ASSOCIATION**

Court File No.: CV-20-00640265-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ADMINISTRATION ORDER

Thornton Grout Finnigan LLP

Barristers and Solicitors
Toronto-Dominion Centre
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Toronto, ON M5K 1K7

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Fax: 416-304-1313

Lawyers for the Applicant

TAB 4

Court File No. ~~_____~~ CV-20-00640265-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE _____) ~~WEEKDAY~~DAY, THE # 7TH
)
MADAME JUSTICE ~~_____~~ CONWAY) DAY OF ~~MONTH~~MAY, ~~20YR~~2020

~~PLAINTIFF¹~~

Plaintiff

~~-and-~~

~~DEFENDANT~~

Defendant

IN THE MATTER OF THE COURTS OF JUSTICE ACT,
R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE ADMINISTRATION
PROCEEDINGS OF CARRIAGE HILLS VACATION
OWNERS ASSOCIATION (the "Applicant")

ORDER

(appointing ~~Receiver~~Administrator)

THIS ~~MOTION~~APPLICATION made by the ~~Plaintiff~~²Applicant for an Order pursuant to ~~section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "BIA") and~~ section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the ~~"CJA"~~) appointing [~~RECEIVER'S NAME~~] ~~as receiver [and manager] (in such capacities, the~~

¹ ~~The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.~~

² ~~Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".~~

~~"Receiver"~~ BDO Canada Limited ("BDO") as administrator (the "Administrator") without security, in respect of:

- (a) the Applicant and all of the Applicant's present and future assets, undertakings and properties of [DEBTOR'S NAME] (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor (collectively, the "Property"), and
- (b) all the lands and premises on which the Applicant operates the timeshare resort known as Carriage Hills Resort, legally described in Schedule "A" hereto, collectively owned by the members of the Applicant (the "Members") as tenants in common, as recorded in the Land Registry Office for the Land Titles Division of Simcoe (No. 51) (collectively, the "Lands"),

was heard this day ~~at 330 University Avenue~~ via teleconference in, Toronto, Ontario.

ON READING the Notice of Application, the affidavit of [NAME] Darren Chapelle, sworn [DATE] April 30, 2020 (the "Chapelle Affidavit") and the Exhibits thereto, the pre-filing report of BDO and the appendices thereto and the consent of BDO to act as Administrator, and on hearing the submissions of counsel for [NAMES], the Applicant and no one appearing for [NAME] any other parties on the service list set out in the Notice of Application, although duly served as appears from the affidavit of service of [NAME] Mitchell Grossell, sworn [DATE] and on reading the consent of [RECEIVER'S NAME] to act as the Receiver April 30, 2020,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of ~~Motion~~ Application and the ~~Motion~~ Application Record is hereby abridged and service is validated³ so that this ~~motion~~ Application is properly returnable today and ~~hereby dispenses with~~ further service thereof is hereby dispensed with.

³~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section ~~243(1) of the BIA and section~~ 101 of the CJA, ~~[RECEIVER'S NAME]~~BDO is hereby appointed ~~Receiver~~as Administrator, without security, ~~of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property")~~in respect of:

RECEIVER

- (a) the Applicant and the Property, including all proceeds thereof, and
- (b) the Lands, including all proceeds thereof.

(the Property and the Lands, including all proceeds thereof collectively, the "Resort Assets").

3. **THIS COURT ORDERS** that the Administrator is not and shall not be deemed to be a "receiver" within the meaning of the *Bankruptcy and Insolvency Act (Canada)* (the "BIA") and shall not be required to comply with the provisions of the BIA applicable to receivers including, without limiting the generality of the foregoing, any requirement to provide notice of its appointment or any statements or reports to any Persons (as defined below), including the Office of the Superintendent in Bankruptcy, in accordance with sections 245 and 246 of the BIA.

4. **THIS COURT ORDERS** that the Applicant, its members, officers, directors, agents and advisors shall advise the Administrator of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Administrator in the exercise of its powers and discharge of its obligations and provide the Administrator with the assistance that is necessary to enable the Administrator to adequately carry out the Administrator's functions.

ADMINISTRATOR'S POWERS

5. ~~3-~~**THIS COURT ORDERS** that the ~~Receiver~~Administrator is hereby empowered and authorized, but not obligated, to act at once in respect of the ~~Property~~Resort Assets as provided in this Order and, without in any way limiting the generality of the foregoing, the ~~Receiver~~Administrator is hereby expressly empowered and authorized to do any of the following

where the ~~Receiver~~Administrator considers it necessary or desirable, in consultation with the Applicant:

- (a) to review, research and consider potential options to market, redevelop or restructure any or all of the Resort Assets and/or the Applicant, and to advise the Applicant thereon but, not to implement same without further Order of this Court;
- (b) to advise the Applicant in its preparation of its cash flow statements;
- ~~(c) (a) to take possession of review and exercise control over the Property and any and all proceeds, monitor the Applicant's cash receipts and disbursements arising out of or from the Property;~~
 - ~~(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;~~
 - ~~(c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;~~
- (d) to advise the Applicant in connection with possible options to meet any cash flow deficiencies;
- (e) to advise the Applicant in connection with the restructuring of the operations of the Applicant, including the restructuring of the ownership of the Resort Assets;
- (f) to report to this Court at such times and intervals as the Administrator may deem appropriate with respect to matters relating to the Resort Assets, the Applicant and its business and operations (the "Business"), and such other matters as may be relevant to the proceedings herein;

(g) ~~(d)~~ to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the ~~Receiver~~Administrator's powers and duties, including without limitation those conferred by this Order;

~~(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;~~

~~(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;~~

~~(g) to settle, extend or compromise any indebtedness owing to the Debtor;~~

~~(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;~~

~~(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.⁴ The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;~~

~~(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating~~

⁴This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.

~~such terms and conditions of sale as the Receiver in its discretion may deem appropriate;~~

~~(k) — to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,~~

(h) to assist the Applicant, to the extent required by the Applicant, with disseminating information to the Members, creditors or other interested Persons;

~~(i) without the approval of this Court in respect of any transaction not exceeding \$ _____, provided that the aggregate consideration for all such transactions does not exceed \$ _____; and~~ to contact, communicate with and discuss the Applicant's business and affairs and the Resort Assets with applicable municipal, provincial, and federal governments and their boards, agencies, commissions, and similar bodies, regarding matters within the Applicant's powers pursuant to this Order;

~~(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;~~

~~and in each such case notice under subsection 63(4) of the Ontario Personal Property Security Act, [or section 31 of the Ontario Mortgages Act, as the case may be,]⁵ shall not be required, and in each case the Ontario Bulk Sales Act shall not apply.~~

~~(l) — to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;—~~

⁵ If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.

- (j) ~~(m)~~ to report to, and meet with, communicate and discuss with such affected Persons ~~(as defined below)~~ as the ReceiverAdministrator deems appropriate, on all matters relating to the PropertyApplicant, the Resort Assets, the Business and the receivershipadministration ordered herein, and to share information, documents and other material with such Persons, subject to such terms as to confidentiality as the ReceiverAdministrator or the Applicant deems advisable; and provided that the Administrator shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph; and
- ~~(n) — to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;~~
- ~~(o) — to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;~~
- ~~(p) — to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;~~
- ~~(q) — to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and~~
- (k) ~~(r)~~ to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations; and to perform such other duties as are required by this Order or by this Court from time to time;

and in each case where the ReceiverAdministrator takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons ~~(as defined below), including the Debtor, and without interference from any other Person~~except the Applicant, where applicable pursuant to this Order.

6. THIS COURT ORDERS that the Administrator is authorized to register a copy of this Order against title to any of or all the Lands.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVERADMINISTRATOR

7. ~~4.~~ **THIS COURT ORDERS** that (i) the ~~Debtor~~Applicant, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and ~~shareholders~~members, and all other persons acting or having acted on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the ~~Receiver~~Administrator of the existence of any Property in such Person's possession or control, and shall grant immediate and continued access to the PropertyResort Assets to the ~~Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request~~Administrator if so requested by the Administrator.

8. ~~5.~~ **THIS COURT ORDERS** that all Persons shall forthwith advise the ~~Receiver~~Administrator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the ~~business~~Business or ~~affairs of the Debtor~~Resort Assets, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall at the request of the Administrator provide to the ~~Receiver~~Administrator or permit the ~~Receiver~~Administrator to make, retain and take away copies thereof and grant to the ~~Receiver~~Administrator unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph ~~58~~ or in paragraph ~~69~~ of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the ~~Receiver~~Administrator due to ~~the privilege, including~~ privilege attaching to solicitor-client ~~communication~~communications, or ~~due~~ to statutory provisions prohibiting such disclosure.

9. ~~6.~~ **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service

provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the ~~Receiver~~Administrator for the purpose of allowing the ~~Receiver~~Administrator to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the ~~Receiver~~Administrator in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the ~~Receiver~~Administrator. Further, for the purposes of this paragraph, all Persons shall provide the ~~Receiver~~Administrator with all such assistance in gaining immediate access to the information in the Records as the ~~Receiver~~Administrator may in its discretion require including providing the ~~Receiver~~Administrator with instructions on the use of any computer or other system and providing the ~~Receiver~~Administrator with any and all access codes, account names and account numbers that may be required to gain access to the information.

~~7. — THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors~~

POSSESSION OF PROPERTY AND OPERATIONS

10. THIS COURT ORDERS that subject to the terms of this Order and further Orders of this Court, the Applicant:

- (a) shall remain in possession and control of the Property and continue to manage the Resort Assets under the supervision of the Administrator and the Applicant's board of directors, subject to and pursuant to the terms of all applicable agreements in connection therewith;

- (b) shall continue to carry on the Business in a manner consistent with the preservation of the Business and the Resort Assets;
- (c) is authorized and empowered to continue to use funds in its Savings Account(s) (as that term is defined in the Chappelle Affidavit) for the purposes set out therein or as may be reasonably necessary for the ongoing operations of the Resort Assets or the carrying out of the Business, and all uses of such funds by the Applicant after the date hereof are hereby approved by this Court such that no cause of action lies against the Applicant or any of its former or current directors or officers solely by reason of making such uses in contravention of any agreement, whether express or implied and whether or not such agreement predates the date of this Order; and
- (d) is authorized and empowered to continue to retain and employ consultants, agents, experts, accountants, counsel and such other persons (collectively, the “Assistants”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of its Business or for the carrying out of the terms of this Order.

11. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled, but not required to pay, or cause to be paid on its behalf, all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) in the event that the Applicant employs any Persons, all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their **standard rates and charges**;
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Resort Assets or the Business including, without limitation, payments on

account of insurance (including directors and officers insurance), maintenance and security services, provided that the Applicant shall not make, or enter into any agreement in respect of, any capital expenditures exceeding \$100,000 in the aggregate after the date of this Order except with the written consent of the Administrator or pursuant to further Order of this Court; and

(b) payment for goods or services actually supplied to the Applicant, whether prior or subsequent to the time of the granting of this Order.

12. THIS COURT ORDERS that the Applicant shall, in accordance with legal requirements, remit or pay, or cause to be remitted or paid on its behalf:

(a) in the event that the Applicant employs any Persons, any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

(b) all goods and services, harmonized sales or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the time of the granting of this Order, or where such Sales Taxes were accrued or collected prior to the time of the granting of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

RESTRUCTURING

13. THIS COURT ORDERS that subject to the terms of this Order and further Orders of this Court, the Applicant shall have the right to:

- (a) meet, communicate and discuss with such affected Persons as the Applicant deems appropriate, on all matters relating to the Applicant, the Resort Assets, the Business and the administration ordered herein, provided that the Applicant or its counsel notifies the Administrator regarding any communication that the Applicant has with any affected Persons prior to issuing any communications; and
- (b) with the consent of the Administrator, dispose of redundant or non-material Property not exceeding \$1 million in any one transaction or \$4 million in the aggregate.

NO PROCEEDINGS AGAINST THE ~~RECEIVER~~ADMINISTRATOR

14. ~~8.~~ THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the ~~Receiver except with the written consent of the Receiver or with~~Administrator without leave of this Court, pursuant to motion brought on at least 7 days' notice.

NO PROCEEDINGS AGAINST THE ~~DEBTOR~~APPLICANT OR THE PROPERTY

15. ~~9.~~ THIS COURT ORDERS that no Proceeding against or in respect of the ~~Debtor~~Applicant or the ~~Property~~Resort Assets shall be commenced or continued ~~except with the written consent of the Receiver or with leave of this Court,~~ and any and all Proceedings currently under way against or in respect of the ~~Debtor~~Applicant or the ~~Property~~Resort Assets are hereby stayed and suspended pending further Order of this Court, except with the written consent of the Applicant and the Administrator, or with leave of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. ~~10.~~ THIS COURT ORDERS that all rights and remedies against the ~~Debtor~~Applicant, the ~~Receiver~~Administrator, or affecting the ~~Property~~Business or the Resort Assets, are hereby stayed and suspended, except with the written consent of the ~~Receiver~~Applicant and the

Administrator, or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the ReceiverAdministrator or the DebtorApplicant to carry on any business which the DebtorApplicant is not lawfully entitled to carry on, (ii) exempt the ReceiverAdministrator or the DebtorApplicant from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVERAPPLICANT

17. ~~11.~~ **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the DebtorApplicant, without written consent of the ReceiverApplicant and Administrator or leave of this Court.

CONTINUATION OF SERVICES

18. ~~12.~~ **THIS COURT ORDERS** that all Persons having oral or written agreements with the DebtorApplicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the DebtorApplicant are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the ReceiverApplicant, and that the ReceiverApplicant shall be entitled to the continued use of ~~the Debtor's~~its current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the ReceiverApplicant in accordance with normal payment practices of the DebtorApplicant or such other practices as may be agreed upon by the supplier or service provider and the ReceiverApplicant and the Administrator, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

~~13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. THIS COURT ORDERS that no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until the Administrator is discharged.

EMPLOYEES

20. ~~14.~~ THIS COURT ORDERS that all employees of the ~~Debtor~~Applicant, if any, shall remain the employees of the ~~Debtor~~Applicant until such time as the ~~Receiver, on the Debtor's behalf,~~Applicant may terminate the employment of such employees, as applicable. The ~~Receiver~~Administrator shall not be liable for any employee-related liabilities, including any successor employer liabilities ~~as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3).~~

LIMITATIONS ON THE ADMINISTRATOR'S LIABILITY

21. THIS COURT ORDERS that ~~the~~ Administrator shall not, unless permitted by further Order of this Court and consented to by the Administrator, take possession of the Resort Assets

and shall take no part whatsoever in the management or supervision of the management of the Business, save and except for the Administrator's duties and obligations within this Order, and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the BIA Business or under the Wage Earner Protection Program Act Resort Assets, or any part thereof.

PIPEDA

22. THIS COURT ORDERS that nothing in this Order shall be construed in resulting in the Administrator being or being deemed to be an officer, director, responsible person or operator of the Applicant or the Resort Assets within the meaning of any statute, regulation, rule or law for any purpose whatsoever.

23. 15. THIS COURT ORDERS that, pursuant to clause 7(3)(e) clauses 7(1)(a) and 7(2)(d) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver shall disclose Administrator may collect and use personal information of Members and other identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, but only in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed Applicant or otherwise to the extent desirable or required to fulfil the Administrator's duties as are required by this Order or by this Court from time to time.

LIMITATION ON ENVIRONMENTAL LIABILITIES

24. 16. THIS COURT ORDERS that nothing herein contained shall require the Receiver Administrator to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property Resort Assets that might be

environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the ~~Ontario~~ *Environmental Protection Act* (Ontario), the *Ontario Water Resources Act*, or the ~~Ontario~~ *Occupational Health and Safety Act* (Ontario) and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the ~~Receiver~~ Administrator from any duty to report or make disclosure imposed by applicable Environmental Legislation. The ~~Receiver~~ Administrator shall not, as a result of this Order or anything done in pursuance of the ~~Receiver~~ Administrator's duties and powers under this Order, be deemed to be in Possession of any of the ~~Property~~ Resort Assets within the meaning of any Environmental Legislation, unless it is actually in possession.

~~LIMITATION ON THE RECEIVER'S LIABILITY~~

25. ~~17.~~ **THIS COURT ORDERS** that ~~the Receiver~~, in addition to the rights and protections afforded to the Administrator under this Order or as an officer of this Court, the Administrator shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the Wage Earner Protection Program Act. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

~~RECEIVER'S ADMINISTRATOR'S AND OTHERS' ACCOUNTS~~

26. ~~18.~~ **THIS COURT ORDERS** that the ~~Receiver~~ Administrator, counsel to the Administrator and counsel to the ~~Receiver~~ Applicant shall be paid :

- (a) in respect of services relating to both the Applicant and Carriage Ridge Owners Association in its administration, 69% of, and
- (b) in respect of services for the benefit of, or relating virtually entirely to, the Applicant alone, 100% of

their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings unless otherwise ordered by the Court ~~on~~. The Applicant is hereby authorized and directed to pay from time to time the ~~passing of~~ interim accounts, and that the Receiver of the Administrator, counsel to the Administrator and counsel to the Applicant in accordance with the foregoing.

27. THIS COURT ORDERS that the Administrator, counsel to the Administrator and counsel to the ~~Receiver~~ Applicant shall be entitled to and are hereby granted a charge (the "~~Receiver's~~ Administration Charge") on the Property, as security for such fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order in respect of these proceedings, and that the ~~Receiver's~~ Administration Charge shall form a first charge on the Property in the maximum amount of \$350,000 in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, ~~but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.~~⁶

28. 19. THIS COURT ORDERS that the ~~Receiver~~ Administrator and ~~its legal~~ counsel to the Administrator shall pass ~~its~~ their accounts from time to time, and for this purpose the accounts of the ~~Receiver~~ Administrator and ~~its legal~~ counsel to the Administrator are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

~~20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.~~

FUNDING OF THE RECEIVERSHIP

~~21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed~~

⁶Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".

~~§ _____ (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon;~~

VALIDITY AND PRIORITY OF CHARGE CREATED BY THIS ORDER

29. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected prior or subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

30. THIS COURT ORDERS that the Administration Charge shall constitute a charge on the Property and such Administration Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, (collectively, "Encumbrances") in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

~~22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.~~

~~23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.~~

~~31. 24. THIS COURT ORDERS that the monies from time to time borrowed,~~

32. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any

Property that rank in priority to, or *pari passu* with, the Administration Charge, unless the Applicant also obtains the prior written consent of the Administrator or further Order of this Court.

33. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (collectively, the “**Chargees**”) shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (each, an “**Agreement**”) which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any alleged breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
- (c) the payments made by the ~~Receiver~~Applicant pursuant to this Order ~~or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver’s Certificates.~~, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

CORPORATE MATTERS

34. THIS COURT ORDERS that until further Order of this Court:

- (a) the Applicant is hereby relieved of any obligation to call and hold an annual or special meeting of Members, and if the term of a director of the Applicant expires before the next annual or special meeting that is held, such term is hereby extended until such annual or special meeting; and
- (b) any and all rights of Members to call and hold a special meeting of Members, to take any action by written ballot, to remove any director of the Applicant or to veto or direct any action of the Applicant, its board of directors in its capacity as manager, or any successors or assignees thereof, are hereby stayed and suspended.

SERVICE AND NOTICE

35. THIS COURT ORDERS that the Applicant shall make commercially reasonable efforts to inform the Members of this Order and any upcoming motions in these proceedings by issuing a notice substantially in the form attached hereto as Schedule “B” (the “**Member Notice**”) to the Members by:

- (a) causing the Manager (as defined in the Chappelle Affidavit) to send the Member Notice via electronic mail to all of those Members for which they have email addresses; and
- (b) posting the notice and any other subsequent notices with respect to these proceedings, on the Applicant’s website.

36. THIS COURT ORDERS that the Applicant, the Administrator and their respective counsel are at liberty to serve or distribute this Order, any Member Notice, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Members, the Applicant’s creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and

notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

37. THIS COURT ORDERS that the sending and posting of the Member Notice in accordance with this Order, and the completion of the other requirements of this Order, shall constitute good and sufficient delivery of notice of this Order on all the Members who may be entitled to receive notice, and no other notice need be given or made and no other document or material need be sent to or served upon any Member in respect of this Order.

38. ~~25.~~ THIS COURT ORDERS that the E-Service ~~Protocool~~Guide of the Commercial List (the "~~Protocool~~Guide") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the ~~Protocool~~Guide (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph ~~21~~13 of the ~~Protocool~~Guide, service of documents in accordance with the ~~Protocool~~Guide will be effective on transmission. This Court further orders that a Case Website shall be established by the Administrator in accordance with the ~~Protocool~~Guide with the following URL: ~~“<@>”~~www.bdo.ca/en-ca/extranets/carriage.

39. ~~26.~~ THIS COURT ORDERS that if the service or distribution of documents in accordance with the ~~Protocool~~Guide is not practicable, the ~~Receiver is~~Applicant and the Administrator are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Debtor~~intended recipient, including the Applicant's creditors or other interested parties, at their respective addresses as last shown ~~on~~in the Applicants' records ~~of~~and, in the ~~Debtor~~case of a Member, in accordance with paragraph 33, and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day

following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

40. ~~27.~~ **THIS COURT ORDERS** that each of the ReceiverApplicant and the Administrator may from time to time apply to this Court for advice and directions in the discharge of ~~its~~their powers and duties hereunder.

41. ~~28.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the ~~Receiver~~Administrator from acting as an interim receiver, a receiver, a receiver and manager, a monitor, a proposal trustee, or a trustee in bankruptcy in respect of the ~~Debtor~~Applicant, the Business or the Resort Assets.

42. ~~29.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the ~~Receiver~~Applicant, the Administrator and ~~its~~their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Receiver~~Applicant and to the Administrator, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Administrator in any foreign proceeding, or to assist the ~~Receiver~~Applicant and ~~its~~the Administrator and their respective agents in carrying out the terms of this Order.

43. ~~30.~~ **THIS COURT ORDERS** that the ~~Receiver~~Applicant and the Administrator be at liberty and ~~is~~are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the ~~Receiver~~Administrator is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~31. — THIS COURT ORDERS that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by~~

~~the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.~~

44. ~~32.~~ **THIS COURT ORDERS** that the Applicant or the Administrator or any other interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the ~~Receiver~~ Applicant and the Administrator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

45. **THIS COURT ORDERS** that, unless impracticable or otherwise ordered by further Order of this Court, all motions in this administration may be heard together with motions in the administration of Carriage Ridge Owners Association (Court file no. CV-20-00640266-00CL) seeking substantially similar relief.

46. **THIS COURT ORDERS** that this Order and all its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

SCHEDULE "A"
LEGAL DESCRIPTION OF CARRIAGE HILLS PROPERTY

~~RECEIVER CERTIFICATE~~

CERTIFICATE NO. _____

AMOUNT \$ _____

~~1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed~~

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 51r26764 as set out in Instrument Number 323093.

SCHEDULE "B"

NOTICE TO MEMBERS OF
CARRIAGE RIDGE RESORT AND CARRIAGE HILLS RESORT

PLEASE TAKE NOTICE that on May 7, 2020, Carriage Ridge Owners Association and Carriage Hills Vacation Owners Association (collectively, the "**Applicants**"), commenced independent, but parallel, administration proceedings under the *Courts of Justice Act*, R.S.O. 1990 c. C. 43, as amended (the "**Administration Proceedings**") and BDO Canada Limited was appointed as administrator of the Applicants (in such capacity, the "**Administrator**") by ~~Order~~Orders of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number ___CL_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ May 7, 2020 (the "**Administration Orders**")

PLEASE TAKE FURTHER NOTICE that the Applicants have brought a motion seeking [BRIEFLY DESCRIBE RELIEF SOUGHT] which ~~the Receiver~~ is authorized to borrow under and pursuant to the Order.

~~2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.~~

~~3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.~~

~~4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.~~

~~5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.~~

~~6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.~~

~~7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.~~

DATED the _____ day of _____, 20__.

~~[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity~~

~~Per:~~

~~Name:~~

~~Title:~~

to be heard by the Court on [DATE].

Copies of the Motion Record for the upcoming proceeding, the Administration Orders and the other documents related to these Administration Proceedings will be posted on the Administrator's website at: www.bdo.ca/en-ca/extranets/carriage.

In the event that your contact information is out of date, we ask that you update your information on the Administrator's website on the link noted above. If you have any other questions or concerns please feel free to contact the Administrator at either BDOCarriageHills@bdo.ca and BDOCarriageRidge@bdo.ca.

IN THE MATTER OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED AND IN THE MATTER OF THE ADMINISTRATION PROCEEDINGS OF CARRIAGE HILLS VACATION OWNERS ASSOCIATION

Court File No.: CV-20-00640265-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ADMINISTRATION ORDER

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Padding cell	

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Total changes	787

IN THE MATTER OF SECTION 101 OF *THE COURTS OF JUSTICE ACT*, R.S.O. 1990 c.C.43, AND
IN THE MATTER OF THE ADMINISTRATION PROCEEDINGS OF **CARRIAGE HILLS
VACATION OWNERS ASSOCIATION**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced in Toronto

APPLICATION RECORD

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