

Frequently Asked Questions (FAQ)
Carriage Hills Owners Association &
Carriage Ridge Owners Association
June 25, 2020

BDO Canada Limited (“**BDO**”) was appointed as Administrator over Carriage Hills Vacation Owners Association and Carriage Ridge Owners Association pursuant to Court orders granted May 15, 2020.

A further Court hearing has been scheduled on **July 2, 2020 at 1:00 p.m.** We understand that many Members have questions with respect to the upcoming hearing and the proposed survey of the Members. To assist Members, below is a list of Frequently Asked Questions designed to be responsive to questions or concerns raised about the upcoming hearing and the Member Survey for both Carriage Ridge and Carriage Hills.

1. Will I be able to attend the Court hearing?

Yes, you will be able to listen to the Court hearing live on Youtube using the following link <https://youtu.be/wPkmhrQ7kbs>. Should you wish to make submissions to the Court, please contact Thornton Grout Finnigan at mgrossell@tgf.ca to be provided with a Zoom link.

2. Has the BDO Member survey been sent, did I miss it?

No, the survey has not been sent to the Members. The Associations have requested that the Court approve the Member Survey before it is sent to Members. If the Member survey is approved by the Court, the Administrator intends to engage a third party provider (“**eBallots**”) to set up the survey platform. We understand that the Associations have used eBallots before to conduct surveys and voting in the past. eBallots will send an email to all Members who have provided a working email address to the Administrator. If you have not already done so, please provide a valid email address to the Administrator by completing the questionnaire at <https://www.bdo.ca/en-ca/extranets/carriage/>.

3. Will Members without email addresses receive the survey?

Yes. If the Administrator does not have a working email address for a Member, the Administrator will send a copy of the survey via regular mail to their last known mailing address and the Member can either login to complete the survey online or complete the paper survey and send it to the address provided via regular mail. Only those who have not provided a working email address to the Administrator will receive a ballot by mail. This will help to reduce the cost of the survey.

4. How long will I have to respond to the survey?

All Members, regardless of whether they complete the survey online or via regular mail, will be required to respond to the survey by August 31, 2020. In the event that your response is not received by August 31, 2020, your response will not be considered by the Administrator.

5. Why doesn't the survey outline the full restructuring plan?

In order to create a final restructuring plan, the Administrator must know with certainty how many Members wish to remain. That requires the Administrator to understand how many Members wish to immediately exit regardless of what a restructured resort may look like. If enough Members decide to exit, a viable restructuring will not be possible and it is unnecessary to create a restructuring plan.

6. What will happen if I vote to stay?

Once the Member survey is completed on August 31, the Administrator can prepare a draft restructuring plan for the resort(s). Members voting to stay will have the opportunity to review the draft restructuring plan and make a final decision whether you want to continue your membership or exit the resort(s). If you decide to exit after reviewing the draft restructuring plan, you will be required to pay the exit fee in the same manner as those voting to exit immediately are required to pay.

7. Will the restructuring plan presented after the Member survey be the final restructuring plan?

No. A final restructuring plan cannot be developed until the number of Members staying is definitively known. That means the restructuring plan presented to staying Members will be a draft that cannot be finalized until after the second exit opportunity has expired.

8. What will happen if I vote to leave?

If you vote to exit on the survey, you will not be permitted to change your mind once the restructuring plan is developed. Your decision will be binding. You will be presented with the full exit plan once it is developed, which will include the payment of the exit fee outlined in the survey. The exit plan will require documentation with respect to ending your legal relationship with the resort(s). These documents and procedures must be developed once the Administrator understands how many Members wish to exit and must fully consider the legal and tax implications of the exit plan to the Associations and the Members.

9. When does the exit fee have to be paid?

At this time, it is not certain exactly when the exit fee will be required to be paid. However, the exit fee will not become payable until after a final restructuring plan, if any, has been developed. At a minimum, the exit fee will not become payable until after the second vote described in question 6 takes place.

For example, the first survey period ends on August 31, 2020. Once the responses have been tabulated, the Administrator will require a period of time to prepare a draft restructuring plan. If such restructuring plan is presented to the Members voting to stay on September 30, 2020, those Members would have until November 14, 2020, to decide whether they wish to exit at that time. At some point after that date, the exit fee will be assessed.

The Administrator will provide further information on timing as it becomes available.

10. What is the Delinquency Fee?

The Delinquency Fee is an estimate of the additional cost, on a per Delinquent Member basis, that will be incurred to develop the process to deal with the Delinquent Members' intervals and deeds and the collection of Delinquent Members' outstanding accounts. A Delinquent Member can avoid the Delinquency Fee by paying their outstanding account in its entirety by no later than September 30, 2020.

11. Will I receive an invoice for and have to pay the 2021 maintenance fees?

One primary reason the Administrator is proposing a binding survey now is to ensure that those who vote to exit in this survey **WILL NOT** be invoiced for the 2021 maintenance fees.

If you choose to stay under the Member survey you **WILL** be assessed and invoiced for the 2021 maintenance fees. In the event that you decide to exit after the draft restructuring plan is presented, any 2021 maintenance fees will either be useable for 2021 attendance at the resort or may be credited toward the exit fee. This will depend on whether a restructuring is possible and how quickly the real property sale process takes to get underway.

12. Can delinquent Members vote?

No. Delinquent Members who do not pay their outstanding fees to bring their account current, will not be permitted to vote. This is consistent with the rules under the Time Share Agreement. The Administrator will deal with delinquent accounts in due course.

13. What will happen with delinquent owners' intervals/deeds?

The Administrator, its counsel and counsel to the Associations are exploring alternatives to efficiently deal with selling the underlying real property of Delinquent Members along with the real property of any Members that decide to exit the resort(s).

14. What will happen if I don't complete the survey?

If you do not complete the survey it will be assumed you wish to **STAY** in the resort(s). In other words, if you do not vote, the *status quo* remains. If you wish to change the *status quo*, you must proactively indicate that you wish to EXIT the resort(s). As noted above, if you vote to stay in the survey, you will still be given an opportunity to exit once the draft restructuring plan is developed and presented.

For example, if you did not receive the survey for any number of reasons, but you wanted to continue to maintain your membership, that ongoing relationship is assumed. None of the implications of voting to EXIT will occur and you will not be forced to give up your relationship with the resort(s), surrender your deed or be assessed the exit fee. Alternatively, if you did not respond but wanted to EXIT, you would have another opportunity to EXIT after the Administrator presents the draft restructuring plan.

15. Wyndham owns a large number of Intervals. Will they be allowed to vote?

Yes. As an owner of Intervals, Wyndham has the right and will also be allowed to vote in the Member survey.

16. I own more than one Interval. How many votes do I get?

Each Interval will be entitled to vote. A full year interval is entitled to a full vote and an odd or even year interval is entitled to a half vote.

17. I own more than one Interval. Do I have to vote them all in the same way?

No. Each Interval will be entitled to vote and each Interval can be voted differently. Members who own more than one interval can choose to relinquish some of their Intervals and retain the others.

18. What if 75% of total votes are to exit?

Then the “obsolescence” provisions of the Time Share Agreement would be triggered. If this happens, the Administrator would work with the Associations to create a process to sell the resort(s). The sale process would be subject to the Court’s approval. Once the resort(s) have been sold, the Administrator would propose a process to distribute any net proceeds from the sale of the resort(s) to the Court for its approval.

19. What happens if so many Members vote to leave that a restructured resort isn’t viable?

It is possible that, even if less than 75% of votes are for exiting, a restructured resort would not have enough remaining Members to be viable. In this case, the entire resort would be sold in the same manner as described above in question 18.

20. Why does the vote need to be binding on those voting to exit now?

If the vote were not binding on those voting to exit now, the following things would occur:

- The Administrator would not know who is actually exiting prior to the invoicing of the 2021 maintenance fees and therefore **EVERYONE** would be invoiced and would be required to pay the 2021 maintenance fees;
- The Administrator would not have any underlying basis for determining a restructured resort because all Members could change their minds;
- If a Member wants to immediately leave under any circumstances, then a restructuring plan is not of any interest to them. Those Members should not have to wait for a restructuring plan to be created, and in the interim, pay the 2021 maintenance fees in addition to the exit fee;

- The Administrator would have to model numerous restructuring options not knowing who is truly exiting and who is staying. This would be a massive project and lead to increased fees and costs to Members, with little benefit to those Members that wish to exit today; and
- Multiple surveys of Members would be required at great expense and such surveys would be complicated due to the presentation of numerous restructuring options and potential paths forward.

If the results of this survey reveal that a viable restructuring is not possible, the resort(s) (and ultimately the Members) will not be forced to incur the costs associated with additional surveys and the professional fees to review all possible restructuring scenarios.

21. Would the exit fee have to be paid if the resorts are sold in their entirety?

No. If the results of the survey and the future exit by “Stay” owners show that a viable restructuring is not possible, then the resorts will be wound down and sold and the exit fee will not be necessary.

22. Will I receive any money back from the sale of property?

It is unclear whether any money will be returned to exiting Members. There is a possibility that a distribution to exiting Members will be made after the sale of all or a part of the real property is completed. As this time, we do not know what property will be available for sale or what the sale of that property will net after completed. Unfortunately, it is impossible to predict what effect the COVID-19 pandemic will have on the property market. There are also other factors that will affect the net proceeds such as: land transfer taxes, income taxes, commissions, advertising, holding costs, etc.

23. How long will it take to sell all or any portion of the property?

It is difficult to determine how long it will take to sell the real property given the market uncertainty and the uncertainty as to what is being sold (all or a portion of the property). The Administrator is estimating a 12 to 18 month period to sufficiently market the real property, receive offers, negotiate a final sale agreement, obtain Court approval of the sale and close the sale. It is possible that it may take longer.

24. Who does the Administrator report to?

As a Court officer, the Administrator reports to and takes its direction from the Court. Any Court reports prepared by the Administrator will be publicly available once they are filed with the Court and will be uploaded on the Administrator’s website. However, the Administrator does consider commentary from the Members (both through the emails to the dedicated email inboxes set up for each of Carriage Hills and Carriage Ridge and the consultative committee) into consideration when preparing recommendations to the Court.

25. I have provided feedback to the Administrator. Why has the Administrator not responded?

The Administrator will not respond to all feedback received from Members. To do so would disrupt the Administrator's focus on restructuring the resort(s) and is not cost-effective. The Administrator has detailed its recommendations and the reasons behind its recommendations in the Administrator's reports and tried to respond to common commentary through communications like this FAQ. The Administrator understands that certain Members will have differing views depending on their own circumstances.

The Resort Operations

26. How does the Court proceeding affect the operations of the Resort?

The Court process does not affect the current operations of the Resort. At this time, the *status quo* will be maintained and it will be business as usual (subject to the issues surrounding COVID-19). Accordingly, Wyndham will continue to manage the operations of the Resort during this process. If any significant changes need to be made to the operation of the Resort in the future, they will have to be approved by the Court on notice to the Members and Wyndham.

27. Will I still be able to use the Resort during the restructuring?

Yes. If you are an Owner that is not in default, use of the Resort will continue as normal, subject to issues arising from the COVID-19 pandemic. Any updates with respect to operations will be provided directly by the Resort manager.

28. Will both resorts have to restructure in the same manner?

No. The resorts were filed in separate proceedings to ensure that they do not necessarily have to restructure in the same manner or at all. There may be circumstances where one or both resorts are sold in whole or in part or the resorts may amalgamate to form one resort. This will all be determined once the results of the survey are obtained.

29. I have other question and concerns for the Administrator, who should I contact?

We recommend that you first review the information on the Administrator's website: www.bdo.ca/en-ca/extranets/carriage. In the event that you still have questions, they may be directed to: BDOCarriageHills@bdo.ca.