

INASKI SHORES OWNERS AGREEMENT

v2016.0

This Version supersedes all previously known versions of the Association's ROA – Resort Owners Agreements.

April 16, 2016

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**INASKI SHORES
OWNERS AGREEMENT**

THIS AGREEMENT reaffirmed as of **April 16, 2016**, based upon the last duly approved version as of **April 25, 2015**, based upon its original **AGREEMENT** established as of **July 27, 2005** with amendments herein contained.

A M O N G:

The persons who are original signing parties to this Agreement as an Owner and any other person who from time to time becomes bound by this Agreement as an Owner, (hereinafter each individually called the “**Buyer**” or an “**Owner**”),

- and –

INASKI SHORES RESORT OWNERS ASSOCIATION,

a not-for-profit corporation incorporated under the laws of the Province of Ontario, (hereinafter called the “**Association**”),

RECITALS:

- A. The Association is the registered owner of the Property;
- B. It is the intent that each Owner shall be entitled to reserve on a priority basis and then use a specified Cottage for an agreed Interval and shall not be entitled to possession or use of the Cottage or access to the Property at any other time except as a member of the travelling and vacationing public having first reserved such Cottage;
- C. To give effect to the foregoing arrangement it is necessary that all Owners be or become parties to this Agreement;

WITNESSES 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 Definitions: In this Agreement:

“**Act of Default**” is defined in **Section 8.01**;

“**Act of Infringement**” is defined in **Section 5.04**;

“**Act of Trespass**” is defined in **Section 1.01**;

“**Act of Vandalism**” is defined in **Section 1.01**;

“**Additional Week Period**” is defined in **Section 2.05 (c)(ii)**;

“**Agreement**” means this Inaski Shores Owners Agreement;

“**Annual Fee**” is defined in **Section 6.02(c)**;

“**Assigned Cottage**” is defined in **Section 2.05**;

“**Assigned Use Period**” is defined in **Section 2.05**;

“**Association**” means the Inaski Shores Resort Owners Association;

“**Association Expenses**” is defined in **Section 6.02(a)**;

“**Association Property**” means all real and personal property, fixtures, apparatus, equipment, appliance, furnishings, furniture, supplies and other items owned by the Association for the benefit of the Owners and includes Common Furnishings;

“**Board**” means board of directors of the Association;

“**Budget**” is defined in **Section 6.03**;

“**By-laws**” means the by-laws of the Association;

“**Calendar**” is defined in **Section 2.04**;

“**Charges**” means all Annual Fees, Personal and Special charges;

“**Co-Owner**” means an ownership interest where an Interval is owned by more than **one (1)** Owner;

“**Common Furnishings**” means the furniture, appliances, equipment and furnishings in each Cottage owned by the Association;

“**Complete Taking**” is defined in **Section 10.01**;

“**Cottage**” means **one (1)** of the dwellings to be built on the Property, there being a maximum of up to **6**.

“**Defaulting Person**” is defined in **Section 8.01**;

“**Destruction**” is defined in **Section 10.01**;

“**Exchange**” means the temporary exchange by the Owners of use of their Use Periods:

(i) with another owner. This is called an “**Internal Exchange**”; and

(ii) with an owner or holder of a Use Period in other vacation properties. This is called an “**External Exchange**”. Only vacation properties approved by the Association are permitted as an “External Exchange”. An Exchange may not be permanent. It is temporary only;

“**Exchange Agreement**” means an agreement to provide a program for External Exchange made with an independent Exchange Agent;

“**Exchange Agent**” is a person who operates an Exchange Program. It may be either an independent company or the Association;

“Exchange Program” means a service **such as The Registry Collection, R.C.I. or I.I.** whereby Owners may Exchange use of their Use Periods either internally or externally;

“Exchange User” means the person who receives, through an Exchange Program the right to use a Cottage during a Use Period;

“Expropriation” is defined in **Section 10.01**;

“Fixed Week” is defined in **Section 2.05(c)**;

“Fixed Cottage Right” is defined in **Section 2.05(a)**;

“Floating Week” is defined in **Section 2.05(c)**;

“Improvement” is defined in **Section 3.07**;

“Infringing Owner” is defined in **Section 5.04**;

“Injured Person” means every Owner, Exchange User or Occupant who cannot use a Cottage because of an Act of Trespass or Vandalism. There can be several Injured Persons. For example, a Cottage may be damaged so that it cannot be used for later Use Periods. Each person who had the right to use the Cottage during later Use Periods would be an Injured Person;

“Interval Identification Number” is defined in **Section 2.01**;

“Interval No.” means the number of the Interval from 1 to 10 created in each Cottage which sets the order by which Floating Weeks may be reserved;

“Interval Ownership” or simply an **“Interval”** are inter-changeable terms and mean:

(i) membership in the Association ; plus

(ii) the right to reserve on a priority basis and then use for **five (5) separate one (1) week periods**:

(A) a specific Cottage and that Cottage only every calendar year;

(B) **one (1) Fixed Week** during the prime summer period every calendar year; and

(C) **four (4) Floating Weeks** every calendar year, **one (1)** in the Spring Season, **one (1)** in the Fall Season, **one (1)** in the Winter Season and **one (1)** Additional Week; plus (iii) the obligation to pay **one (1)** Share of the Association Expenses.

These **three (3)** parts of an Interval are indivisible;

“Major Service Period” is defined in **Section 2.02**;

“Minor Service Period” is defined in **Section 2.02**;

“New Owner” is defined in **Section 3.01**;

“Occupant” means each Owner, Exchange User, 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;

“One Share” is defined in **Section 6.02(b)**;

“Owner” means a person who from time to time is an Owner of an Interval (and a member of the Association) who has become a party to this Agreement, either by being an original party, or by being a New Owner pursuant to the Transfer Agreement attached as **Exhibit "B"**;

“Owner’s Purchase Contract” means the Agreement of Purchase and Sale whereby and Owner acquired that Owner’s Interval(s) from the Association ;

“Partial Destruction of Cottages” is defined in **Section 10.01**;

“Partial Destruction Not Affecting the Cottages” is defined in **Section 10.01**;

“Partial Taking” is defined in **Section 10.01**;

“Partial Taking Not Affecting the Cottages” is defined in **Section 10.01**;

“Personal Charges” is defined in **Section 6.02(e)**;

“Proceeds” is defined in **Section 6.18**;

“Project” means all the Cottages built on the Property, there being **six (6)** Cottages;

“Property” means the lands described in **Exhibit “A”**;

“Property Manager” is defined in **Section 3.10** of this Agreement;

“Renter” means each person to whom the Association, Owner or Exchange User rents a Use Period;

“Restoration Funds” is defined in **Section 10.01**;

“Rules” means the rules and regulations governing the Use Periods made from time to time by the Board. The Rules in force at the date of this Agreement are attached as **Exhibit “D”**;

“Season” means as follows: (a) the Summer Season; (b) the Spring Season is the **eleven (11) week** period immediately preceding the Summer Season (and includes **one (1)** one-week Service Period); (c) the Fall Season is the **ten (10) week** period immediately following the Summer Season; and (d) the Winter Season is the **ten (10) week** period immediately following the **two (2) week** public school Christmas break in the City of Toronto (excluding the **one (1) week** spring public school break in the City of Toronto);

“Service Period” is defined in **Section 2.02**;

“Special Charge” is defined in **Section 6.03(d)**;

“Summer Season” means the **ten (10) consecutive week** period ending on the Friday immediately preceding Labour Day each calendar year;

“Supplemental Budget” is defined in **Section 6.07(a)**;

“Threatened Owner” is defined in **Section 5.04**;

“Total Destruction” is defined in **Section 10.01**;

“Total Taking” is defined in **Section 10.01**;

“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;

“Transfer Agreement” means the Transfer/Assumption/Consent Agreement attached as **Exhibit “B”**;

“Trespasser” means any Occupant who:

- (i) does not vacate a Cottage at the end of the Use Period;
- (ii) who uses a Cottage during someone else's Use Period without permission;
- (iii) who by any other act or failure to act prevents someone else from using a Cottage he/she is entitled to use.

Any one of the foregoing acts is an **“Act of Trespass”**;

“Use Period” is defined in **Section 2.02**;

“Vandal” means any Occupant who damages any amenity, facility, a Cottage or Common Furnishings so that the Cottage cannot be lived in during any Use Period. Making a Cottage so it cannot be lived in is an **“Act of Vandalism”**; and

“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 the Renter or Exchange User themselves.

1.02 Exhibits: The Exhibits to this Agreement are as follows:

Exhibit "A" - Legal Description of Lands

Exhibit "B" - Transfer, Assumption and Consent Agreement

Exhibit "C" - Inaski Shores Reservation Procedures

Appendix "A" - Floating Week Reservation Priority

Exhibit "D" - Rules

ARTICLE II - CREATION OF INTERVALS AND RESERVATION AND USE RIGHTS

2.01 Creation of Intervals: Ten (10) separate Intervals are hereby created for each Cottage. Every Interval has the respective ownership share stated in **Section 6.02(b)** and has priority reservation and use rights Every Year as stated in **Section 2.05(b)**. Each Interval will be assigned an “**Interval Identification Number**”. An Owner may own more than one Interval at a single Cottage. However, in order to ensure compliance at all times with municipal zoning restrictions, no Owner shall be permitted to have legal or beneficial ownership of more than **seven (7)** Intervals at a single Cottage.

2.02 Creation of the Use Periods and Service Periods:

- (a) **There are Fifty-Two (52) Time Periods per Cottage per Calendar Year:** Fifty-two (52) “**Time Periods**” during each **Calendar** Year are hereby established for each Cottage. The Time Periods are identified by a number from **1 to 52**. The **fifty-two (52)** Time Periods are made up of **ten (10) Fixed Weeks** in the Summer Season, **ten (10) Floating Weeks** in the Spring Season, **ten (10) Floating Weeks** in the Fall Season, **ten (10) Floating Weeks** in the Winter Season, **ten (10) Floating Weeks** in the Additional Week Period, **one (1) Service Week** in the spring season and **one (1) Service Week** in the off-season. **Exhibit "C"** sets out the basis upon which each Owner shall have the right to reserve on a priority basis and then use that Owner's Cottage for **five (5) weeks** each calendar year.
- (b) **These Time Periods will be Divided into Use Periods and Service Periods:** The **fifty-two (52)** Time Periods per Cottage identified in **Exhibit “C”** will be further divided into:
 - (i) **Fifty (50) Use Periods:** a “**Use Period**” is the **seven (7) day** period starting at check-in time and ending at check-out time **seven (7) days** later as specified in an Owner's Purchase Contract. A Use Period will be identified by the number of its corresponding Time Period;
 - (ii) **Length of a “Use Period”** as specified above, is normally a seven (7) day period. In circumstances deemed exceptional by the Association, (i.e. check out/check-in lands on Christmas Day where cleaning staff is unavailable), the period may be shortened by a day. This altered ‘use period’ will be subject to appropriate notification.
 - (iii) **Check-in/Check-out Day and Time:** The check-in and check-out day and the check-in and check-out times each day for each Time and Use Period in each Cottage are stated in an Owner's Purchase Contract provided that the actual times may be changed by the Association as necessary, subject to appropriate notification.
- (c) **Service Periods:** The times between Use Periods and that Time Period during each **Calendar** Year that is not a Use Period in each Cottage are called “**Service Periods**”. The Time Period that is not a Use Period is a “**Major Service Period**”. On a Cottage by Cottage and yearly **basis**, the Association will designate which Time Period will be the Major Service Period. However, when designating a Major Service Period, the Association may not deprive any Owner of his/her Assigned Use Period. The periods between the end of **one (1)** Use Period and the beginning of the next are called “**Minor Service Periods**”. If an Owner has **two (2)** or more consecutive Use Periods, the

Owner's Use Periods will run continuously from check-in for his/her first Use Period to check-out for the last Use Period.

2.03 Service Periods for Maintenance and Repairs: The Association must use Service Periods to get the Cottage ready for the next person to use and to do maintenance and repairs.

2.04 Calendar for Each Use Period: Each Use Period is set out in a "**Calendar**" that is published by the Association from time to time.

2.05 Reservation and Use Rights: Each Interval includes the right to reserve on a priority basis and then use **five (5)** Use Periods.

Each Owner's reservation and use rights must have **one (1) Fixed Week** and **four (4) Floating Weeks**. If anything said in the 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 Cottage Rights:** "**Fixed Cottage Right**" means that the Owner has the right to reserve on a priority basis and then use only a specific Cottage. It is that Owner's "**Assigned Cottage**".
- (b) **Fixed or Floating Week Rights:**
 - (i) "**Fixed Week**" means the Owner's "**Assigned Summer Use Period**" for which that Owner has a permanent reservation.
 - (ii) "**Floating Week**" means each Owner shall also have the right to reserve on a priority basis and then use that Owner's Assigned Cottage for another **four (4) weeks** of the calendar year. Floating Weeks consist of a Winter Week, a Spring Week, a Fall Week and **one (1) Additional Week**. That Use Period will be that Owner's "**Assigned Floating Use Period**". The additional week period will consist of the **two (2)-week** public school Christmas break in the City of Toronto, the **one (1)-week** spring public school break in the City of Toronto, the **seven (7) off-season weeks** and **one (1) maintenance week** (leaving **ten (10)** available use weeks). Choice of Floating Weeks will be determined annually for Owners by referencing the Inaski Shores Interval Rotational Chart. Owner placement on this chart is determined at the time of purchase.
 - (iii) **Rotational Procedure for Reserving Floating Weeks: Fall and Winter Weeks**, are to be reserved in accordance with the rotational procedure provided for in the Chart **attached** as an appendix to Exhibit "**C**" to this Agreement. There is a separate rotational procedure for reserving **Spring and Additional Weeks**. This rotational procedure is also provided for in the Chart attached as an appendix to Exhibit "**C**" to this Agreement. When the rotational procedure is complete it is intended to repeat itself.
 - (iv) **Reservations must Be Made and Confirmed Each Year for Floating Week Rights:** The Rules will govern how these reservations must be made and confirmed. But if anything said in the 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 Use Period**".

(c) **Other Rules about Reservation and Use Rights:**

- (i) **No Carry-over of Reservation and Use Rights:** No carry-over of any right to reserve and use from **one (1) Calendar** Year to the next or later **Calendar** Years will be allowed.
- (ii) **You Cannot Reserve, Use or Exchange Unless You Have Paid All Your Charges:** The Owner must pay all Annual Fees, Personal Charges and Special Charges assessed in advance before he may reserve, use or exchange during that **Calendar** Year.

2.06 How Changes May Be Made to Reservation Procedures: If the Association decides that any reservation system is not manageable or fair, with the Board's approval, it may revise this system. All changes must be made in the 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/her ownership share, Fixed or Floating Week rights, cannot be changed.

2.07 Use Rights During Your Assigned Use Period: During his/her Assigned Use Period, each Owner will have:

- (a) the exclusive right to occupy and use his/her Assigned Cottage and its Common Furnishings; and
- (b) the non-exclusive right to use and enjoy the common lands, facilities amenities and services.

ARTICLE III - The Association and the Management Of The Property

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

3.02 One Vote per Interval: Each Owner has **one (1)** vote for each Interval. When more than **one (1)** person owns an Interval, they are all Association members, but only **one (1)** vote can be cast per Interval. The vote for their Interval will be cast as stated in the By-Laws.

3.03 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.

3.04 The Owners will manage the Project through the Association: Each Owner:

- (a) gives the Association all rights and powers to administer, operate and manage according to what is said in this Agreement, including the right to hire a Property Manager; and
- (b) agrees that what the Association decides and does in accordance with this Agreement is binding on him, provided that legal ownership of the Project shall at all times vest exclusively in the Association and shall not be transferred from the Association to any other person or entity, except in accordance with section 11.03 herein.

3.05 Association's Powers and Duties: Subject to the Rules, the Association can do all things it considers to be necessary, desirable or appropriate:

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

3.06 Specific Powers and Duties: Some of the specific things the Association may or must do are explained throughout this Agreement and the Rules. They are not stated or summarized in any one section. Not all of the Association's powers and duties are expressly and specifically described in this Agreement and the Rules. Rather, this Agreement and the Rules are to be interpreted to give the Association broad and general powers and duties, and the Association may exercise these powers and duties, even on matters that are not expressly and specifically covered in this Agreement and the Rules.

3.07 Maintenance, Repair, Rebuilding and Restoration: The Association has the general powers and duties that are stated in this Agreement. Without further direction or approval from the Owners, the Association must maintain and repair each Cottage, the Association Property, and keep them in a neat and attractive condition, including:

- (a) cleaning and getting each Cottage ready for the next Occupant, doing routine and special maintenance and repair to each Cottage during the Service Periods;
- (b) replacing by lease or purchase as the Board may decide the Association Property including the Common Furnishings;
- (c) making capital improvements for which a Capital Reserve Account has been set up; and

- (d) restoring the Association Property or any portion thereof if necessary.

All available Proceeds from insurance or an Expropriation must be used for this purpose. The Board will decide exactly when and how these things will be done. However, notwithstanding anything herein contained to the contrary, the Board must immediately repair or replace things that are damaged or destroyed (other than by ordinary wear and tear). The Association will provide mandatory maid service to the Occupants immediately following their Use Period, as determined by the Board. This service will be provided to each Occupant and is included in the Annual Fee. The Association also may (but unless provided for in any approved Budget is not required to) make changes, additions, capital replacements and other improvements (“**Improvement(s)**”) to the Property beyond needed maintenance and repair as determined by the Board. However, if any Improvement is not provided for in an approved Budget and the Board reasonably estimates that the cost thereof would exceed **TWENTY-FIVE THOUSAND (\$25,000.00) DOLLARS** then the Association must first hold a meeting at which the Improvement is considered. The Association may not make the Improvement unless the Owners of more than **fifty (50%) percent** of the Intervals represented at the meeting vote for the Improvement. If there are not enough funds on hand to pay for any authorized work, the Board may assess a Special Charge to the Owners.

3.08 The Association Will Act Through the Board: The Board may exercise all of the powers of the Association and must perform all of its duties under this Agreement and the Rules, unless these documents expressly restrict what the Board is to do.

3.09 The Board must Retain a Property Manager at All Times and May Delegate Powers and Duties to It:

- (a) The Board must retain a Property Manager at all times and may delegate all of the Association’s powers and duties to the Property Manager, unless this Agreement expressly says that the Association or the Board must exercise a particular power or perform a particular duty itself. If this restriction is not stated, the Board may elect to give that power and duty to the Property Manager.
- (b) Each contract with a Property Manager must provide that:
 - (i) the term may not be longer than **one (1) year**;
 - (ii) the Property Manager is always subject to the direction of the Board, except that the Property Manager shall be obligated at all times, and without any direction from the Board, to immediately notify the City of Kawartha Lakes if the Property Manager has reason to believe that an Owner has acquired legal or beneficial ownership of more than seven **(7)** Intervals at a single Cottage;
 - (iii) the Association or the Property Manager may terminate the contract without cause upon not less than **sixty (60) days** written notice except that termination shall not occur during the Summer Season; and
 - (iv) on or before the effective date of any resignation by the Property Manager, or of any termination of the contract, the Property Manager must turn over to the Board all books and registers, employee and employment registers, licenses and permits, relating to the management and operation of the Property, whether maintained or held in the Property Manager’s name or in the name of the Association or the Property and whether in written form or as computer data or otherwise, all of which are and shall be the Property of the Association.

- (c) Any subcontract between the Property Manager and a subcontractor must incorporate into it the same provisions referred to in **Section 3.09(c)** above.

3.10 The Board May Delegate Powers: Subject to the Charter (Articles of Incorporation) and this Agreement, the Board may delegate its powers and duties to others as stated in the By-Laws. The Board may also hire other persons to perform services. This includes (but is not limited to) lawyers and accountants.

3.11 Adoption of Rules: The Rules must be obeyed by all the Owners. At its first annual meeting and at every annual meeting thereafter, the Board elected by the Owners must review the Rules and may make any changes or new Rules it decides are appropriate that are consistent with this Agreement. At any time, the Board or the Property Manager, with the Board's approval, may also make changes or make new Rules. All Rules must not be in conflict with this Agreement and must apply equally to all Owners and their Intervals.

3.12 The Board will Represent the Owners: The Board or the Property Manager, if authorized by the Board, may represent the Association in any lawsuit or other legal proceedings about the Property, the Association, the Cottages.

3.13 Limitations on the Association's Powers and Duties:

- (a) **The Association Does Not Have to Act if it Does Not Have Enough Money:** No matter what this Agreement and the Rules may say, the Association (and the Board, the Property Manager and anyone else acting on its or their behalf) is not required to take any action if the Association does not have money on hand to pay for it. In that event the Association may wait until it raises enough money from the Owners.
- (b) **The Owners May Veto Any Direct Action Taken by the Board or the Property Manager:** Unless a higher percentage of Owners is expressly required by any part of this Agreement and the Rules, a majority of the Owners may veto any action of the Association, the Board or the Property Manager, or may direct that certain actions be taken.
- (c) **General Limitations on Contracts the Board May Make:** The 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 the 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

3.14 No Responsibility: The Association, the Board or the Property 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 an Internal and External Exchange are allowed.

4.02 Arrangements for Internal or External Exchange: The Association may (but does not have to) provide for an Internal or External Exchange Program in the Rules. To pay for the added costs, the Association may charge fees to those Owners who use this service. All fees to be charged must be stated in the Rules.

4.03 Risk and Expense: The Owner may take part in any Internal or External Exchange at his/her own option, risk and expense. Any charges made and rules imposed by an Internal or External Exchange will not change or suspend the Charges and duties imposed on the Owner by this agreement and the Rules except that the Owner is not responsible for any Owner with whom he makes an Internal or External Exchange. The Owner using the Cottage in an Internal or External Exchange will be held responsible. The Owner must notify the Association in writing if that Owner takes part in an Exchange. An Owner must pay for his/her own Exchange and other fees.

4.04 All Exchange Users must Obey this Agreement: All Users are governed by this Agreement and must obey it. All Users may be required to sign an agreement to this effect and if he/she does not sign that agreement, he/she and his/her Renters and Visitors may be refused occupancy. Any Interval Exchange User is jointly and severally liable and responsible for his/her Renters and Visitors, even if the Interval Exchange User himself/herself never occupies.

PART B - GENERAL USE RIGHTS, RESTRICTIONS AND OBLIGATIONS

4.05 The Owner must stay out of the Cottages and off the Property except during Assigned Use Period:

The Owner must stay out of all Cottages and off the Property except that during his/her Confirmed Use Period (or during any Use Period he may get the use of through an Internal or External Exchange) he may use his/her Assigned Cottage. An Owner, however, is entitled to be an authorized Visitor or Renter of another Owner.

4.06 Restrictions on Uses: Each Cottage will be used only for the vacations of the travelling and vacationing public and other short term rentals and no Cottage may be used to carry out any other trade or business. No smoking is allowed inside any Cottage (including enclosed porch).

Pets: No dangerous animals will be allowed in/on the Property. However, non-dangerous animals will be allowed in certain designated Cottages. Pets must be on a leash at all times when outdoors on the Property. An Occupant must clean-up his/her pet's litter, if any.

Occupancy: The number of Occupants in each Cottage is limited to the lesser of eight (8) individuals for a Cottage, the number permitted by law, or the number permitted by the Rules.

4.07 Who may use your Use Periods: An Owner may let Renters, Guests and Internal or External Exchange Users use the Cottage during the Use Period he reserves and confirms or

obtains through an Internal or External Exchange. Occupants are allowed Visitors only. As an Owner or Occupant, you will be responsible for Visitors and Renters.

4.08 Changes to Cottage, Building, or Common Furnishings: The Association will make all decisions about and be responsible for the colour, decor, Common Furnishings, changes, additions and other improvements to the Property.

4.09 Maintenance and Repair: The 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 Cottage (and Common Furnishings) in good order and condition (except for reasonable wear and tear).

4.10 The Association's Right to Enter: Each Occupant must allow the Association or the Property Manager (or authorized agent) to enter his/her Cottage during his/her Confirmed Use Period:

- (a) to inspect the Cottage; and
- (b) to **maintain**, repair and replace any part of the Cottage or the Common Furnishings. For these purposes the Association may enter as allowed by the Rules. The Association must give reasonable notice before entering, and must try to avoid or reduce interference with an Occupants use. In case of emergency, the Association or the Property Manager may enter at any time without notice. The Association or the Property Manager may also enter to stop any nuisance.

4.11 How You must Act as an Occupant: The Occupant must obey this Agreement and the Rules and must also obey all local laws and the laws of Ontario and of Canada. The Owner must also not act in any way that:

- (a) causes any danger to any person or property;
- (b) is unlawful or disorderly;
- (c) would **damage** or injure the welfare or interests of: (i) any other Occupant or any Owner; (ii) the Property Manager or its staff; or (iii) the Association;
- (d) is in violation of any part of this Agreement or the Rules;
- (e) would be harmful or offensive; or
- (f) would cause any other nuisance.

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

4.12 Rules on Vacating Cottages:

- (a) **Duty to Vacate:** The Occupant must: (i) vacate the Cottage occupied at the end of his/her **Confirmed** Use Period; (ii) leave the Cottage and Common Furnishings in good and sanitary condition (except for reasonable wear and tear); and (iii) obey all Rules for check-out.
- (b) **Personal Effects:** At the end of the Use Period, the Occupant must remove from the Cottage 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 and the Association has the right to dispose of them and if the Association sells them, may keep the sale proceeds.

4.13 Unauthorized Use of a Cottage or a Cottage 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 the 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 costs 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. The Association will decide if it is necessary to rent for a longer time. The Association's decision will be final. The 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/her Assigned Cottage.
- (c) **What the Association must do:** The Association must take all reasonable steps to evict the **Trespasser** or Vandal. The Association must try to collect all costs and Liquidated Damages for the Injured Person, if asked to do so by the Injured Person.

4.14 Each Occupant May Be Required to Sign an Agreement to Obey this Agreement and the Rules: At the time the Occupant checks in (or later), he may be required to sign an agreement to obey this Agreement and the Rules. He may be refused occupancy if he will not sign.

4.15 Law Governing Rental Use: Ontario law will govern the rental of all Use Periods.

4.16 Use Restrictions and Obligations: The use restrictions and obligations imposed on the use of the Property are cumulative and not exclusive. Owners, renters and guests must obey each and every one of the restrictions imposed in this Agreement and the Rules. Obeying some but not all is not enough.

ARTICLE V - TRANSFERS OF INTERVALS AND OTHER RELATED PROVISIONS

5.01 Owner may Transfer Interval with the Consent of the Association: Each Owner, with the consent of the Association (which consent may not be unreasonably withheld at its sole discretion) may Transfer his/her Interval. If an Owner owns more than **one (1)** Interval, each can be treated separately. The Owner is not required to do with all that Owner's Interval(s) what he does with any one of them. **You May Also Own an Interval Together with Others: Two (2)** 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 Rights; Privileges: Each Owner's rights, privileges and duties are subject and subordinate to what is set out in this Agreement and the Rules.

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 Restriction: You may not Transfer or in any other way infringe on:

- (a) **Other Owners' Intervals:** the right to Transfer applies only to each Owner's Interval;
- (b) **The Property:** an Owner can Transfer only his/her own Interval; and
- (c) each Owner is also prohibited from:
 - (i) doing or **allowing** anything to happen that would make the Owner's Interval, the Property, or the Association Property or Proceeds the subject of any lien, attachment or other similar proceeding; and
 - (ii) doing or allowing anything to happen against him or his/her Interval:
 - (A) which may result in sale or threatened sale of the Interval of any other Owner or the Property; or
 - (B) 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 and the Association against all claims, liabilities, damages, judgments, costs and expenses including legal fees, any of them has or receives 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/her Interval is being infringed on is called a "**Threatened Owner**". A Threatened Owner may act on his/her own to protect himself, or he may act with other Threatened Owners or under the authority of the 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, the Association has these same rights. The Association also has the same rights to protect any part of the Property or the Proceeds 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 the Association. If Proceeds in the hands of the Association are taken, the Infringing Owner must replace the amounts taken on demand.

5.05 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 the Association:** At least **ten (10) days** before any Transfer, the Owner must **notify** the Association in writing of the Transfer. The notice must give: (i) name and address of the New Owner; (ii) date of Transfer; (iii) copy of Transfer; (iv) Interval Identification Number; and (v) Transfer Agreement executed by the New Owner. The 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) the **Association** will not provide its consent to the Transfer nor recognize the New Owner;
 - (ii) the Owner will remain fully liable.
- (d) **Release from Any Further Obligations:** No Owner is liable for anything done after his/her Transfer is recognized by the Association, but he is and remains liable for things that happened before the Transfer is recognized by the Association.
- (e) **Transfer Fees:** A Transfer fee in an amount as stated in the Rules may be assessed on each Transfer.
- (f) **Involvement of Association's Legal Council:** An Owner and the New Owner may use their own legal council for their own satisfaction and security; but both the Owner and the New Owner shall involve, to the satisfaction of the Association, the Association's Legal Council to supervise any transfer of ownership of any Interval at an expense to be shared by both the Owner and the New Owner.

5.06 What Is Automatically Included in Any Transfer: Transfer includes the interest, if any, of the Owner in Funds in the hands of the Association.

5.07 Transfer is Subject to this Agreement: An Interval transferred to a New Owner continues to be governed by this Agreement. A New Owner must obey this Agreement and the Rules.

5.08 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. As a part of any Transfer, any party may ask the Association for a certificate of unpaid Charges. Within **ten (10)** days after receiving the request, the 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.

5.09 The Association must Keep a List of Owners: The Association will keep a current Owners list but shall not use that list for commercial purposes. An Owner upon written request to the Property Manager shall be entitled to obtain a copy of a list of Owners but under no circumstance shall be entitled to use that list for commercial purposes.

ARTICLE VI – FINANCES

6.01 Sharing of Association Expenses: Costs will be incurred to own, operate and administer the Association. These expenses will be shared and paid for by the Owners and other people who use the Property, as spelled out in this Article.

6.02 Definition of Association Expenses:

- (a) “**Association Expenses**” includes all costs of owning, operating and administering the Association. It also includes all charges imposed on the Property. It does not matter who is billed for them. For example, even if the Association or the Property Manager is billed, the charge is still an **Association Expense** and is to be shared among all Owners.

Association Expenses include:

- (i) property and other governmental taxes and charges;
- (ii) utilities (electricity, water, sewer, and so on including any amortized or commuted charges);
- (iii) insurance;
- (iv) liabilities and damages;
- (v) Personal Charges that the Board decides cannot be collected;
- (vi) management costs;
- (vii) maid service;
- (viii) all other costs incurred except for Personal Charges; and
- (ix) office and administration expenses.

Association Expenses must also include the following amounts to provide for these contingencies and reserve:

- (x) any shortfall for any reason in funds to pay costs on a current basis; and
- (xi) the Capital Reserve Account.

- (b) “**One Share**” means **1/60th for each Interval (subject to reduction of the denominator by 10 for each Cottage less than six (6) Cottages that will comprise the Property. By way of example, the denominator will be reduced by 20 if only four (4) Cottages form part of the Property).**

(c) “**Annual Fee**” is the regular charge for each Interval. It will be for One Share of Association Expenses, as estimated in the Budget, plus late charges and interest if the Annual Fee is not paid when due, and all costs of collecting unpaid Annual Fees 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 Association 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 Annual Fees or Special Charge). Among other things, they include all:

- (i) extra services requested by an Owner, Exchange User or Occupant, including maid service and long distance telephone charges;
- (ii) late charges and interest on unpaid Personal Charges;
- (iii) collection costs on unpaid Personal Charges and costs of enforcing this Agreement and the Rules, including fines, court costs and legal fees;
- (iv) costs to repair any damage (other than ordinary wear and tear) caused by: (A) that Owner, Exchange User or Occupant; or (B) 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 the Association due to his/her violation of this Agreement or the Rules; and
- (vii) any advances made by the Association for any Owner, Exchange User or Occupant. Advances are costs incurred by the Association in: (A) doing what that Owner was required to (but did not) do; or (B) repairing or correcting any damage that person caused or is responsible for.

Personal Charges also include Personal Charges against an Owner's Renters and/or Visitors.

PART A - HOW COSTS WILL BE SHARED AND MONEY HANDLED

6.03 How Annual Fees are to be determined and assessed:

(a) Establishing the Budget and One Share of Association Expenses: "Budget"

_____ means the estimated amount of Association Expenses for each fiscal year. Before the start of each calendar year, the Property Manager must prepare an estimate of Association Expenses. Upon review and approval by the Board, this estimate (with any changes the Board may make) will become the Budget for that year. The Board must budget for the contingencies and reserves. The Budget must establish and maintain the Capital Reserve Account 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 Association Expenses: The 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 the Association needs. One Share of Association 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: (i) to get a refund of any Annual Fee already paid; or (ii) not to pay any Annual Fee due but unpaid.

(c) Assessing the Annual Fee: The Property Manager will assess each Owner for his/her Annual Fee. The Annual Fee will be payable in **one (1)** lump sum in advance, unless the Board decides on a different payment schedule.

6.04 Operating Account: The Association must establish: (a) **one (1)** or more Operating Accounts; and (b) **one (1)** or more Capital Reserve 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 Association Expenses.

6.05 Reserve Accounts:

(a) **Capital Reserve Account(s)** is an account in which funds are accumulated to pay for Improvements. When the Board reviews and approves the Budget, it will decide what Improvements may be needed and will then decide:

- (i) the estimated cost for each Improvement; and
- (ii) the amount to save in each year, so that there will be enough money to pay the estimated cost when the Improvement is needed. The Board may consider interest earned on any of the Association's bank accounts in making these decisions. The amounts which the Board decides must be saved each year must be included in the Budget and billed as a part of the Annual Fee. The amounts collected must be put into **one (1)** or more of the Association's bank accounts.

(b) **Operational Reserve Account(s)** are accounts in which year end operational surpluses are accumulated for the purpose of funding unforeseen future operational expenditures or to fund any project or items that are in the best interest of the Association. Interest earned stays in the fund.

- (i) The amounts collected must be put into one (1) or more of the Association's bank accounts.
- (ii) The amounts held in these account(s) must not exceed 10% of the Annual Operational Budget.

With approval of the Board, the Property Manager may make withdrawals from any Account for the purposes allowed by this Agreement or the Rules. Withdrawals must also be made if the amount of money in the Association's Bank 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 the Board.

6.06 Surplus Funds: Surplus funds left over at the end of any year must be used at the discretion of the Board to pay Association Expenses in the next year and/or be transferred into the Capital Reserve Fund(s) and/or the Operational Reserve Fund(s).

6.07 How Special Charges Are to Be Determined and Assessed:

(a) **Establishing the Supplemental Budget:** If for any reason the Association does not have enough money to pay all Association Expenses on a current basis, the Property Manager must prepare a revised Budget. Upon review and approval by the Board, this revision (with any changes the 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 the Capital Reserve Account.

(b) **Assessing a Special Charge. When it Will Be Due:** Once a Supplemental Budget is established, the Property Manager will assess each Owner a Special Charge. A Special Charge may be made payable in **one (1)** lump sum or in instalments and will be due **thirty (30)** days from the date of invoice.

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 Calendar Year in which he purchased if and only if in that Calendar Year that Owner's Fixed Use Period starts or occurs after the date of closing.

Charges will otherwise be *pro rata* from the closing until the end of the Calendar Year of purchase.

6.09 The Board must Give out Financial Statements: The Board must give the Owner a copy of the Budget, Supplemental Budget and the Association's financial statements. The Association's financial statements must be sent to each Owner at least **thirty (30) days** before the annual meeting of the Association. The Budget for the next calendar year must be sent out to each Owner as soon as reasonably possible. The Association's financial statements must be prepared in accordance with generally accepted accounting principles by an independent accountant. If required by the Board, the Association's financial statements must be audited. Full and adequate books and registers reflecting the results of operations of the Property must be kept and maintained. The Association's financial statements must contain:

- (a) a balance sheet showing the assets, liabilities and net worth;
- (b) an operating (income) statement;
- (c) a cash flow statement.

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.

6.11 You Cannot Avoid Paying by Giving up Your Interval: No Owner, Exchange User or Occupant can avoid his/her obligation to pay. An Owner cannot avoid it by: (a) waiving any of his/her rights as an Owner; or (b) by abandoning his/her Interval; or (c) by abandoning use of his/her Use Period.

6.12 When You must Pay: A bill for Personal Charges will be billed directly to the Owner and is due upon issue.

6.13 Interest, Late Charges, Collection and Enforcement Costs: Interest will be assessed at such rate as the Board shall establish in the Rules on each Charge that is not paid when due. A late charge as set forth in the Rules will also be assessed for the extra handling costs. Costs to collect Charges and to enforce any other duties under this Agreement and the Rules will also be assessed, if incurred by the 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: The Association may require advance payments or a security deposit from any Owner, Exchange User or Occupant. The Association may use these funds until all his/her Charges are cleared and paid. The Association, the Board, and the Property 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/her 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 The Association Agent Only: The Association, the Board, and the Property Manager act as agent for the Owners, and do not have any personal liability for Association 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: The Association has a lien and charge on the Interval of each Owner. This lien is to secure the payment of Annual Fees Charges and Personal Charges by an Owner (and all interest, late charges and collection and enforcement costs including, but not limited to, courts costs and legal fees). If such 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. The Association shall provide a statement of any amount claimed in respect of such lien and charge to any person requesting same.

The 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 then, subject to Section 6.16, the 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 Sale of Interval: Provided and it is hereby agreed that if an Owner shall make default in the payment of any Annual Fee, Special Charge or Personal Charge, and **two (2) months** shall have elapsed without such payment being made, it shall be lawful for the Association, after having given written notice to the persons and in the manner and form prescribed by the *Personal Property Security 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/her Interval, subject to the provisions 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 this Agreement is 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 prior claim, 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 the Association, and in the next place to pay and satisfy the Annual Fees 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, the 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 and Charge: This lien is prior and superior to all other rights in that Interval.

6.21 Owners Personal Liability and the Lien:

- (a) An Owner must pay: (i) all his/her Personal Charges; and (ii) those Annual Fees and Special Charges due or incurred while he is an Owner. The Owner remains personally liable for these Charges (and interest, late charges, and collection enforcement costs including, but not limited to, court costs and legal fees on them), even after the Transfer to the 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 the Prior Owner's unpaid Charges (including all interest, late charges and collection and enforcement costs including, but not limited to, court costs and legal fees) unless the New Owner obtains a clearance certificate.

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

7.01 Liability for Renters and Visitors: Each Owner agrees that he is personally liable for his/her Renters and visitors, as follows:

(a) Each Owner promises and guarantees:

- (i) his/her Renters and Visitors will obey this Agreement and the Rules;
- (ii) his/her Renters and Visitors will make the payments they are required to make and will act the way they are supposed to act according to this Agreement and the Rules; and
- (iii) that his/her Renters and Visitors do all the things set out herein. If his/her 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, the Property Manager and the Association from his/her 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 including, but not limited to, courts costs and legal fees and Personal Charges.

7.02 Liability of Exchange Users and Occupants: Each Exchange User and Occupant is personally liable for his/her Renters and/or Visitors. Each Exchange User and Occupant makes the same promises, guarantees and indemnities about his/her 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/her Renters and/or Visitors, and will be assessed with a Personal Charge.

7.03 Co-Owner's Liability: 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: “Defaulting Person” means any Owner, Exchange User, Occupant or other person who violates any part of this Agreement and the Rules. A Defaulting Person includes anyone who:

- (a) does not pay the money he owes to the Association;
- (b) acts contrary to, or fails to act, the way he is required to; or
- (c) does not obey this Agreement or the Rules 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”. The Association may force a Defaulting Person to comply, and may seek any relief and has all the remedies for an Act of Default which: (i) the law generally gives or allows; and (ii) are specifically given or allowed by this Agreement and the Rules.

8.02 Stopping Inappropriate Acts: The Association may stop any activity in violation of this Agreement and the Rules. If necessary to do so, the Association can enter any Cottage at any time. The Association may, in its discretion, use any means and as much force as is reasonable. However, the Association, the Board, the Property Manager, and anyone else acting for it are not responsible for not stopping any violation of this Agreement and the Rules, 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 this Agreement and the Rules, whether or not an attempt is made to stop the violation.

8.03 Right to Cure Default: The Association may advance funds to force compliance or to correct a violation or to correct and repair any damage caused. The 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 Debit Defaulting Owner's Account: To collect any money that is owed by a Defaulting Person, the Association can debit Proceeds held by the Association on behalf of the Defaulting Person. The Association cannot take any funds in the Capital Reserve Account. The Defaulting Person must restore any Funds that are taken.

8.05 Fines: The Association may fine any Defaulting Person as allowed in the Rules. Until the Act of Default is cured, the Association may also suspend or take away from the Defaulting Person his/her:

- (a) right to reserve and/or use his/her Use Period;
- (b) right to exchange the use of his/her Use Period;
- (c) other privileges of ownership and the Association membership, including voting;
- (d) utility services to the Cottage; and
- (e) special services, if any.

A suspension or fine will become effective when notice of it is sent to the Owner. Unless the suspension is due to the Owner's failure to pay his/her Charges, The 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. The Board's decision made after the hearing will be final; whether or not the Defaulting Person attends. The Board must give written notice of its decision to him.

8.06 Suspension of Use Period: If the Association has suspended an Owner's right to use his/her Use Period, the Association may use his/her Use Period and let others use it. In doing so, the Association may without delay evict the Owner and any people he has let use his/her Confirmed Use Period. The Association will not be liable to anyone for any damages for taking possession. It may also rent the Use Period and realize the monies received. An Owner whose right of use has been suspended would not realize any gain by the Association's use of his/her Use Period suspended. Restoration of any suspended right to use, through making payment in full for all outstanding Charges; may not return right of use, if payment is received within 30 days of an affected assigned week.

8.07 Association's Right to Rent: The Association may take all rents and other monies arising from the Use Period of a Defaulting Person. For this purpose, the Association is authorized by each Owner to act as that Owner's attorney in fact. The Association may realize all rents and other monies it collects for such use as revenue to the Association. The Defaulting Person would remain responsible for the Owner's unpaid Charges in full, including interest and late charges, receiving no compensation for any such rents arising from the use of any forfeited assigned weeks.

8.08 Legal Action: 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 this Agreement and the Rules. This includes:

- (a) obtain judgment and collect money;
- (b) stop any violation; and
- (c) specifically enforce this Agreement and the Rules.

8.09 Sale of Interval: The Association may sell an Owner's Interval without first going to court.

(a) **Initial Procedures:** Before any sale of the Interval may occur:

- (i) the Association must give notice to the Defaulting Person. The notice of default must state:
 - (A) the nature of the default;
 - (B) the total of any unpaid amounts; and
 - (C) 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:
 - (A) the amount claimed to be due;
 - (B) 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
 - (C) that the Association intends to have the Interval sold.

- (b) If default is cured before the sale occurs, the Association must cancel the sale.
- (c) The Proceeds from the sale will be applied to: (i) lien(s); (ii) the costs and expenses of sale; (iii) payment of Charges, and (iv) if any amount is left, to the Owner.
- (d) The New Owner must execute the Transfer 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. The 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 Annual Insurance Review: The Board must review the insurance at least once a year and in doing so consider:

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

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

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

(a) Property Insurance:

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

- (A) 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.
- (B) 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:

- (A) **one hundred (100%) percent** of the full cost of replacing the Cottages and other improvements on the Property including the Common Furnishings.
- (B) Inflation Guard endorsement.

(iii) Form of this Policy:

- (A) This policy is to be written with the Association as a named insured, for the benefit of all Owners.
- (B) **Required and Prohibited Clauses:** Policy should say that:
 - (1) the policy cannot be cancelled or substantially changed by the insurance company without at least **sixty (60)** days written notice to the Board and the Property Manager;
 - (2) the 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

(b) Crime Insurance:

- (i) Employee Dishonesty Insurance (Form A) with the definition of “employee” to include noncompensated elected directors and officers of the Association, and the Property Manager, and having limits sufficient to cover the exposure to loss but in no event less than **FIVE THOUSAND (\$5,000.00) DOLLARS.**

- (ii) Depositor's Forgery Insurance with limits sufficient to cover the exposure to loss but in no event less than **FIVE THOUSAND (\$5,000.00) DOLLARS**.

(c) **Liability Insurance:**

(i) The 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 the Association, the Board, the Property Manager, officers, directors and employees of the Association, the Owner and if possible each Occupant. 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 **FIVE MILLION (\$5,000,000.00) DOLLARS**; and

(ii) This policy should provide that:

- (C) it cannot be cancelled or substantially changed without at least **sixty (60)** days written notice to the Board and the Property Manager;
- (D) the policy is primary and non-contributing with and not in excess of any other insurance available to the insured; and

(d) **Directors and Officers:** An insurance policy is to be obtained to protect the Association and all of its Directors and Officers in respect of any loss resulting from legal liability for an actual, alleged, attempted or allegedly attempted error, misstatement, misleading statement, act or omission, neglect or breach of duty, by any Director(s)/Officer(s) individually or otherwise in their capacity of a Director or Officer for the Association, or any claim against any Director(s)/Officer(s) solely by reason of his serving in such capacity. Such policy must either indemnify or pay on behalf of the Director(s)/Officer(s), as and to the extent permitted or required by applicable law, and/or Association By-laws, the loss for which the Director(s) or Officer(s) are not indemnified by the Association and it must indemnify or pay on behalf of the Association, the loss for which the Association has granted indemnification to such Director(s) and Officer(s) as to the extent permitted or required by the applicable law and/or Association By-Laws.

The limits of this policy should be not less than **FIVE HUNDRED THOUSAND (\$500,000) DOLLARS** for a single occurrence and **FIVE HUNDRED THOUSAND (\$500,000) DOLLARS** for all occurrences.

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

9.03 Other Insurance: All Owners have the right to buy additional insurance for the benefit of their personal affects at their expense as being separate and distinct from the benefit of the Association.

9.04 Insurance Summary: 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 the Property Manager's office by any

Owner 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.

ARTICLE X - DAMAGE, DESTRUCTION, EXPROPRIATION AND RESTORATION

10.01 Definitions:

- (a) **“Destruction”** means any damage to or destruction of the Association Property or the Project, 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 (2)** kinds of Partial Destruction. A **“Partial Destruction Not Affecting the Cottages”** exists whenever, as a result of any fire or other casualty any Association Property or the Project, or any part thereof has been damaged or destroyed, but not any of the Cottages.
- A **“Partial Destruction of Cottages”** exists whenever, as a result of any fire or other casualty any **one (1)** or more but less than all of the Cottages have been damaged or destroyed. A **“Total Destruction of Cottages”** exists whenever, as a result of any fire or other casualty, all of the Cottages have been damaged or destroyed.
- (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 (2)** kinds of Partial Taking. A **“Partial Taking Not Affecting Cottages”** means the expropriation of the Project or any part thereof, but not of any of the Cottages. A **“Partial Taking of Cottages”** means the Expropriation of any **one (1)** or more but less than all of the Cottages. A **“Complete Taking of Cottages”** means the Expropriation of all of the Cottages.
- (c) **“Restoration”** following any Destruction or Expropriation means the repair, reconstruction or replacement of the Association Property or the Project, to restore them to an attractive, sound, functional and desirable condition as an upscale resort, including, if the Board deems it desirable or necessary, the replacement of any improvements taken.
- In either case, if reasonably possible, taking into account the portions damaged or destroyed by any Destruction or taken by Expropriation, Restoration shall conform to the original plans and specifications; but if the Board decides that conforming to such original plans and specifications is impracticable or is not in compliance 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 as such portions existed before the Destruction or Expropriation.
- (d) **“Restoration Funds”** in the case of any Destruction, means:
- (i) Proceeds from insurance, received by the Association as a result of the Destruction, but deducting there from 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
 - (ii) any surplus funds and those amounts, if any, held in the Capital Reserve Account. **“Restoration Funds”** in the case of Expropriation means: (i) Expropriation Proceeds which are the entire amount received by the Association as compensation for any Expropriation, including without limitation any amount awarded as special damages, but deducting there from 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 (ii) any surplus funds and those amounts, if any, held in the Capital Reserve Account.

10.02 Restoration:

If the Property or the Project or any part thereof becomes the subject of or is threatened by an Expropriation or is otherwise sought by any expropriating authority the result of which could be an Expropriation or there is any Destruction, the Association shall give timely written notice thereof to each Owner. Such notice shall include (i) notice of the Board's estimate of the cost of the Restoration (ii) if an Expropriation, whether it is a Partial Taking Affecting Cottages, a Partial Taking Not Affecting Cottages or, a Complete Taking of Cottages and, (iii) if a Destruction, whether it is a Partial Destruction of Cottages, a Partial Destruction Not Affecting Cottages or a Total Destruction.

- (a) After any Partial Destruction Not Affecting Cottages, Partial Taking Not Affecting Cottages, Total Destruction of Cottages or, a Complete Taking of Cottages, the Association must undertake Restoration without first seeking any direction or approval from the Owners if the cost of Restoration as estimated by the Board as set out in the Board's notice of the event to the Owners will not exceed Restoration Funds by more than **FIFTY THOUSAND (\$50,000.00) DOLLARS**. If the cost of Restoration in such circumstances as estimated by the Board will exceed Restoration Funds by more than **FIFTY THOUSAND (\$50,000.00) DOLLARS** the Association must first hold a special meeting as soon as practicable but no later than **forty (40)** days after the event to consider Restoration. The Association must undertake the Restoration unless Owners of at least **seventy-five (75%) percent** of the Intervals in the Project then agree in writing prior to or vote at the special meeting of the Association that the Restoration shall not be undertaken.
- (b) After any Partial Destruction of Cottages or Partial Taking of Cottages, the Association must undertake Restoration without first seeking any direction or approval from the Owners if the cost of Restoration as set out in the Board's notice of the event to the Owners will not exceed restoration Funds by more than **FIFTY THOUSAND (\$50,000.00) DOLLARS**. If the cost of Restoration in such circumstances as estimated by the Board will exceed Restoration Funds by more than **FIFTY THOUSAND (\$50,000.00) DOLLARS**, the Association must first hold a special meeting as soon as practicable but no later than **forty (40)** days after the event to consider Restoration. The Association must undertake the Restoration unless in the case of a Partial Destruction of Cottages or Partial Taking of Cottages, the Owners of at least **seventy-five (75%) percent** of the Intervals in the Cottages that would be included in the Restoration agree in writing prior to or vote at the special meeting of the Association that the Restoration shall not be undertaken. Owners whose Cottages are not affected by a Partial Taking of Cottages or a Partial Destruction of Cottages shall not be entitled to vote in such circumstance.

10.03 Contractor to Perform Restoration: If the Association undertakes Restoration of the Property and the costs of Restoration, as estimated by the Board in the Board's notice to the Owners of such event will exceed **FIFTY THOUSAND (\$50,000.00) DOLLARS**, the 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 the Board.

10.04 Miscellaneous Proceeds: Upon receipt by the Association of any insurance Proceeds, Expropriation awards or other monies resulting from any Destruction or Expropriation, the Board shall deposit them into a bank or other financial institution selected by the Board. If the Association undertakes the Restoration, the 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 (2)** Directors. Disbursements to contractors performing any Restoration work shall be made periodically as the work progresses.

10.05 Shortfall to Pay Restoration Costs: If the Association undertakes the Restoration and the Restoration Funds are, or appear to the Board to be, insufficient to pay all of the costs of Restoration, the Board shall assess a Special Charge to make up any deficiency. Only Owners whose Cottages are affected by a Partial Taking of Cottages or Partial Destruction of Cottages shall be assessed the Special Charge. The Board shall have the power and authority to assess a Special Charge against Owners whose Cottages are not affected by a Partial Taking of Cottages or a Partial Destruction of Cottages if the Board is satisfied that to not do so having regard to the circumstances would be inequitable. In exercising their discretion, the Board can assess a Special Charge against such Owners in such amount as the Board determines equitable which may be less than but not more than the Special Charge assessed to Owners whose Cottages were affected by a Partial Taking of Cottages or a Partial Destruction of Cottages. All Owners shall be assessed a Special Charge (for a Partial Destruction Not Affecting Cottages, a Partial Taking Not Affecting Cottages, a Total Destruction of Cottages and a Complete Taking of Cottages). If after Restoration is completed and there remain any Restoration Funds after all costs of Restoration are paid, the excess shall be applied as the Board shall determine for the benefit of the Owners who were assessed a Special Charge.

10.06 Waiver of Restoration:

If Restoration is not undertaken following any Destruction or Expropriation, or, if, after the completion of the Restoration, there are less Cottages in the Project than existed prior to the Destruction or Expropriation, any insurance Proceeds or Expropriation Proceeds shall be disbursed as follows:

- (a) if there occurs a Total Destruction of Cottages or a Complete Taking of Cottages, a portion of the Restoration Funds equal to each Owner's One Share of Project Expenses shall be disbursed to that Owner, provided that on or before any disbursement to each such Owner, that Owner must pay all of his/her debts accrued and owing to the Association; and
- (b) if (i) there occurs a Partial Taking of Cottages such that any of the Cottages affected cannot be replaced by the construction of another Cottage, all in a manner satisfactory to the Board; or (ii) there occurs a Partial Destruction of Cottages such that any of the Cottages affected will not be repaired or restored then, in either case that portion of the Expropriation Proceeds or insurance Proceeds allocable to the eliminated Cottage shall

be disbursed to those Owners whose Intervals apply to the Cottage or Cottages eliminated. The Interval of each Owner in an eliminated Cottage shall cease to be part of the Project and each such Owner shall cease to have reservation and use rights and to be a member of the Association. Each of the Owners of an Interval in an eliminated Cottage shall promptly release his/her ownership share to the Association in a suitable registerable document, and each such Owner must do so on or before any disbursement to him, and on or before any disbursement to each such Owner, he must also pay all of his/her debts accrued and owing to the Association. The Project shall then be reconstituted without the eliminated Cottage or Cottages and the Intervals in such eliminated Cottage or Cottages vested and released to the Association, the ownership share of the remaining Owners shall be adjusted.

10.07 Suspension of Use Rights: If any Destruction or Taking makes a Cottage unusable then pending Restoration and/or reconstitution of the Project, all reservation and use rights of those Owners whose Interval Identification Number corresponding to the number of that Cottage shall be suspended.

10.08 Authority of Board: The Board without any vote of the Owners, may 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, the Project or any part thereof.

10.09 Suit for Proceeds: The 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 the Board is final and binding on all Owners.

ARTICLE XI - CHANGING AND TERMINATING THE PROJECT AND THIS AGREEMENT/RULES

PART A - CHANGING THE DOCUMENTS

11.01 How this Agreement may be Changed by the Owners: Except as otherwise stated herein, the Owners may amend this Agreement at any regular or special meeting of the Association, if the Owners of a majority of all Intervals vote for the change. If, however, a percentage greater than a majority is required by law or by any other part of this Agreement, the Owners of that percentage of Intervals must vote for the change. The following changes may not be made unless the Owner affected also gives that Owner's written approval:

- (a) an Owner's Share;
- (b) an Owner's designated Fixed Week or the number of Floating Weeks to which an Owner is entitled; or
- (c) the number of Floating Weeks in any Season;
- (d) Owners' voting rights; or
- (e) the rotational procedure for the reservation of Floating Weeks, as set out in **Exhibit "C"** to this Agreement.

The consent of the Owners owning not less than **sixty-seven (67%) percent** of all Intervals shall be required for any amendment or action which would:

- (a) change the method of levying assessments or Charges for Capital Improvements to the Property in excess of **SEVENTY-FIVE THOUSAND (\$75,000.00) DOLLARS**;
- (b) permitting 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.

11.02 When an Amendment Becomes Effective: Unless otherwise provided to the contrary, an amendment that complies with the other parts of this **Article XI** will become effective when: (i) it is signed by at least **two (2)** officers of the Association; and (ii) these officers sign a sworn statement that the requirements of this **Section 11.02** have been met.

PART B - TERMINATING THE ASSOCIATION

11.03 Term: The Association will remain in effect in perpetuity unless any one of these things happen:

- (a) all Cottages 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 (75%) percent** of the Intervals then in the Association vote to sell the Property. Provided, however, this Agreement and the Rules will remain in effect until the Property is sold and the Association is wound up; thus until such time: (i) the Owners will remain personally liable for all their Charges then accrued; and (ii) the 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, rate charges and collection and enforcement costs) have been paid in full and the Association`s affairs are taken care of. The Association will also keep all its other rights and remedies, including but not limited to its other rights and remedies to collect. If the Association is terminated for any reason, the Association, as attorney in fact for all Owners, shall sell the Property, on such terms and conditions as the Board shall determine. However, before any sale is consummated, the Association must hold a special meeting to consider the sale. The Board may consummate the sale upon the approval of the Owners owning not less than **seventy-five (75%) percent** of the Intervals then in the Association. Pending the consummation of a sale, the Property shall continue to be used, operated, maintained and administered as if the Association remained in effect. Upon the consummation of any such sale, the Association shall disburse to each Owner a portion of the Proceeds thereof equal to each Owner`s One Share of Association Expenses, provided that on or before any disbursement to each such Owner, that Owner must pay all of his/her debts accrued and owing to the Association.

ARTICLE XII - GENERAL AND MISCELLANEOUS PROVISIONS

12.01 Notices: 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 the Association, and, addressed to the Association at its registered office address as prescribed by the records of the Ministry of Government Services. Notices may also be given in writing, electronically, in the form of an email, addressed to an Owner at the last email address he gives to the Association. If an Owner does not give the Association an address (physical and/or electronic email), the notice will be addressed to his/her last known address. Notices to the Association and the Property Manager must be personally delivered or mailed by registered mail. Notices of an operational nature (ie. Floating week changes, address changes) may also be given in writing, electronically, in the form of an email, addressed to the Association and Property Manager; but confirmation must be made in writing as stated above, should a confirmation reply email not be received. 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 12.01**, it will be considered received, even if the addressee does not actually get the notice. If more than **one (1)** 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, the Association and the Property Manager may change his/her address for the purposes of this **Section 12.01** by giving notice of the change. However, unless notice of an address change is actually received, the last address will still be considered as the address for all purposes.

12.02 Power of Attorney: In this Agreement, each Owner appoints the Association as his/her attorney in fact for several purposes. For each of these purposes, each Owner also: (a) authorizes the Association to substitute any member of the Board or the Property Manager to act as his/her attorney in fact; and (b) agrees that he cannot take away the 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 the 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 Agreement, even if he becomes disabled or dies.

12.03 Governing Law: Everything about the Property and the Association is governed by the laws of the Province of Ontario.

12.04 Non-Waiver: A violation of any part of this Agreement does not excuse that person or anyone else from his/her duty to obey that and all other parts of this Agreement. This rule applies even if the Association, the Board or the Property Manager does not try to correct the violation. Rights to enforce all parts of this Agreement are not waived by any **one (1)** or more failures to enforce.

12.05 Gender: This Agreement shall be construed with all changes of number and gender required by the context.

12.06 Headings: 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.

12.07 Severability: 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*.

12.08 Enurement and Joint Ownership: 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. If the Association’s records disclose multiple Owners of an Interval, such multiple Owners shall be deemed to hold title to the Interval as joint tenants and not as tenants in common.

Inaski Shores Resort Owners Association

As Per 11.02 “When an Amendment Becomes Effective: Unless otherwise provided to the contrary, an amendment that complies with the other parts of **Article XI** will become effective when: (i) it is signed by at least **two (2)** officers of the Association; and (ii) these officers sign a sworn statement that the requirements of this **Section 11.02** have been met.”

Be It Known that the Authorizing Signing Officers of the Association below hereby swear that the requirements of Section 11.02 of the Association’s Owners’ Agreement have been met whereby an authorized membership vote was duly held and passed accepting this version of these Articles of our Owners’ Agreement in whole.

By: _____
Authorized Signing Officer; having the authority to bind the Corporation.

By: _____
Authorized Signing Officer; having the authority to bind the Corporation.

EXHIBIT “A” - LEGAL DESCRIPTION OF LANDS

Firstly: Part of the north half of Lot 2, Concession 11, Geographic Township of Laxton, City of Kawartha Lakes, designated as Parts 1, 3 & 4, Plan 57R-520;

Secondly: Part of the original shore allowance along Shadow Lake in front of Lot 2, Concession 11, Geographic Township of Laxton, City of Kawartha Lakes, now designated as Part 1 on Reference Plan 57R-9087

AS CLOSED by By-law 2005-58 of The Corporation of the City of Kawartha Lakes, registered as Instrument Number 0432684;

Subject to: Right of Way over, along, and upon Part 1 on Plan 57R-520;

Subject to: Easement in favour of Hydro Electric Power Commission in Instrument No. 1948 registered at the Land Registry Office for the Registry Division of Victoria (57) Lindsay.

Buyer's Initials

Seller's Initials

EXHIBIT "B" - ASSUMPTION AND CONSENT AGREEMENT

To Replace Existing Assumption and Consent Agreement Text as per Shibley Righton LLP Text

THIS AGREEMENT made as of the **1st** day of **December, 2010**

B E T W E E N:

BUYER & BUYER NAME

(hereinafter collectively called the "**New Owner**")

- and -

INASKI SHORES RESORT OWNERS ASSOCIATION

a corporation incorporated under the laws of the Province of Ontario,

(hereinafter called the "**Association**")

WHEREAS:

- A. Seller & Seller Name (collectively, the "**Prior Owner**") has heretofore been the Owner of an Interval.
- B. Pursuant to the Inaski Shores Owners' Agreement dated as of **April 9, 2011**, (the "**Inaski Shores Owners' Agreement**"), the Prior Owner was assigned Interval Identification Number **1-2-3** (the "**Interval**").
- C. The Prior Owner is desirous of transferring the Interval to the New Owner subject to the provisions of the Inaski Shores Owners' 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.

WITNESS 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 Inaski Shores Owners' Agreement.
2. The New Owner represents and warrants to the Association that the Interval is being conveyed and assigned to the New Owner as of the date hereof subject to the consent of the Association.
3. The New Owner acknowledges that the New Owner is personally liable for the payment of land transfer tax based upon the purchase price the New Owner paid to the Prior Owner to acquire the Interval and that such payment accompanied by a duly completed and signed Return on the Acquisition of a Beneficial Interest in Land must be provided by the New Owner to the Ontario Ministry of Finance, Tax Compliance Branch, Land and Resources Taxes, 33 King Street West, P.O. Box 625, Oshawa, Ontario, L1H 8H9 within **thirty (30)** days following sale completion. The New Owner shall indemnify and save the Association harmless from any claim made by the Ministry of Finance against the Association for all legal and other costs the Association may incur to defend such claim if the New Owner fails to file the required Return and pay the required land transfer tax within the time limited by the *Land Transfer Tax Act* R.S.O. 1990 c.L.6 as amended.
4. The New Owner covenants to and agrees with the Association that as of, and from and after the date hereof, the New Owner shall assume and be bound by all the covenants and agreements of the Prior Owner in the Inaski Shores Owners' Agreement, and shall observe and perform the obligations and duties of an Owner contained in the Inaski Shores Owners'

Agreement in all respects and that the same may be enforced against the New Owner by the Association or any of the other Owners, to the same extent as if the New Owner had entered into the Inaski Shores Owners' Agreement as an original party thereto.

5. Without limiting the foregoing:
 - (a) the New Owner irrevocably appoints the Association as the New Owner's attorney or agent for the purposes set out in the Inaski Shores Owners' Agreement including to transfer title to the Interval in accordance with the Inaski Shores Owners' Agreement;
 - (b) the New Owner agrees to indemnify the other Owners, the Property Manager and the Association and each of them as provided in the Inaski Shores Owners' Agreement;
 - (c) the New Owner agrees to pay when due the Annual Fees, Special Charges and Personal Charges and interest thereon, if any, and further agrees that the Association shall have a lien and charge on the Interval for such amounts, if such are unpaid, and with the remedies for non-payment set out in the Inaski Shores Owners' Agreement;
 - (d) the New Owner consents and agrees to the Association duly performing the services and obligations designated to it by the Inaski Shores Owners' Agreement and agrees not to interfere with such performance; and
 - (e) the New Owner expressly confirms and agrees that the New Owner will not sell, lease or in any other manner dispose of or permit the disposition of the Interval or part thereof or mortgage the Interval, nor will the New Owner agree or attempt to do so except in compliance with the provisions of the Inaski Shores Owners' Agreement.

6. The Association warrants and represents to the New Owner as follows:
 - (a) The current budget is accurate and the Association has no knowledge of any circumstances that may result in an increase in or adjustment to the Annual Fees or a Special Charge being assessed. No Special Charge has been assessed;
 - (b) The Association is not presently a party to any legal action or proceeding;
 - (c) The Inaski Shores Owners' Agreement, is in full force and effect and constitutes the entire and only agreement between the Association and the Owners for all purposes of the Association; and there have been no amendments or modifications to the Inaski Shores Owners' Agreement;
 - (d) The Association is not insolvent, has not taken any action nor have any steps been taken or legal proceedings commenced against the Association or any notice received by the Association for the winding-up, dissolution or reorganization of the Association or, for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of the Association or of any or all of its assets or revenues;
 - (e) The representations and warranties made by the Association in the Inaski Shores Owners' Agreement are true, the Association is not in breach of any term or condition contained therein and no event of default thereunder has occurred; and
 - (f) the Interval has been properly authorized by all corporate action of the Association.

7. The Association, in consideration of the New Owner's representations and agreements in this Assumption and Consent Agreement, hereby consents to the transfer to the New Owner of the Interval as herein set out.

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

INASKI SHORES RESORT OWNERS

ASSOCIATION

By:

Name:

Title:

SIGNED, SEALED AND DELIVERED

in the presence of:

Witness) **[New Owner]**

Owner's Initials

Association's Initials

EXHIBIT “C” - INASKI SHORES RESERVATION PROCEDURES

Fixed Week and Four Floating Weeks - Applicable to all Intervals save and except Interval Cottage 4 Fixed Week 1**.

Each Owner shall have the right to use for that Owner's personal use that Owner's Cottage for **five (5) weeks** each calendar year for **one (1) Fixed Week** and **four (4) Floating Weeks**. A Fixed Week and each Floating Week is a **seven (7) day** period starting on a Friday subject to 2.02 herein above.

Except during periods of Owner occupancy, the Owner shall not enter the Cottage, nor use any common areas appurtenant to the Cottage (including parking), nor permit any person, whether family member, repairman, or the Owner's non-rental guest to do so, other than during previously reserved dates of occupancy by the Owner, without prior notification to, approval of and coordination with the Property Manager. Each Owner will forthwith notify the Property Manager if that Owner determines or discovers at any time that the Owner will not use the Owner's Fixed Week or any Floating Week on any of the dates assigned to that Owner.

Fixed Week

(a) Each Owner shall have the right to use the same week of use each summer season (their assigned “**Fixed Week**”). The same day and check-in/check-out times apply to a New Owner.

Floating Weeks

(a) Each Owner shall also have the right to reserve that Owner's Cottage for another **four (4) weeks** of the calendar year (their assigned “**Floating Weeks**”). Floating Weeks consist of a Winter Week, a Spring Week, a Fall Week and **one (1) Additional week**. The same day and checkin/ check-out times apply to a New Owner.

The Spring Season is the **eleven (11) week** period immediately preceding the Summer Season which includes **one (1) maintenance week** (leaving **ten (10) available use weeks**).

The Fall Season is the **ten (10) week** period immediately following the Summer Season and;

The Winter Season is the **ten (10) week** period immediately following the **two (2) week** Christmas break (excluding the **one (1) week** spring public school break).

The Additional Season will consist of the **two (2) week** public school Christmas break in the City of Toronto, the **one (1) week** spring public school break in the City of Toronto, the **seven (7) off-season weeks** and **one (1) maintenance week** (leaving **ten (10) available use weeks**).

(b) ***Floating Weeks must be reserved each calendar year for the next calendar year upon availability.*** Choice of Floating Weeks will be given to Owners in the order of the Intervals on the following rotational basis:

All Owners will have first choice in either the Fall and Winter weeks or the Spring and Additional Weeks every five years. Specific Owner choice position for their Fall/Winter and Spring/Additional Weeks each year is determined by their specific Interval number stipulated in their Owner's Purchase Contract or their Transfer, Assumption and Consent Agreement. Using the Interval Rotation Chart (below) and matching the Owner's assigned Cottage Number with their Interval Number will identify the specific chart Row (referenced by the "Common Interval Reference Letter" column) which will identify the owner's specific choice position in a perpetual calendar that will repeat every 10 years.

**Save and except for a special Purchase Agreement entitlement whereby Cottage 4 Fixed Summer Week 1 Owner shall have the right each calendar year to reserve and combine Spring Week 10 with their Fixed Summer Week 1 prior to the release of the Floating Week Selection Process for Cottage 4. Should the Cottage 4 Fixed Summer Week 1 Owner forfeit this right in any particular year, their choice for a Spring Floating Week will then be made according to their interval and position on the Interval Rotational Chart for Cottage 4.

APPENDIX A to this Exhibit "C" is a Chart setting out the rotating sequence of priority for Owners to reserve (i) Fall and Winter Weeks and (ii) Spring and Additional Weeks.

Appendix A to Exhibit “C”

Inaski Shores - Floating Week Reservation Priority

Reservation of floating weeks is administered prior to the Thanksgiving Holiday each calendar year.

Inaski Shores Interval Rotation Chart

| Common Interval Reference Letter | Purchased Interval # | | | Season | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|----------------------|-------------|-----------|-------------------|-------------|------|------|------|------|------|------|------|
| | Cottage 1,2,3 | Cottage 5,6 | Cottage 4 | | | | | | | | | |
| A | 1 | 2 | 4 | fall/winter | 6th choice | 7 | 8 | 9 | 10 | 1 | 2 | 3 |
| | | | | spring/additional | 1st choice | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| B | 2 | 3 | 5 | fall/winter | 7th choice | 8 | 9 | 10 | 1 | 2 | 3 | 4 |
| | | | | spring/additional | 2nd choice | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| C | 3 | 4 | 6 | fall/winter | 8th choice | 9 | 10 | 1 | 2 | 3 | 4 | 5 |
| | | | | spring/additional | 3rd choice | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| D | 4 | 5 | 7 | fall/winter | 9th choice | 10 | 1 | 2 | 3 | 4 | 5 | 6 |
| | | | | spring/additional | 4th choice | 5 | 6 | 7 | 8 | 9 | 10 | 1 |
| E | 5 | 6 | 8 | fall/winter | 10th choice | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | | | spring/additional | 5th choice | 6 | 7 | 8 | 9 | 10 | 1 | 2 |
| F | 6 | 7 | 9 | fall/winter | 1st choice | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | spring/additional | 6th choice | 7 | 8 | 9 | 10 | 1 | 2 | 3 |
| G | 7 | 8 | 10 | fall/winter | 2nd choice | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | | | | spring/additional | 7th choice | 8 | 9 | 10 | 1 | 2 | 3 | 4 |
| H | 8 | 9 | 1 | fall/winter | 3rd choice | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | | | | spring/additional | 8th choice | 9 | 10 | 1 | 2 | 3 | 4 | 5 |
| I | 9 | 10 | 2 | fall/winter | 4th choice | 5 | 6 | 7 | 8 | 9 | 8 | 10 |
| | | | | spring/additional | 9th choice | 10 | 1 | 2 | 3 | 4 | 5 | 6 |
| J | 10 | 1 | 3 | fall/winter | 5th choice | 6 | 7 | 8 | 9 | 10 | 1 | 2 |
| | | | | spring/additional | 10th choice | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Consolidated Cottage Interval Rotation Chart for all six cottages of Inaski - April 13, 2013

EXHIBIT “D” – RULES OF INASKI SHORES RESORT OWNERS ASSOCIATION

The following are the Rules for your use and enjoyment of your Cottage at Inaski Shores.

(A) ***Treat your other Cottage Owners as you would want them to treat you.*** This will enhance both the enjoyment of your vacation and that of others. Making new friends is one of the benefits of vacation ownership. Treating others with care and consideration will also enhance this aspect of your vacation.

(B) ***You are an owner; the way you care for Inaski Shores will play an important part in protecting its value.*** Inaski Shores is a blend of both beautiful and functional surroundings. Therefore, we are certain you will want to maintain and care for your waterfront community, enabling you to enjoy your vacation to the fullest while protecting its value in the years to come. Terms defined in the Inaski Shores Owners Agreement shall have the same meaning here in these Rules. “**You**” means each Owner and occupant.

1. Maximum Occupancy: The maximum allowable occupancy for each Cottage is eight (8) persons.

(a) A person includes an infant and other children.

(b) A person includes all individuals residing and associated with an owner's assigned interval period of use.

2. You Must Obey the Inaski Shores Owners Agreement and Other Governing Documents:

Everyone must obey the Rules stated in this Exhibit and in all other parts of the Inaski Shores Owners Agreement and other governing documents. The Board of Directors of Inaski Shores Resort Owners Association may, from time to time and on behalf of Association Owners, put in place new rules, amend existing rules and make rule substitutions affecting the operation, use and enjoyment of Inaski Shores including but not restricted to the operation, use and enjoyment of any and all amenities and facilities including the docks and the like.

3. Violations: Your failure to abide by these Rules or the other governing documents may result in:

(a) being fined or having other money penalties imposed;

(b) suspension of rights and privileges, including a suspension of your use and Exchange privileges or any other monetary penalty as approved by the Board of Directors.

4. Check-In and Check-Out Times:

Check-in time/Check-out time will be as specified in an Owner's Purchase Contract subject to 2.02 b (iii) herein above.

5. What Happens if Someone Fails to Leave on Time: You must vacate by the check-out time stipulated in your Purchase Contract. Consequences, as described in **Article IV** of the Inaski Shores Owners Agreement, may result if you fail to vacate.

6. Care of Interior Furnishings and Equipment: You must keep your Cottage in good order and condition. You are responsible for any damage, other than normal wear and tear, done to a Cottage and its Common Furnishings during your Use Period. Any damage or loss will be billed directly to you. If you do not pay these charges, your use and Exchange privileges may be suspended until the charges have been paid. You may also be fined. You should report any damage or deterioration to your Cottage or its Common Furnishings to the Property Manager as soon as possible after checking in. You must remove all your personal property from your Cottage at check-out time. Any personal property left in your Cottage after check-out time will be treated as if it was abandoned.

7. Non-Building Modifications: You may not make any change, including reorganization or removal of any of the Common Furnishings including, furniture, wall hangings or floor coverings, or redecorating of any type, within your Assigned Cottage or other area of the property.

8. Cottage Cleaning: A complete Cottage cleaning is provided immediately after check-out. The cost of this clean-up will be a standard clean-up fee and is included in the Annual Fee. During your Assigned Use Period, you must keep your Assigned Cottage in good order and condition and, if you do not do so, you will be charged for any extra cleaning services required. Charges for extra cleaning services will be billed directly to you as a Personal Charge. If you do not pay these Charges, your use and Exchange privileges may be suspended until the Charges including all interest, late charges and costs of collection and enforcement, including, but not limited to, court costs and legal fees, have been paid. You may also be fined.

9. Inventory of Interior Furnishings and Equipment: During the Service Period between each Use Period, (see subsection (c) of section 2.03 of the Inaski Shores Owners Agreement) the Property Manager may conduct an inventory of the Common Furnishings. Missing or damaged items will be charged to the Owner who last used that Cottage, or whose Visitors or Renters last used that Cottage. An accounting of the missing or damaged items and a bill will be sent by the Association to the appropriate party. You should report any missing or damaged items of Common Furnishings to the Property Manager as soon as possible after check-in; otherwise you may be charged for the damaged or missing items.

10. Pass Key: The Property Manager has a pass key to all Cottages. In case of any emergency, the Property Manager or its employees may enter your Assigned Cottage. If that happens, the Property Manager will tell you, as soon as reasonably possible, why he entered your Assigned Cottage.

11. Safety and Health and Other Rules:

- (a) The Association requires that you refrain from engaging in loud or disturbing activities, including the use of musical instruments, hi-fi equipment, or late-evening entertaining. "Late evening" is after **11:00 p.m.**

Owners and guests shall not engage in any loud or disruptive activities that would otherwise impede any other owners' pleasure/use of the property.

- (b) No dangerous animals may be brought onto the Property. Violation will be subject to expulsion from the Property and subject to a cleaning penalty and/or loss of use and Exchange privileges. Non-dangerous pets may be allowed in Cottages designed as "Pet Friendly". Whether an Owner's Assigned Cottage is designated "Pet Friendly" or "No Pets"

is stipulated in his/her Owner's Purchase Contract. Pets must be leashed at all times when outdoors. You are responsible for the clean-up of your pets' litter.

(c) **No smoking is allowed inside Assigned Cottages (including enclosed porches) or any amenity or facility.**

(d) The Association may make further Rules. You must obey all of these Rules and requests.

12. Storage: You may not keep personal property at the Property (except in your Cottage during your Use Period).

13. Control

(a) of Children: Parents are responsible for the conduct of their children. Children are not permitted to play on any part of the Property designated as "off limits" for children by the Board or the Property Manager. "Children" means anyone under the age of **eighteen (18) years**.

(b) of Pets: Owners are responsible for the conduct of their pets. Pets are not permitted off leash on any part of the Property unless designated otherwise by the Association. Owners must clean-up their pet's litter promptly. Owners are responsible for ensuring that their Pets do not interfere with the use of the Property by other Owners and their guests (i.e. excessive noise or restricted access around leashed Pet).

14. Visitors and Renters: Subject always to Section 1, you (the Owner) may rent or give use of your Assigned Use Period to others or invite guests to share occupancy of your Assigned Cottage during your Assigned Use Period, but you are responsible for them. The Property Manager will not let anyone into a Cottage without written permission from the Owner who has the right to use it at that time. If you intend to have a Visitor or Renter use your Use Period, you must inform the Association in writing before the first day of your Use Period. Please state the name and address of each Visitor and Renter. When they check in, your Visitor and Renters will be required to show proof of identification; to sign a registration card; and to sign an agreement to obey these Rules.

15. Reservation and Use Rights: The following Rules are intended to supplement what is stated in Article II of the Inaski Shores Owners Agreement: [Note: The specific Use Period and check-in/check-out day as Confirmed to you by the Association in accordance with that Article and these Rules is sometimes called your "Assigned Use Period" in that Article. The Cottage as Confirmed to you by the Association in accordance with that Article and these Rules is sometimes called your "Assigned Cottage" in that Article].

(a) **Reservation Requests and Confirmations, or Assignment of Reservations, for Floating Weeks:** an Owner must request that the Association, through the Property Manager, confirm his/her reservation request for a specific Use Period, and check-in/check-out day, according to the following Rules:

(i) the Property Manager will not confirm a reservation request made by, or make an assignment for an Owner who is not current in the payment of his/her Charges including all interest, late charges and costs of collection and enforcement including, but not limited to, court costs and legal fees;

(ii) If no reservation request is made by an Owner by the deadline established for the year in question, the Association or the Property Manager, on behalf of the Association, will have the right to assign to that Owner his/her Floating Weeks;
(iii) priority in the choice of Floating Weeks will be given to Owners in the order of their Intervals. The procedure for reserving Floating Weeks is provided for in Exhibit "C" to this Agreement. There are separate procedures for rotating the sequence of priority for reserving **Fall and Winter Weeks** and **Spring and Additional Weeks**.

(iv) the Property Manager will use its reasonable efforts to notify each of these Owners in writing of its Assigned Use Period by **November 15**. To be valid, however, the assignment must be in writing. It is your responsibility to obtain a written assignment. Please contact the Property Manager if you do not receive a written assignment by **November 30**;

(vi) the Association is not authorized to consider any reservation request that does not comply with this **paragraph 15**. The Association shall act through the Property Manager, subject to the direction of the Board of Directors.

(b) Cancellation of Confirmed and Assigned Reservations, and Prohibition Against Any use for Non-Payment of Common Expenses, Special Charges, Personal Charges and Other Debts:

(i) your confirmed reservation or assignment will be automatically cancelled if you do not pay your Annual Fees including all interest, late charges and costs of collection and enforcement including, but not limited to, court costs and legal fees for the upcoming year by **November 30** of the preceding calendar year; and (ii) you must also be current on all other payments due to the Association, including Charges, before you make any use of your confirmed reservation or assignment.

16. Payment of Charges: Each Owner will be responsible for the Common Expenses and Charges. These Charges for the upcoming year are to be billed **by the end of October** and must be paid no later than **November 30** of the preceding year. Your confirmed or Assigned reservation of the upcoming year will be cancelled if you do not pay these Charges by **November 30** of the calendar year in which they are due. Each person who becomes an Owner and gets an Assigned Use Period in the calendar year of purchase is responsible for Charges during that Year. These charges will be billed as of the Closing Date of the Owner's Purchase Contract and will be due **thirty (30)** days from the date of the invoice. Each person who becomes an Owner after **October 15** in any Calendar Year will be billed the Common Expenses for the upcoming Calendar Year at the time of Closing of the Owner's Purchase Contract and it will be due **thirty (30)** days from the date of invoice.

17. Fees, Expenses and Charges: The following fees, expenses and charges are established by these Rules:

(a) **Transfer Fees: two hundred (\$200.00) dollars** per Interval plus HST, plus incidental legal costs if any incurred by the Association;

(b) **Exchange Fees: One Hundred (\$100) dollars per week** for an External Exchange plus HST; as of January 1, 2016; to be reviewed annually based on the Association's administrative costs related to processing external exchanges.

(c) **Fees & Fines: Refer to the "Current Year Schedule of Fees" that are reviewed and updated annually and circulated with Current Year Operational Budget and Maintenance Fee Invoices.**

(d) **Other: Fifty (\$50.00) dollars** for any NSF cheque provided to the Association in payment of Charges;

(e) **Common Expense Payment Policy:** Invoicing of your annual Maintenance Fees will occur on or about **October 15** of the current year for the fee applicable to the following year. The payment of your annual Maintenance Fees is due **November 30** of the current calendar year for the following calendar year. All outstanding payments after **November 30** will be considered delinquent. Maintenance Fees paid after **November 30** will be subject to a **one hundred (\$100.00) dollar** late charge. Maintenance Fees paid after **January 1st** of the following calendar year will be subject to an additional **one hundred (\$100.00) dollar** late charge (per month; as of the 1st of each month) plus interest (at an interest rate of 18% per annum) from their due date; until full payment is made.

Failure to pay any outstanding payment in full (Personal or Common) in excess of 30 days will result in a Suspension of Use of future Assigned Weeks; which would be forfeited until such suspension is lifted (as per ISOA 8.05-8.07).

All Fees provided in this paragraph are exclusive of HST

18. Motorized Personal Water Craft: No motorized boats or personal water craft shall be allowed to be used except at designated docking areas (For the safety of all persons, use of motorized boats or personal water craft shall be restricted, except for the immediate ingress and egress from boat launch to docks, and from docks to open water beyond Gold Rock Island, with all due caution).

19. Snowmobiles: Snowmobiling shall not be allowed on the Property, but ingress to and egress from offsite areas shall be permitted if conducted without delay using the shortest route to sanctioned trails and otherwise in an orderly manner.

20. All Terrain Vehicles: All Terrain Vehicles are prohibited on the property.

21. Trailers: Trailers may be parked or stored on the property only during a period of occupancy of an Interval by an Owner in such a manner and in such designated parking areas that will not impede any other owners access/regress or pleasure/use of the property.

These designated parking areas are along the tree line behind the cottages, west of the cottage driveways. Lawns around and adjacent to cottages are not to be used.

22. Use of Fireworks: In accordance with the City of Kawartha Lakes By-Law 2007-236 (Fireworks), Commercial and Consumer Fireworks (including handheld sparklers) shall not be permitted to be stored and/or discharged on the Association's property.

23. External Exchange Applications or “Banking” Timelines: In order to ensure the time necessary for paperwork, due diligence, security deposits and correspondence with External users, Owners wishing to apply to “Bank” an owner assigned interval week through an authorized External Exchange Agent must do so at least two (2) weeks in advance of the first Friday of the assigned interval week in question.

Owner's Initials

Association's Initials