

Northwynd Resort Properties

Vacation Interval Agreement

NORTHMONT RESORT PROPERTIES LTD. ("Northmont")
 #5799 – 3rd Street S.E., Calgary, Alberta Phone (403) 451-1151 Fax (403) 450-0495
 VACATION INTERVAL AGREEMENT
 SUNCHASER VACATION VILLAS AT RIVERSIDE, HILLSIDE AND RIVERVIEW

The Buyer offers to purchase the Vacation Interval Interests as described below and pay the Purchase Price as hereinafter set forth. This agreement is subject to the Terms and Conditions attached hereto:

Vacation Interest # _____

- (i) Type of Vacation Property:
 (_____) Two bedroom Lockoff, or (_____) Terrace, or (_____) Other _____
- (ii) (_____) annual (commencing 20 ____), or
 (_____) biennial (____ odd or ____ even calendar years commencing 20 ____)
- (iii) (_____) Prime (Weeks 1 to 18 inclusive, excluding Easter Week)
 (_____) Golf Prime (Weeks 19 to 25 inclusive and Weeks 36 to 41 inclusive)
 (_____) Golden (Easter Week, Weeks 26 to 35 inclusive, and Weeks 51 and 52)
 (_____) Leisure (Weeks 42 to 50 inclusive)

Statutory Right to Cancel

The *Fair Trading Act* and its regulations specify that a buyer of a time share contract or a similar product may cancel the contract from the day it is entered into until ten (10) days after the buyer receives a copy of the contract. The buyer does not need a reason to cancel.

If the buyer cancels the contract, seller has 15 days to refund the buyer's money. To cancel, the buyer must give a notice of cancellation to seller at the address in this contract. The buyer must give notice of cancellation by method that will allow the buyer to prove that notice was given, including registered mail fax or personal delivery. If the buyer cancels after using the property, the buyer may have to pay a reasonable fee for that use after the buyer's money has been refunded.

The Buyer agrees to pay the purchase price as follows:

A.	Purchase Price	\$ _____
B.	Closing Costs	\$ _____
	B.1 Taxes (HST or other applicable sales tax).....	\$ _____
C.	Total Cost to Purchase.....	\$ _____
D.	Initial Cash Deposit.....	\$ _____
E.	Additional Cash Deposits Due Date _____ Amount	\$ _____
F.	Total Cash (D+E)	\$ _____
G.	Total Amount Financed	\$ _____

If the full amount of the Purchase Price is not paid upon the execution of this Agreement, the Buyer shall execute a Promissory Note and Security Agreement (the "Promissory Note") concurrently herewith evidencing Buyer's obligation to pay the Total Amount Financed as set forth in Paragraph (G) above. Payments under the said Promissory Note shall be made to Northmont and may be negotiated and assigned to third parties as determined by Northmont. The Promissory Note will bear interest at the rate specified on the Promissory Note. Payments on the Promissory Note, as set out in the Promissory Note, shall be deemed to be payments by the Buyer on the Purchase Price.

EACH AND EVERY PROVISION CONTAINED IN THIS AGREEMENT HAS BEEN READ, ACCEPTED AND APPROVED BY BUYER AND BUYER OFFERS TO ACQUIRE THE INTERESTS DESCRIBED HEREIN AND AGREES TO BE BOUND BY ALL TERMS AND CONDITIONS HEREINAFTER SET FORTH. BUYER ACKNOWLEDGES TO HAVE RECEIVED AND READ A LEGIBLE AND COMPLETELY FILLED IN COPY OF THIS AGREEMENT AND THE ATTACHMENTS TO THIS AGREEMENT AND THAT THIS AGREEMENT CONTAINS THE ENTIRE AGREEMENT OF THE PARTIES AND THAT THERE HAVE BEEN NO REPRESENTATIONS, WARRANTIES OR PROMISES MADE BY DEVELOPER THAT ARE NOT SET FORTH HEREIN.

Buyer's Full Names and Mailing address is as follows:

Print Name of Buyer 1

Print Name of Buyer 2

Print Name of Buyer 3

Print Name of Buyer 4

Mailing Address:

Postal Code:

Phone (Home):

(Work):

Fax :

E-mail:

EXECUTED BY THE BUYER this ___ day of _____, 20__.

Buyer's Signature

Buyer's Signature

Buyer's Signature

Buyer's Signature

___ If there is more than one Buyer, the Buyers hold their rights as Tenants in Common each as to an undivided ___% interest, or ___ The Buyers hold their rights as joint tenants. Where there is more than one Buyer, the Buyers will be joint tenants (with a right of survivorship) unless otherwise indicated.

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NORTHMONT HEREBY AGREES TO ACCEPT THIS OFFER MADE BY THE BUYER this ___ day of _____, 20_____

NORTHMONT RESORT PROPERTIES LTD.

Per: _____
(Authorized Agent)

The Sales Agent acknowledges that this Agreement reflects the entire agreement and there have been no representations or promises made to the Buyer that are not reflected in writing in this Agreement and signed by Northmont.

Name and Signature of Sales Agent:

**TERMS AND CONDITIONS
VACATION INTERVAL AGREEMENT**

WHEREAS:

A. There are constructed residential dwellings in a resort development located on certain lands and premises (the “Lands”) situated in Fairmont, British Columbia, legally described as follows:

Parcel Identifier 017-174-325
Lot A
District Lot 4084
Kootenay District
Plan NEP19239

Parcel Identifier: 019-207-051
Lot 2
District Lots 46 and 4084
Kootenay District
Plan NEP22130

Parcel Identifier: 025-499-599
Lot 1
District Lot 46
Kootenay District
Plan NEP71522

Parcel Identifier: 018-859-542
Lot A
District Lot 52
Kootenay District
Plan NEP21467
and

East Kootenay Assessment Area
Strata Lots 1 to 32 inclusive
District Lot 52
Kootenay District
Strata Plan NES3006

Parcel Identifier 019-207-042
Lot 1, District Lot 4084
Kootenay District Plan NEP 22130

B. Under a Trust Declaration recorded on title to the Lands as may be amended from time to time (the “Trust Declaration”), the Lands have been transferred to Carthew Registry Services Ltd. (the “Nominee”) which holds title as nominee, agent and bare trustee for Philip K. Matkin Professional Corporation, Barrister and Solicitor (the “Trustee”) to be held in trust by the Trustee for the benefit of present and future owners (the “Owners”) to the extent of their leasehold or co-ownership interests (“Vacation Interval Interests”) and for the benefit of Northmont to the extent of its residual interest in the Lands;

C. In this Agreement, the residential villas constructed on the Lands together with any future villas that may be added by Northmont to the timeshare plan and transferred to the Trustee are referred to as the “Vacation Villas” or “Vacation Properties”, and “Vacation Property” means one of them;

D. The Buyer has agreed to purchase a vacation co-ownership interest in the Vacation Properties for the term and upon the terms and conditions set forth above;

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

1. **CO-OWNERSHIP INTEREST:** Northmont hereby grants to the Buyer a fee simple co-ownership interest equal to the Buyer's Proportionate Share as set forth herein in the Vacation Properties and agrees to cause the Trustee to record the rights of the Buyer in the records of the Trustee as hereinafter set forth. The co-ownership interest shall be conditional upon the Buyer performing all obligations pursuant to this Agreement. Northmont shall cause the Trustee to issue a Certificate of Vacation Interval Interest confirming that the interests of the Buyer as set forth in this Agreement have been recorded in the records of the Trustee as set forth in paragraph 19 hereof
2. **PROPORTIONATE SHARE:** The Buyer's fee simple co-ownership interest shall be expressed as a fraction which shall be the Buyer's Proportionate Share. The Buyer's Proportionate Share shall be determined from time to time by Northmont and calculated as follows: As Northmont only offers for sale 51 weeks of use each year reserving one week for maintenance, each Vacation Property or unit will be allocated 51 weeks. The Proportionate Share of an Owner who owns a biennial interest shall be 50% of the Proportionate Share of an Owner who holds an annual interest. The Vacation Villas currently consist of two bedroom Lock – Off Units (the "Lock-Off Units") and two bedroom Terrace Units (the "Terrace Units"). The Terrace Units and the Lock-Off Units are of different size and value. Therefore, the Proportionate Share of the Owner of a Terrace Unit shall be 15% less than the Proportionate Share of an Owner of a two bedroom lock-off unit. In calculating the Proportionate Share of each of the Owners, Northmont shall determine the total number of Lock-Off Units and the total number of Terrace Units in the Vacation Villas and calculate each Buyer's Proportionate Share based on the above mentioned criteria. As an example: currently there are 228 Lock-Off Units and 22 Terrace Units. Setting the numerator at 1,000 for each Owner of an annual week of a Lock-Off Unit the denominator would be 12,581,700 and the Proportionate Share for that Owner expressed as a fraction would be 1,000/12,581,700. The Proportionate Share of an Owner with an annual week in a Terrace Unit would be 850/12,581,700. The Proportionate Share of an Owner with a biennial week in a Lock-Off Unit would be 500/12,581,700. The Proportionate Share of an Owner with a biennial week in a Terrace Unit would be 425/12,581,700. If other unit types are added in the future then Northmont shall adjust the Proportionate Share in an equitable manner to take into account the relative value of the additional units.
3. **FLOATING OPTION:** Notwithstanding the particular week designation described on Page 1 hereof, the Buyer hereby surrenders the right to use and occupy a specified Vacation Property for a specified week as contemplated on Page 1 in consideration for a right to use and occupy during its period of ownership, either an unspecified Villa of the type specified in paragraph 1 or other equivalent Vacation Property for a floating week, either annually or biennially as designated on Page 1, within the Season designated on Page 1. However, for the purposes of recording the Buyer's co-ownership interest, the Trustee will record this Agreement as a Vacation Interval Interest in favor of the Buyer with respect to the specific Vacation Property for the specific week designated on Page 1. This option, and the agreement created by this exercise of this option by the Buyer, is an exchange right collateral to, but independent from, this Agreement.
4. **PRICE:** The Buyer shall pay the Purchase Price payable as set forth in the first page hereof.
5. **TERM:** The rights of the Buyer as a fee simple owner shall continue for the period to time that the Buyer continues to hold his co-ownership interest.
6. **RESERVATIONS:** The Buyer must reserve use rights each year on the following terms and conditions:
 - (a) all reservations must be made by telephone or in writing addressed to the following address or as otherwise designated by Northmont:

Resort Villa Management Ltd.
5129 Riverview Gate Road
Fairmont Hot Springs, B.C.
V0B 1L1
(250) 345-6304 or 1(866) 345 6304 (tel)
 - (b) all reservations must receive a confirmation number before they are valid;
 - (c) reservations will only be accepted a maximum of one calendar year in advance or a minimum of thirty (30) days in advance, except that reservations for Easter Week and weeks 51 and 52 will be accepted a minimum of three (3) months in advance;
 - (d) all reservations are subject to space availability;
 - (e) in order to be assured of available weeks in the Buyer's designated Season, the Buyer must reserve his or her use rights a minimum of thirty (30) days prior to the start of the first week of the designated Season;

- (f) the Manager (as defined in paragraph 11 herein) or Northmont will charge a fee to the Buyer to change a reservation and a fee to lock-off a two-bedroom lock-off villa;
- (g) the Buyer must cancel a confirmed reservation thirty (30) days prior to the confirmed occupancy date in order to change to an alternate week period;
- (h) if the Buyer does not wish to reserve a week during the calendar year, the Buyer may exercise his or her rights to exchange his or her use rights but if no reservation is made or used then the Buyer will lose his or her use rights for that year; and
- (i) the procedures, rules and requirements pertaining to reservations shall be more particularly set out in rules and regulations established by Northmont from time to time in respect thereof and of which the Buyer is notified from time to time.

7. **RIGHTS OF RESCISSION OF BUYER:** In the event that a Buyer who has not financed his or her purchase (or has financed it where there is no requirement to pledge his or her Certificate of Vacation Interval Interest to a lender) does not receive a Certificate of Vacation Interval Interest from Northmont evidencing this Agreement within five (5) months from the date of payment in full of the Purchase Price and such Certificate of Vacation Interval Interest is not delivered to the Buyer within thirty (30) days of the Buyer providing written notice to Northmont requesting delivery of the Certificate of Vacation Interval Interest, then the Buyer shall be entitled to repudiate this Agreement by providing written notice to Northmont and thereupon Northmont will return to the Buyer all monies paid by the Buyer, together with all accrued interest thereon, less any fees for any use rights already used by the Buyer. Delivery by Northmont of the Certificate of Vacation Interval Interest to a lender constitutes delivery to a Buyer.

8. **USE AND OCCUPANCY:** Vacation Properties are made available to the Buyer for use by the Buyer and the Buyer's immediate family, guests and tenants as private residential dwellings only, and are not to be used for any other purpose or occupied by any other persons without the Buyer first giving written notice to Northmont.

9. **FURNISHINGS:** Each Villa is fully furnished. The Buyer agrees to leave all such furnishings in good and clean condition at the end of each of his or her week periods. The Buyer will be responsible for all breakage or other damage to furnishings supplied, reasonable wear and tear excepted.

10. **OPERATING COSTS AND RESERVE FOR REFURBISHING:** In addition to the Management Fee described in paragraph 11 of this Agreement, the Buyer shall be responsible for his or her Proportionate Share of all administration, maintenance and repair costs (the "Operating Costs") and replacement costs incurred with respect to the Vacation Properties including, without limiting the generality of the foregoing, the following:

- (a) property taxes;
- (b) water and sewer rates;
- (c) lighting and heating;
- (d) insurance;
- (e) clearance of walks and roadways from snow and debris;
- (f) housekeeping services, on a hotel standard basis, including the provision of towels, linens, bathroom soap and paper products (i.e., normal housekeeping encompasses linen changes and general clean up following the termination of a week period, and any services in addition are classified as special housekeeping services and are subject to a special charge);
- (g) painting, redecorating and refurbishing as required;
- (h) garbage disposal;
- (i) repairs to both the exterior and interior of the Vacation Properties;
- (j) the register maintenance fees of the Trustee;
- (k) maintenance staff and equipment;
- (l) administrative staff;
- (m) office space and equipment;
- (n) accounting costs;
- (o) furniture and equipment replacement costs; and
- (p) all expenses incurred by Northmont in the management of the Vacation Properties (i.e., see paragraph 11 of this Agreement) including the costs of the Owners' Association.

All maintenance and repairs to the Vacation Properties will be apportioned amongst the Owners in accordance with each Owner's Proportionate Share. A yearly assessment shall be made for capital reserves for replacements of the furnishings and fixtures to permit replacement as required and to pay the costs of capital improvements that may from time to time be required.

11. **MANAGEMENT BY NORTHMONT:** The Buyer hereby appoints Northmont as the manager (the "Manager") of the Vacation Properties and Northmont agrees to provide management services subject to the terms and conditions herein set forth. Northmont shall be entitled to subcontract management services to a separate corporation. The Manager shall manage and maintain the Vacation Properties in a prudent and workmanlike manner. Its duties shall include dealing with the items described in paragraph 10 of this Agreement. In addition, the Manager shall:

- (a) maintain records of its management showing all receipts and expenditures relating to the Vacation Properties;
- (b) in each calendar year (usually by November 30th), prepare a budget of the estimated Operating Costs for the calendar year (the "Estimated Operating Costs") and calculate an amount it deems necessary to enable furnishing and fixture replacements to be made when required (the "Replacement Reserves");
- (c) prior to the 31st day of December in each calendar year, send to the Buyer:
 - (i) a notice of assessment (the "Notice of Assessment") setting forth the Buyer's share of the Management Fee, the Estimated Operating Costs and the Replacement Reserves, together with such adjustments and carry forwards and other costs as may be contemplated by this Agreement; and
 - (ii) an audited statement (prepared in accordance with standard accounting procedures) showing the receipts and expenditures incurred in the preceding calendar year, including the actual Operating Costs (the "Actual Operating Costs"), Management Fee and Replacement Reserves, and the Buyer's share of such expenses, together with an accounting of all trust monies, if any, held by the Trustee;
- (d) in the event that there is a cumulative operating surplus either:
 - (i) credit the Buyer with such excess on subsequent assessments; or
 - (ii) maintain any cash surplus in an interest bearing account to be credited toward future assessments, including special assessments;
- (e) in the event that there is a cumulative operating deficit, either:
 - (i) add the amount of such deficiency to subsequent assessments; or
 - (ii) from time to time as may be required, send a supplementary assessment to the Buyer to fund the deficiency;
- (f) hold all monies received by it from a Buyer pursuant to the Notice of Assessment in trust for the payment of the Management Fee, Operating Costs and Replacement Reserves and at all times keep and maintain monies paid by the Buyer separate and apart from the Manager's own money, and deposited in interest bearing accounts whenever practical;
- (g) open two separate bank accounts, one entitled "Operating Trust Account" and the other entitled "Replacement Reserve Trust Account", and all monies received relative to Operating Costs shall be placed in the Operating Trust Account and all monies received in connection with Replacement Reserves shall be placed in the Replacement Reserve Trust Account; and
- (h) be entitled in the event that it uses its own money in the course of carrying out its obligations hereunder to reimburse itself from monies received from the Buyer provided that the Manager gives the Buyer a full accounting of such reimbursement. As compensation for its services the Manager shall be entitled to an annual fee (the "Management Fee") equal to fifteen per cent (15%) of the aggregate of the Replacement Reserves and the Operating Costs assessed in each calendar year with respect to the Vacation Properties. The amount of the Management Fee shall be included as a separate amount in the Notice of Assessment and shall be based upon the Estimated Operating Costs and Replacement Reserves.

12. **BUYER'S OBLIGATION FOR PAYMENT:** The Buyer covenants and agrees to pay to Northmont the amount set forth in the Notice of Assessment within thirty (30) days from the date of such notice. For payments received after thirty (30) days a late charge of 10% of the amount past due or two percent (2%) per month (being 26.824% per year) of the amount past due (whichever is greater) will be assessed.

13. **SPECIAL ASSESSMENTS:** In the event that during a week period a Vacation Property is damaged by reason of the negligence or malicious acts of the Buyer or a subtenant, guest or invitee of the Buyer, then the Manager shall notify the Buyer by way of a notice of special assessment (the "Notice of Special Assessment") of the cost of repairing such damage and the Buyer shall, within thirty (30) days from the date of the Notice of Special Assessment, pay the amount thereof. The Buyer will be responsible for all damage to any Vacation Property and the building in which the Vacation Property is located and for all theft of, or breakage or other damage to, the furnishings which occurs while the Vacation Property is occupied by the Buyer or is caused by the Buyer, his or her guests or invitees, reasonable wear and tear excepted. Chipped, cracked, burned, torn or otherwise damaged furnishings shall be counted as breakage. For payments received after thirty (30) days a late charge of 10% of the amount past due or two percent (2%) per month (being 26.824% per year) of the amount past due (whichever is greater) will be assessed.

14. **DEFAULT OF THE BUYER IN ANY PAYMENT REQUIRED UNDER THIS AGREEMENT:** In the event that the Buyer should default in making any payment required to be made by the Buyer hereunder (including any payment on a Promissory Note and Security Agreement), within the time stipulated for payment, then the Buyer agrees that the Buyer's right to occupy a Vacation Property shall be suspended until such time as all payments due have been duly paid. If a default in any payment required to be paid according to this Agreement has not been remedied within 90 days from the date of such default, and the Buyer has been given a minimum of one written notice of such default, Northmont may terminate the rights of the Buyer under this Agreement upon written notice to the Buyer, and from the date of such notice all of the Buyer's rights to the Vacation Property pursuant to the provisions of this Agreement shall be terminated. Furthermore, from the date of such notice of termination, Northmont shall be entitled to the full and exclusive right to use and occupy the Vacation Property free and clear of all rights of the Buyer pursuant to this Agreement or otherwise and Northmont may grant the right to use the Vacation Property during the week period to which the Buyer is entitled hereunder to another person or may retain it for any other purpose. The monies received by Northmont on account of rights of occupation or otherwise following such default or termination shall be retained by Northmont as its sole and exclusive property as liquidated damages and not as a penalty. In the event of termination as hereinbefore provided, the Buyer shall, following such termination, be released from all obligations hereunder except for any monies then owing to Northmont, or any other liabilities then outstanding of the Buyer, under this Agreement.

15. **NORTHMONT'S LIABILITY FOR OPERATING COSTS:** In the event that less than fifty-one (51) week periods in any calendar year have been leased or otherwise sold for each of the Villas, then for the purpose of the sharing of the Management Fee, Operating Costs and Replacement Reserves as provided for herein, Northmont shall be deemed to be the holder of the week periods (the Proportionate Share) not leased or sold (save and except for the week period reserved for maintenance) and shall be responsible for payment of the portion of the Management Fee, Operating Costs and Replacement Reserves required to be paid to the same extent as if Northmont were a Buyer, provided however that Northmont shall be entitled to make its annual contribution in monthly installments throughout the year and the amount calculated each month will be based on the weeks held by Northmont at that time. In the event that Northmont should default in making payments as a Buyer, then the Buyer or any other Owner holding an interest in the Vacation Properties shall be entitled to give notice to the Trustee, accompanied by proof of such default, and the Trustee shall thereupon be entitled to sublet the use rights of Northmont (either directly or through an agent) and the proceeds so realized shall be used as follows:

- (a) firstly, in payment of charges incurred by the Trustee in this connection (including the reimbursement of all expenses incurred);
- (b) secondly, in payment of monies owing by Northmont; and
- (c) thirdly, the remaining monies, if any, shall be payable to Northmont.

In the event that such default is not remedied by the application of funds realized from such subletting, or by due payment by Northmont within sixteen (16) months from the date of such default, then the Trustee shall be at liberty to sell the week periods not then sold and to apply the proceeds derived therefrom in the same manner as provided herein for funds realized from subletting.

16. **OVERHOLDING:** In the event that the Buyer fails to vacate the Vacation Property at the expiration of the week period to which he is entitled as herein provided, or otherwise makes unauthorized use or occupancy of the Vacation Property, or prohibits another person who is entitled to use and occupy the Vacation Property from occupying and making use of the Vacation Property during his or her period of entitlement, the Buyer shall, at the option of Northmont:

- (a) be subject to immediate removal, eviction or ejection from the Vacation Property wrongfully used and occupied;
- (b) reimburse Northmont and any other person entitled to the Vacation Property for all costs and expenses incurred by it or him, as the case may be, as a result of such conduct, including, but not limited to, costs of alternate accommodation, travel costs, court costs and reasonable legal fees incurred in connection with removing or ejecting the Buyer or others using or occupying the Vacation Property and costs (including reasonable legal fees) incurred in collecting such disbursements; and
- (c) pay to Northmont for and on behalf of all others affected by such failure to vacate or unauthorized use or occupancy of the Vacation Property, as liquidated damages (in addition to the costs and expenses referred to above) and not as a penalty, an amount equal to three times the rate established from time to time for such Vacation Property by Northmont or for similar accommodation at Vacation Villas for each and every day or fraction thereof that the Buyer occupies the Vacation Property in contravention of this Agreement. Such costs or liquidated damages described herein may be charged to the Buyer by way of a Notice of Special Assessment.

17. **BUYER'S RIGHT OF ASSIGNMENT, SUBLETTING AND MORTGAGING:** The Buyer shall not assign this Agreement without the consent of Northmont first had and obtained (which consent will not be unreasonably withheld). Assignments shall be in the form prescribed by Northmont and shall require the assignee (the "Assignee") named in the assignment to assume and be bound by all of the covenants of the Buyer as if the Assignee had originally executed this Agreement. Upon the filing of the assignment with the

Trustee, the Trustee shall record the Assignee as the Buyer under the Agreement and shall issue and forward to the Assignee a Certificate of Vacation Interval Interest. The Buyer may assign its use rights for any given year if, thirty (30) days prior to the first week of the designated Season, the Buyer has notified Northmont of the names and addresses of such guests. In such case, the Buyer shall be responsible for all damage occasioned by the guest. Nothing herein contained shall prohibit the Buyer from permitting a guest to occupy the Vacation Property during the week period, whether or not the Buyer is in residence, provided always that the Buyer shall be responsible for all acts of such guest and all charges incurred by such guest. The Buyer shall be entitled to mortgage his or her rights under this Agreement on a one time basis only to facilitate the purchase of same. A Buyer who has financed his or her purchase may assign by way of pledge agreement his or her Certificate of Vacation Interval Interest to a lender, and the Trustee is authorized and directed to forward the Certificate of Vacation Interval Interest to the lender. A Buyer who has financed his or her purchase in this manner will not receive physical possession of the Certificate of Vacation Interval Interest which will be forwarded by the Trustee to the lender.

18. **DAMAGE TO THE VACATION PROPERTIES:** If during the term of this Agreement, a Vacation Property is destroyed or damaged by fire or other hazards for which insurance is carried, then the proceeds of insurance shall be used to rebuild or replace the Vacation Property and, during the period of rebuilding, the Buyer will not be entitled to any claim for loss of occupancy; provided, however, that Northmont shall use reasonable efforts to provide the Buyer with an alternative Vacation Property at rates to be negotiated by Northmont with the Buyer. Northmont agrees to rebuild, repair or replace the Vacation Property provided insurance proceeds are available for such purpose.

19. **REGISTRATION OF AGREEMENT:** Title to the Lands is held by the Nominee as nominee, agent and bare trustee for the Trustee which holds the Lands in trust for Northmont and the various Owners to the extent of their respective interests. The Trustee will maintain a register evidencing the rights granted by Northmont pertaining to the Vacation Properties. Northmont will cause a copy of this Agreement to be registered and recorded with the Trustee and Northmont will furnish the Buyer with a Certificate of Vacation Interval Interest evidencing the registration thereof. The Buyer shall furnish the Trustee with the Buyer's mailing address and shall notify the Trustee of any changes of address. The Buyer agrees that neither Northmont nor the Trustee shall be obliged to deliver this Agreement or any other instrument creating a co-ownership interest in the Lands in a form registrable under any land registration statute of British Columbia.

20. **REGISTER OF VACATIONERS:** Northmont and the Trustee are entitled to maintain a register of all Owners who from time to time have been granted a lease, license or co-ownership interest to use a Vacation Property. The Buyer consents to his or her name address and email information being included in the register of Owners and to Northmont using the information from the register from time to time to contact the Buyer about promotional opportunities that may be of interest to the Buyer.

21. **NORTHMONT'S RIGHTS WITH RESPECT TO VACATION PROPERTIES:** The Buyer hereby acknowledges the right of Northmont to use, occupy and rent any Vacation Property not reserved for a particular week period pursuant to a Vacation Lease or Vacation Interval Agreement or other disposition, and to retain all monies and other consideration received as a result of the use, occupation and rental of any such Vacation Property.

22. **OWNERS' ASSOCIATION:** The Buyer acknowledges that he will be a member of an unincorporated association of Owners, which association has been formed and organized to promote a means of practicable communication with Northmont and Owners relative to the resolution of potential problems as between Owners and as between Owners and Northmont (the "Owners' Association"). The first advisory board of the association will be appointed by Northmont and thereafter the advisory board will be determined by the Manager based upon input from the Owners, in a manner determined from time to time by the Manager. The advisory board will be consulted at least annually with respect to the budget described in paragraph 11 hereof to be prepared by the Manager. The costs of the Association will be included in the Assessments charged to the Owners as set forth in paragraph 11 hereof. The Association by-laws, rules and regulations by Northmont shall not be deemed to be a waiver of such conflict. Northmont, as an Owner is entitled to be a member of the association. The members of the advisory board will not have any liabilities as directors or officers as their role is to provide advice and input and facilitate communication with the Owners and the ultimate responsibility for management of the Resort remains with the Manager.

23. **APPOINTMENT AND REMOVAL OF TRUSTEE:** Northmont does hereby represent and warrant to the Buyer that the Trustee was appointed as trustee for the purposes set forth in this Agreement. The Trustee shall remain as trustee until the Trustee has resigned or its services have been terminated as provided for herein. The Trustee may be removed at the written request of the Owners that have in total not less than fifty-one per cent (51%) of the Proportionate Share. In the event of the resignation or termination of the Trustee as provided for herein, Northmont shall appoint in the stead of the Trustee a trustee acceptable to the Superintendent of Real Estate for the Province of British Columbia and shall require the Trustee to transfer all assets and records and accounts to such replacement trustee so as to enable such new trustee to carry on in the place and stead of the Trustee.

24. **REMOVAL OF MANAGER:** The Buyer in conjunction with other Owners in the Vacation Properties totaling not less than fifty-one per cent (51%) of the Proportionate Share (the "Majority") shall be entitled to terminate the services of Northmont as Manager, provided that

- (a) not less than sixty (60) days' notice is given, duly signed by at least the Majority on record with the Trustee;
- (b) Northmont's fees and charges are fully paid and satisfied or provided for to the date of such termination; and
- (c) the Owners have produced to Northmont an executed management agreement with a new manager in like terms to the management provisions in this Agreement and Northmont is a party to such agreement as a Buyer or deemed Buyer.

Upon termination of Northmont's duties as Manager, Northmont shall account and pay to the new manager all monies held by Northmont pursuant to the terms of this Agreement, subject to receiving a receipt therefor. Northmont shall account to the Buyer up to the date of its termination and the Buyer shall be responsible for and shall pay to Northmont the Buyer's Proportionate Share of all costs occasioned in connection with the accounting by Northmont and the termination.

25. **NORTHMONT'S RIGHT TO MORTGAGE, SELL TRANSFER OR ASSIGN:** Northmont, without the consent of the Buyer, at any time during the currency of this Agreement, as it pertains to its beneficial interest in the Lands, may grant a mortgage, sale, transfer or assignment (hereinafter referred to as a "disposition") or cause the Trustee to grant a disposition of Northmont's interest in the Lands, provided that such disposition shall be subject to and subordinate to this Agreement and the party receiving such disposition agreeing that its rights with respect to the Lands are subject to all of the Vacation Leases and Vacation Interval Agreements with respect to the Lands registered with the Trustee.

26. **POSSESSION OF KEYS:** The Buyer shall not make, nor shall he permit any other person to make, a copy of any key to a Vacation Property and shall, upon the expiration of each of his or her week periods, surrender all keys to Northmont. Northmont shall provide the Buyer with all necessary keys at the commencement of the Buyer's week period.

27. **QUIET ENJOYMENT:** Except as otherwise provided herein, Northmont hereby covenants with the Buyer, upon the Buyer performing covenants on his or her part contained herein and the payment of all monies required by the Buyer to be paid hereunder, that the Buyer shall peacefully possess and enjoy the Vacation Properties for the term agreed upon herein without any interruption or disturbance from other Owners or from Northmont or any other person lawfully claiming under them.

28. **SUPPLY OF WATER AND SEWAGE DISPOSAL:** Northmont covenants and agrees to supply or cause to be supplied to the Vacation Properties potable water and to provide adequate sewage disposal, it being understood that all such services are included in the Notice of Assessment and are payable by the Buyer to the extent of his or her Proportionate Share.

29. **TAXES AND RATES:** Northmont further covenants to pay all taxes and rates assessed against the Lands, including improvements thereon and, subject to the Buyer paying (by way of assessment as herein provided) his or her Proportionate Share of such taxes, Northmont agrees to indemnify and save harmless the Buyer from any loss that the Buyer may suffer from or by reason of Northmont's default of such payment.

30. **ENTRY FOR INSPECTION, REPAIRS AND ALTERATIONS:** Northmont shall have the right to enter the Vacation Properties for inspection thereof at all reasonable hours, and whenever necessary may make repairs and alterations to the Vacation Properties or clean same.

31. **REDECORATIONS OR ALTERATIONS:** The Buyer shall not make or permit to be made any alterations, improvements or changes in the Vacation Properties without in each case first obtaining the written consent of Northmont. A consent to a particular alteration, addition, improvement or change shall not be deemed to be a consent to any subsequent alteration, addition, improvement or change.

32. **INSURANCE:** Northmont specifically agrees that it will during the term of this Agreement insure and keep insured the Vacation Properties and contents for the full replacement cost thereof against loss or damage from fire, lightning, explosion, windstorm, hail, riot, smoke damage, airplane, hurricane and such other insurable hazards as Northmont may deem advisable. The insurance policy shall contain replacement cost endorsements providing that, in the event of loss, settlement shall be based on the cost of repairing, replacing or reinstating the property insured without deduction or depreciation. The proceeds payable under such policies shall be payable to the Trustee, as trustee for Northmont, the Buyer and other Owners of leasehold or co-ownership interests in the Vacation Properties. In addition to the foregoing insurance, Northmont shall maintain and keep in force during the term of this Agreement, public liability insurance in respect of the Vacation Properties and the common areas of the Vacation Properties in the name of the Trustee as trustee for Northmont, the Buyer and other Owners of Vacation Interval Interests in the Vacation Properties, said insurance to be for coverage and in amounts stipulated by Northmont. All insurance premiums are the responsibility of the Buyer

(to the extent of his or her Proportionate Share) and shall be paid by the Buyer through the Notice of Assessment as provided for in this Agreement.

33. **RULES AND REGULATIONS:** Northmont may from time to time issue rules and regulations governing the use of the Vacation Properties, it being understood that such rules and regulations shall be non-discriminatory and for the general benefit of all the Owners having regard to all of the Vacation Properties. The Buyer agrees to abide by such rules and regulations.

34. **PARKING SPACES:** The Buyer is hereby granted a licence to use one parking space on the Vacation Properties as may be designated from time to time by Northmont and Northmont agrees to attempt to provide additional parking for at least one additional motor vehicle.

35. **ANIMALS:** No pets are permitted in the Vacation Properties or on the Lands.

36. **NON SMOKING:** All Vacation Properties are designated as non smoking villas without exception and smoking will only be permitted in designated areas on the Lands.

37. **WASTE, NUISANCE OR UNLAWFUL USE:** The Buyer agrees that the Buyer will not permit waste on the Vacation Properties, or maintain or permit to be maintained a nuisance thereon, or use or permit the Vacation Properties to be used in an unlawful manner.

38. **DEATH OF THE BUYER:** On the death of the Buyer, the rights and interests of the Buyer under this Agreement may be transferred to the beneficiary of the Buyer, provided such beneficiary executes an agreement agreeing to be bound by all the terms of this Agreement. In the event of the Buyer's death, appropriate notification shall be given to Northmont and the Trustee to enable them to make note of such transfer in the register of Owners maintained by Northmont and the Trustee.

39. **INDEMNITY:** The Buyer covenants with Northmont to indemnify and save harmless Northmont from any and all actions, suits, claims, liabilities, damages, costs, losses and expenses incurred or sustained by Northmont arising from or connected with:

- (a) any breach, violation or non-performance of any covenant, agreement, condition or proviso in this Agreement set out and contained on the part of the Buyer to be fulfilled, kept, observed and performed;
- (b) any damage to any Vacation Property or other part of the Vacation Properties by the Buyer or the Buyer's agents, licensees or invitees;
- (c) any injury to the Buyer or any agent, licensee or invitee of the Buyer, including death resulting at any time therefrom, occurring in or about the Vacation Property or the Vacation Properties; or
- (d) any other act or omission of the Buyer.

40. **EXCHANGE PROGRAM:** Northmont agrees that it will cooperate with the Buyer or any Owner's association as contemplated herein relative to a timeshare use exchange program on both a national and international basis, provided that Northmont is reimbursed for any and all expenses incurred in connection with such program.

41. **WAIVERS:** Any waiver by Northmont of any breach of any covenant or duty of the Buyer under this Agreement is not a waiver of a breach of any other covenant or duty of the Buyer or of any subsequent breach of the same covenant or duty.

42. **NOTICES:** Notices under this Agreement shall be deemed to be validly given when deposited postage prepaid in a postal box in Canada and addressed to the Buyer at the address set forth in the register maintained by the Trustee, except during any interruption of postal service when notice shall be given only when delivered by hand or acknowledged as received by the addressee.

43. **RCI:** "Resort Condominiums International LLP. ("RCI") conducts an exchange program made available to Owners at this resort. No joint venture, partnership or contract of agency exists between RCI and Northmont; however, Northmont is a party to an agreement with RCI through which the Northmont submits applications on behalf of Owners to become members of, and participate in, the RCI Points Exchange Program. RCI's responsibility for representations concerning the RCI Points Exchange Program is limited to those representations made in materials supplied by RCI. While it is anticipated that Northmont and RCI will maintain an ongoing relationship, there is no assurance that the agreement between Northmont and RCI will continue. Similarly, RCI makes no representations as to the continued viability of these Vacation Properties or, if applicable, the multi-site timeshare plan. Your decision to purchase should be based primarily upon the benefits to be gained from ownership and use of your Vacation Interval Interest in the Vacation Properties, and if applicable, the multi-site timeshare plan, and not upon the RCI Points Exchange Program."

44. **MODIFICATIONS TO AGREEMENT:** Northmont reserves the right to adjust or modify this Agreement from time to time for the benefit of existing and future Owners, provided that any such adjustment or modification will not in any way materially

prejudice the rights of existing Owners. If any such adjustment or modification is effected, Northmont will provide notice to each Buyer setting out the nature of the adjustment or modification, the reasons giving rise to such adjustment or modification and the effects thereof. In addition, Northmont reserves the right to add further Vacation Villas located at or near the Vacation Properties.

45. **JOINT AND SEVERAL:** If this Agreement is signed by more than one Buyer, each Buyer shall be bound separately and severally as well as jointly with the other or others. If this Agreement is entered into with respect to more than one Vacation Property it shall be construed as though a separate Agreement was entered into for each week period.

46. **ENUREMENT:** This Agreement shall enure to the benefit of and be binding upon Northmont and its successors and assigns and the Buyer and its heirs, executors, successors and permitted assigns.

SAMPLE