

Court File No. CV-20-00640265-00CL
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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE
ACT, R.S.O 1990, C. C. 43, AS AMENDED

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

AND IN THE MATTER OF THE PROCEEDINGS OF
CARRIAGE RIDGE OWNERS ASSOCIATION

(together, the "Applicants")

FIRST REPORT OF THE ADMINISTRATOR
BDO CANADA LIMITED

June 22, 2020

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1.0 INTRODUCTION AND PURPOSE OF REPORT

1.1 Introduction

- 1.1.1 The Carriage Hills Resort (the "Hills Resort") and the Carriage Ridge Resort (the "Ridge Resort" and collectively with the Hills Resort, the "Resorts") are time-share resorts located in Horseshoe Valley, Township Oro (now part of Barrie), Ontario. The Hills Resort consists of 172 residential resort units (each a "Unit") in eight residential buildings, while the Ridge Resort consists of 78 Units in three residential buildings. Both the Hills Resort and Ridge Resort have various common recreational facilities including, but not limited to, an indoor and outdoor pool, a gym and a management building. The Hills Resort was built in three phases on approximately twenty acres of real property and the Ridge Resort was built in one phase on approximately eight acres of real property (the buildings and real property of the Resorts are collectively the "Property").
- 1.1.2 The phases of the Hills Resort were constructed by Carriage Hills Resort Corporation ("CHRC"), as developer, in 1997, 1999 and 2000 and the Ridge Resort was constructed in 2004. At the time of constructions, CHRC was a subsidiary of Shell Vacations, LLC ("Shell"). CHRC marketed and sold "time-share" intervals in the Hills Resort and the Ridge Resort to individuals in accordance with a time-share agreement (the "TSA"). Pursuant to the TSA, purchasers of the time-share intervals (the "Members") also purchased a proportionate ownership interest as tenants-in-common in the land on which the Hills Resort and Ridge Resort are situated.
- 1.1.3 The Carriage Hills Vacation Owners Association (the "Hills Association") was established as a not-for-profit entity and incorporated by letters patent on August 6, 1996, as a corporation without share capital under the Corporations Act (Ontario) to operate the Hills Resort. Pursuant to the Hills Association by-laws, the Hills Association has a volunteer board of directors who are elected or appointed from the Members and one individual who is a representative of the developer.
- 1.1.4 The Carriage Ridge Owners Association (the "Ridge Association" and together with the Hills Associations, the "Associations") was established as a not-for-profit entity and incorporated by letters patent on August 7, 2003, as a corporation without share capital under the Corporations Act (Ontario) to operate the Ridge Resort. Pursuant to the Ridge Association by-laws, the Ridge Association has a volunteer board of directors who are elected or appointed from the Members.
- 1.1.5 The Associations each entered into management agreements (the "Management Agreements") with Carriage Hills Hospitality, Inc. (the "Manager"), another subsidiary of Shell. The Management Agreements each govern the management of the Resorts.
- 1.1.6 In 2012, Shell sold its vacation ownership club and property management businesses to Wyndham Worldwide Corporation ("Wyndham") resulting in Wyndham becoming the ultimate parent company and controlling shareholder of CHRC and the Manager.

1.1.7 Each Member purchased at least one timeshare interval (an "Interval") in one of the Resorts, which consists of:

- An ownership share in the Property of the Resort purchased;
- The right to use a Unit of that Resort for a period of one-week on a fixed or floating time basis; and,
- Membership in the respective Association.

1.1.8 There are six types of Intervals, as summarized in the chart below:

	Hills Resort		Ridge Resort	
	Red Interval	White Interval	Red Interval	White Interval
Every Year Interval	4,703	798	2,288	303
Odd Year Interval	2,521	750	988	399
Even Year Interval	2,521	750	988	399
	9,745	2,298	4,264	1,101

Every Year Interval - Those with the right to use a Unit for one week every year.

Odd Year Interval - Those with the right to use a Unit for one week every other year on the odd years.

Even Year Interval - Those with the right to use a Unit for one week every other year on the even years.

Red Interval - More popular interval which coincides with the weeks spanning mid-December through March and mid-May through mid-November.

White Interval - Less popular interval which coincides with the weeks spanning April to mid-May and mid-November to mid-December.

1.1.9 The Resorts have a total of approximately 11,400 individual Members who own a total of 17,408 Intervals. The Resorts also have 1,647 Members in common which includes Wyndham who owns a total of 1,581 Intervals of the Resorts.

1.1.10 As set out in the TSA, each Member is required to contribute to the costs of maintaining and operating the Resort to which they are a Member. Pursuant to the TSA, the Manager (on behalf of the Association) invoices each Member their pro-rata share of (i) operating expenses; (ii) a charge for future capital expenditures and upgrades (for refurbishing or improving the resort); (iii) property taxes; and (iv) applicable HST (the "Basic Charge") annually in October. Accordingly, Members pre-pay next year's expenses to use the Resort(s) in the following year. All collections pertaining to the reserve for future capital expenditures are deposited into an account known as the "Savings Account". All other collections are deposited into another account known as the "Operating Account". The Operating Account is comprised of cash while the Savings Account is comprised of cash and short-term investments.

- 1.1.11 If the Association determines that the Basic Charge is not sufficient to cover the costs of the current year, a supplemental budget is prepared to determine the shortfall. Once the shortfall is determined, the Manager assesses each Member, on a pro-rata basis, an additional charge to cover the budgeted shortfall (the "Special Charge"). In addition, a Member may be invoiced for specific charges, such as telephone charges or special cleaning or repairs (the "Personal Charges" and together with the Basic Charge and Special Charge, the "Charges").
- 1.1.12 Pursuant to the TSA, a Member remains contractually bound for liabilities and obligations associated with their Intervals indefinitely unless the Member sells their interest in an Interval to another person in accordance with the terms of the TSA. Accordingly, pursuant to the terms of the TSA, Members are liable for their Charges in perpetuity. Over the last number of years, a growing number of Members have not paid their Charges (the "Delinquent Accounts").
- 1.1.13 The large increase in Delinquent Accounts or "bad debts" in conjunction with an increase in capital expenditures has led to a significant and steep deterioration in the Association's financial position. The only way for the Resorts to have sufficient funds to pay for the estimated capital expenditures is by continuing to increase the future Charges to the Members, which in turn will result in more Delinquent Accounts.
- 1.1.14 Accordingly, each of the Associations sought and obtained an Order appointing BDO Canada Limited ("BDO") as Administrator of each of the Associations. Copies of the orders are attached as Appendices "A" and "B" (the "Appointment Orders").

1.2 Purpose of this Report

- 1.2.1 This report is the first report to the Court of the Administrator (the "First Report") and is filed in respect of the motion brought by each of the Associations for an order:
- Approving this First Report and the activities of the Administrator described herein;
 - Approving the form, content and method of delivery of the Member Survey (as defined below), including the Member Survey Deadline;
 - Approving the Exit Fee (as defined below);
 - Approving the Delinquency Fee (as defined below);
 - Confirming that delinquent Members will not be permitted to vote in the Member Survey;
 - Approving the form, content and method of delivery of the email to delinquent Members;
 - Suspending the nomination, election process and annual general meetings of the Associations for at least six months; and

- Approving the fees and disbursements of the Administrator and its counsel as described in this First Report.

2.0 ADMINISTRATOR'S INITIAL ACTIONS

2.1 Consultative Committee

2.1.1 Pursuant to the Appointment Order, a consultative committee of Members (the "Consultative Committee") was formed to represent the various interests of the Members. The mandate of the Consultative Committee, as set out in the Appointment Order was to consult with the Administrator and to provide non-binding input to the Administrator with respect to various issues. To date, the Administrator and Consultative Committee has been involved in the following issues (collectively the "First Committee Mandate"):

- Updated Member Contact List: the Administrator was to use its reasonable best efforts to create an updated Member contact list (the "Updated Member Contact List") that is to include the last known physical mailing address of each Member together with their email address, if any. As part of its effort to create the Updated Member Contact List, the Administrator was to coordinate with any third party service providers that had been previously retained by either of the Associations to obtain the most up-to-date contact information for each Member;
- Member Survey: the Administrator was tasked with proposing a form and procedure to ascertain whether each Member wishes to terminate their interest in the Resort or continue as a Member of an Association once a restructuring solution has been developed (the "Member Survey"); and,
- Exit Option: the Administrator is to develop an exit strategy (the "Exit Option") for those Members wishing to relinquish their membership with the Association and obtain a release of all future obligations to the Applicant, subject to certain terms and conditions to be developed by the Administrator, in consultation with each of the Applicants.

2.1.2 The Consultative Committee was to be comprised of at least five members who are in good standing with the Resorts. Wyndham was entitled to have a representative on the Consultative Committee but declined. As at the date of the Administrator's appointment, two of the five members were already selected and their names were included in the Appointment Order. Shortly after the Administrator's appointment, the Carriage Hills and Carriage Ridge boards selected their members of the Consultative Committee. In order to select the fifth member, the Administrator asked the four members to submit their proposed fifth member who was chosen at the May 29, 2020 meeting of the Consultative Committee resulting in the following individuals comprising the Consultative Committee:

- Darren Chapelle (representative of the Hills Board)
- Laurie Kennedy (representative of the Ridge Board)
- Michael Deegan
- Christopher Diana
- Dana Barakauskas

2.1.3 Prior to commencing any discussions with respect to the First Committee Mandate, each member of the Consultative Committee executed a non-disclosure agreement (the “NDA”) in accordance with the terms of the Appointment Orders.

2.1.4 The Administrator and the Consultative Committee held three additional virtual meetings (once per week from June 3 to 20, 2020), with various emails between the meetings to discuss the First Committee Mandate. The Administrator notes that although the members of the Consultative Committee had very differing view points on issues, they were very collaborative and helpful in moving the First Committee Mandate forward. Each member of the Consultative Committee devoted a considerable amount of their personal time over a compressed period so that the Associations could be in the position to seek the relief requested.

2.2 Updated Member Contact List

2.2.1 Immediately upon its appointment, the Administrator began working on creating the Updated Member Contact List. As a starting point, the Administrator obtained the listings of current Members from Wyndham and Equiant (the third party company retained to invoice Members and collect Member payments).

2.2.2 Pursuant to the Appointment Order, the Administrator established a case website at <https://www.bdo.ca/en-ca/extranets/carriage/> (the “Case Website”). The Case Website contains a simple questionnaire whereby Members can confirm their current contact information. The Administrator combined the results of the questionnaire with the listings received from both Wyndham and Equiant in order to update and improve the Updated Member Contact List. As of the date of the First Report, the Administrator had received approximately 3,000 responses (including duplicate responses) from Members to the online questionnaire. We note that the information on the Updated Member Contact List is only as good as the information that the Administrator has received, and as such, the Administrator continues to encourage Members to fill in their current contact information on the Case Website.

2.2.3 The following chart stratifies the Member contact information available to the Administrator for each of Carriage Ridge and Carriage Hills split between delinquent and non-delinquent Members as of the date of this First Report (note that the contact list includes owners with multiple contacts and this will be sorted out before the survey is sent):

	Carriage Hills		Carrige Ridge	
	# of Members	#	# of Members	#
		Delinquent		Delinquent
Members with Emails	7,647	1,308	3,673	765
Emails Bounced Back	224	75	90	34
Members with no Email but Phone Number	966	469	347	165
Members with Neither Phone nor Email	21	10	9	6
Total Members	8,858	1,862	4,119	970

2.3 Communications to Members

2.3.1 In addition to the establishment of the Case Website, the Administrator established two dedicated email addresses, one for each of the Resorts, where members can send their questions and comments. As of the date of the First Report, the Administrator has received a total of approximately 350 emails to those two dedicated email addresses in addition to several emails sent directly to BDO email addresses and numerous telephone calls. The Administrator has endeavoured to respond to all of those enquires either directly or via General Updates or FAQ (each as defined below) as quickly as possible.

2.3.2 In addition to responding to emails directly, the Administrator prepared a general update on May 22, 2020, that was sent via email by Wyndham on the Administrator's behalf to Members (as the Updated Member Contact List was not complete), posted to the Case Website and the websites of the Applicants. This first general update to the Members, attached as Appendix "C", addressed various issues including:

- The Consultative Committee's formation and role;
- The method of continued communication with the Members;
- The creation of the questionnaire for the Members to provide their updated contact information to the Administrator;
- Summary of the issues analyzed in the February 2020 report to the Applicants and its conclusion to proceed with a Court filing appointing BDO as Administrator; and,
- Professional costs incurred prior to the filing.

2.3.3 The Administrator has also updated the Frequently Asked Questions ("FAQ") and posted it to the Case Website and the websites of the Applicants. Attached, as Appendix "D", is the most recent FAQ.

2.3.4 The Consultative Committee agreed that all updates to Members from the Consultative Committee should be prepared by the Administrator, reviewed by the members of the Consultative Committee and issued by the Administrator to Members via email and posted on the Case Website. On this basis the Administrator, with input from the Consultative Committee, prepared a second general update dated as at June 10, 2020 (the "June Update") to address the following:

- Confirmation of the names of the Consultative Committee members;
- A description of how the Administrator prepared the Updated Member Contact List;
- The status of the development of the Member Survey; and
- The status of the Exit Option.

Attached as Appendix "E" is a copy of the June Update. The June Update was emailed to the Members by the Administrator on June 16, 2020 using the Updated Contact List (as of that date) and posted on the Case Website. The Administrator received a report setting out which emails bounced back from Members. This report is used in the Administrator's constant updating of the Updated Member Contact List.

3.0 MEMBER SURVEY

- 3.1 As advised by the Applicants in their materials, the first step to be taken by the Administrator in these proceedings is to determine which Members want to stay and which members want to exit. It was proposed that this would be determined by way of a fulsome survey of Members. The Associations and the Administrator have heard from numerous Members wanting to exit the Resorts immediately before the Charges for 2021 are invoiced in October 2020.
- 3.2 The TSA, which was adopted by all Members, assumed that the Resorts would operate in perpetuity unless: (i) all Units were destroyed or condemned; or (ii) if at any special meeting, the Members of at least 75% of all Intervals of the applicable resort voted to declare that resort obsolete (the "Obsolescence Provision"). Obsolescence means that the applicable Resort would be closed and sold in its entirety. The TSA does not provide for a partial sale of the Resorts or for Members' interests to be extinguished in any way other than a sale.
- 3.3 An obsolescence vote was undertaken at the Hills Resort in 2019. Wyndham, on behalf of the Hills Association, mailed a notice of the obsolescence vote to all 9,156 Members accounting for 17,544 votes (the number of votes is weighted by full year (2 votes), odd and even year (1 vote each) Intervals). By the time of the annual general meeting on November 19, 2019, only 5,302 votes were cast (30.2% of total votes). Of the votes received, 4,604 voted for obsolescence. That means only 26.2% voted for obsolescence and therefore the vote did not pass.
- 3.4 One of the principal reasons for the applications to appoint the Administrator was to develop a process that allows Members to exit their relationship with the Resorts which is currently prevented by the Obsolescence Provision. Historically, many Members who wanted to exit simply stopped paying their Charges which forced an increase in Charges to the remaining Members which then, in turn caused more delinquencies.
- 3.5 Pursuant to paragraph 5(b) of the Appointment Orders, the Administrator is required to plan and propose the content and procedure for delivery of the Member Survey as soon as practicable after the Administrator's appointment.
- 3.6 In collaboration with the Consultative Committee, the Administrator has developed the Member Survey, a copy of which is attached as Appendix "F". The Administrator and the Consultative Committee spent a considerable amount of time considering and discussing the various issues associated with the Member Survey as discussed in further detail herein. It was important that the Member Survey be simple and concise, pose as few questions as possible and that the questions could be answered with a simple "yes" or "no".
- 3.7 It was determined that, in order for Members to assess whether to stay or exit, a certain level of detail in respect of the potential impact of that decision would need to be provided, to the extent that such impact is currently known. Unfortunately, it is impossible to determine what a restructured resort would look like until it is determined how many Members wish to remain, if any. Determining how many Members want to exit will dictate which property is to be sold and which should remain. It may be determined that there will not be sufficient remaining Members to support a viable

resort. If that is the case, all of the Property will have to be sold. It is also possible that an amalgamation of the two Resorts would be most beneficial to continuing Members. Accordingly, the results of the Member Survey are critical to determining the appropriate path forward for both Resorts.

- 3.8 There have also been considerable discussions and emails from Members regarding the method of providing the Member Survey to Members and whether delinquent Members should be permitted to vote. The TSA permits the Associations to suspend a delinquent Member's right to vote until they pay their outstanding account. Accordingly, the Administrator proposes that delinquent Members will not be provided with a copy of the Member Survey and will not be permitted to vote unless all outstanding amounts are paid prior to the Member Survey Deadline (defined below). However, the Administrator proposes to send an email only and not a mailed notice to delinquent Members informing them of the option to pay their account in full prior to the Member Survey Deadline (as defined below) in order to be permitted to vote in the Member Survey. The Administrator also proposes to post a copy of the email contents on the Case Website and on the Applicants' websites . A copy of the proposed email to the delinquent Members is attached as Appendix "G" .
- 3.9 The cost to send and administer the Member Survey is not insignificant given the number of Members involved. Given the importance of the Member Survey, it is important that the Member Survey be received by as many Members as possible. Accordingly, the Administrator proposes to have the Member Survey available online and to send the Member Survey link via email to all non-delinquent Members for which the Administrator has a working email address. The Administrator has been in contact with a supplier of online surveys, Votenet Solutions, Inc. ("Votenet"), to host the Member Survey online. Votenet has been used in the past by the Associations for Member voting purposes. The Administrator has obtained a quote from Votenet to run the survey for the Administrator under a new account for the Administrator. Attached, as Appendix "H" is a copy of the quote from Votenet. Based on the prices set out in the quote, the Administrator proposes to accept the fully managed option as it will significantly reduce the Administrator's fees in carrying out the Member Survey.
- 3.10 The Administrator proposes to use regular mail to send the Member Survey to all other non-delinquent Members. The Administrator will request that Members who receive the Member Survey by regular mail either log in to the Member Survey online or send back their Member Survey via regular mail. Currently, the Administrator does not have working email addresses for 2,416 Members of which 759 are delinquent Members.
- 3.11 As the Member Survey will need to be sent by regular mail to 1,657 Members, the Administrator considered the length of time required to respond to the Member Survey given the current COVID-19 environment when mail delivery appears to be slower than normal. The Administrator and the Consultative Committee members considered this together with the need to complete the voting as quickly as possible and recommend a 45-day period for Members to respond to the Member Survey (the "Member Survey Deadline").
- 3.12 The Administrator and the Consultative Committee also considered the issue of whether a Member's answers to the Member Survey should be binding. In other words, should a vote to exit mean that the Interval will be automatically part of the Exit Option.

Alternatively, if a Member votes to stay, can they change their mind once the details of the restructured resort are determined. Certain of the issues considered include:

- the cost and timing of conducting multiple surveys;
- the professional costs associated with developing numerous restructuring scenarios;
- the potential confusion to Members associated with multiple surveys and scenarios;
- the fact that multiple surveys would mean that the Exit Option would not be exercised quickly and most likely not before the 2021 fees are due and payable; and,
- whether the Member Survey should be binding on Members who wish to stay or exit without being able to provide those Members with more concrete details of what a restructured resort would look like and cost.

3.13 After consideration of the above issues, the Administrator proposes that the Member Survey be binding on those Members voting to exit but not on those voting to stay. The rationale behind this recommendation is:

- It is currently impossible to determine what a restructured resort will look like as it depends on how many Members vote to exit or stay. The number of exiting Members will determine which portion of the Property should be sold and the level of services required going forward;
- If Members were able to change their exit vote in the future, then a reasonable model of a restructured resort could not be developed as there is no level of certainty as to how many Members are exiting;
- The Exit Fee and process steps have been developed which gives exiting Members a level of certainty as to what will happen if they wish to exit;
- As a restructuring plan cannot be developed until a reasonable estimate of exiting Members is known, it is not reasonable to bind Members choosing to stay until the restructuring plan is known;
- The Applicants and the Administrator have been advised by numerous Members that they want to exit immediately regardless of the terms of the Exit Option. Having the Member Survey binding on exiting Members will allow the Exit Option to proceed more quickly and hopefully allow those Members to exit prior to the 2021 billing cycle in October 2020; and,
- If sufficient Members vote to exit, then a restructured Resort(s) will not be feasible and the Resort(s) will have to be sold. If this option is triggered, it should be exercised as quickly as possible to avoid further and unnecessary costs.

3.14 Once the number of Members exiting is determined, the Administrator proposes the following steps:

1. Determine if the Obsolescence Provision has been triggered. If triggered, the Resort(s) will be marketed and sold;
 2. If the Obsolescence Provision is not triggered, the Administrator will determine if a restructured resort is viable. If it is not viable given the number of remaining Members, the Resort(s) will be marketed and sold;
 3. If the Administrator determines that a restructured Resort(s) with fewer Members is economically viable, a financial plan will be developed and presented to the Members who voted to stay; and,
 4. The Members who voted to stay will be given an opportunity to choose to (i) remain a Member of the proposed restructured resort, or (ii) exit and exercise the Exit Option and pay the Exit Fee (as defined below).
- 3.15 As noted above, the Obsolescence Provision requires a positive vote from 75% of all Intervals. As a result, non-responsive Members are assumed not to vote in favour of obsolescence and exiting the Resort(s) pursuant to the Member Survey. They may choose to exit, and pay the Exit Fee (as defined below), after the financial plan is developed and presented to the Members who voted to stay. Accordingly, Members must take affirmative action to exit the Resorts.
- 3.16 The Administrator requests that the Court approve the form, content and method of delivery of the Member Survey, including the Member Survey Deadline. If approved, the Administrator will use its best efforts to issue the Member Survey to all non-delinquent Members within ten (10) business days, taking into account the ongoing personnel constraints of the COVID-19 pandemic and the number of surveys that are required to be mailed.

4.0 EXIT OPTION

- 4.1 Paragraph 5 (c) of the Appointment Orders require the Administrator to develop the Exit Option in consultation with the Applicants and the Consultative Committee as soon as practicable. The Exit Option is applicable in a situation where the Resort(s) are not being sold in their entirety. The Exit Option is comprised of the terms and conditions to be satisfied by a Member to terminate their obligations to the Applicants and surrender their membership and transfer their ownership interest.
- 4.2 The Administrator attempted to find a public Canadian precedent for guidance. After review, the Administrator was only able to locate one such precedent, Sunchaser Vacation Villas ("Sunchaser"). Although the circumstances of the Sunchaser situation are quite different, it does have many similarities. The Administrator obtained a copy of correspondence from Sunchaser to its members setting out an option given to their members to stay with Sunchaser or exit and relinquish their timeshare. The Sunchaser communication set out the calculation of the exit cost and the rationale behind same. Attached, as Appendix "I", is a copy of the Sunchaser communication to its members.
- 4.3 In preparing to develop the Exit Option, the Administrator gathered information from the Applicant's books and records and from external sources that would assist in developing the Exit Option, including:
- An appraisal of the Resorts commissioned by BDO during its engagement as financial advisor to the Applicants to review restructuring options;
 - Pre-filing listing proposals for the Resorts requested also by BDO during its engagement as financial advisor to the Applicants to review restructuring options
 - Public information in respect of the Sunchaser case;
 - Statistics in respect of the Intervals owned by Members;
 - Relevant portions of the TSA; and,
 - Financial information pertaining to the Resorts over the last several years.
- 4.4 The Administrator made this information available to the Consultative Committee to review pursuant to the terms of the NDA. The Administrator then requested that each of the Consultative Committee members propose an Exit Option based on the information available. The Administrator reviewed the responses and discussed them with the Consultative Committee together with the legal and economic concepts applicable to exiting the Resorts.
- 4.5 The final Exit Option and the various steps to exit the Resorts is still in process. The Administrator proposes that an Exit Option will include the following steps:
- Payment of an Exit Fee (as defined below) per Interval;
 - Termination and release of the obligations of the Member to the Applicants and the Resorts;

- Transfer of the real property owned by the Member in respect of the Interval surrendered;
- Sale of a portion of the Resorts; and,
- If possible, payment of any surplus proceeds from the sale of the excess real property to the exited Members on a pro rata basis.

4.6 If Members were allowed to terminate their economic obligations to the Resort(s), they would no longer be required to pay the Basic Charge in perpetuity. The current annual Basic Charge for Members is \$1,496.97. The present value associated with the payment of the annual Basic Charge in perpetuity, based on current GIC interest rates, is approximately \$150,000. Accordingly, a Member would need to invest \$150,000 in a GIC today in order to be able to pay the annual Basic Charge on an every year Interval in perpetuity. This is the obligation that exiting Members will be avoiding, whether they exit now or in the future.

4.7 In order to avoid the perpetual obligations under the TSA, it was determined, as it was in the Sunchaser matter, that a fee should be paid to terminate those obligations (the "Exit Fee"). The Administrator prepared a draft calculation of the Exit Fee taking into consideration the following factors:

- The estimated length of time required to sell a portion of the Resorts based on the previous listing proposals and appraisal, accounting for possible delays relating to the COVID-19 crisis;
- An allocation of the Resorts' operating deficits to all Members (not just those choosing to exit); and
- An allocation of the costs of the restructuring process among all Members (not just those choosing to exit) as all of the Members are benefiting from this process.

4.8 The Administrator's proposed Exit Fees for each Resort are summarized as follows:

Carriage Hills	Every Year Interval		Even/Odd Year Interval	
	Red	White	Red	White
Base Cancellation Fee (excluding HST)	\$ 1,620.08	\$ 1,620.08	\$ 810.04	\$ 810.04
Deficit Recovery and Restructuring Costs (excluding HST)	415.61	519.52	207.81	259.76
Combined Cancellation Fee (Excluding HST)	\$ 2,035.69	\$ 2,139.59	\$ 1,017.84	\$ 1,069.80
HST (13%)	264.64	278.15	132.32	139.07
Total Cancellation Fee Including HST	\$ 2,300.33	\$ 2,417.74	\$ 1,150.16	\$ 1,208.87

Carriage Ridge	Every Year Interval		Even/Odd Year Interval	
	Red	White	Red	White
Base Cancellation Fee (excluding HST)	\$ 1,606.41	\$ 1,606.41	\$ 803.21	\$ 803.21
Deficit Recovery and Restructuring Costs (excluding HST)	413.40	516.74	206.70	258.37
Combined Cancellation Fee (Excluding HST)	\$ 2,019.81	\$ 2,123.15	\$ 1,009.90	\$ 1,061.58
HST (13%)	262.57	276.01	131.29	138.01
Total Cancellation Fee Including HST	\$ 2,282.38	\$ 2,399.17	\$ 1,141.19	\$ 1,199.58

The detailed calculations supporting the Exit Fee are attached as Appendix "J".

- 4.9 As illustrated above, the amount of the Exit Fee payable by a Member wishing to exit is dependant on the type of Interval owned. As noted herein, many Members own multiple Intervals. The Exit Fee would be required to be paid in respect of all Intervals being surrendered and Members may choose to only surrender certain of their Intervals.
- 4.10 Once the final number of Members staying in a restructured Resort is determined, the Administrator can finalize the Exit Option steps and the details of the financial plan for the restructured Resort(s). As noted above, Members who voted in the Member Survey to stay will then be given the opportunity to exit if they do not like the financial plan of the restructure Resort(s) (the "Second Exit Option"). Members will be given 45 days to decide on the Second Exit Option (the "Second Exit Option Period"). If a sufficient number of Members exit during the Second Exit Option Period the restructuring plan may fail and the Resort(s) may be sold in their entirety.
- 4.11 Once the Second Exit Option Period is completed the Administrator would then proceed to sell any excess real property not required for the restructured resort or the Resort(s) in their entirety. After such sale is completed, it may be possible that Members who exited the Resorts could receive a pro rata repayment from the net sale proceeds. At this time, given the current economic environment and the uncertainty as to which property will be sold, it is not possible to determine what repayment may be possible, if any. Accordingly, it is the Administrator's recommendation that the appropriate Exit Fee be paid by Members once the Second Exit Option Period has expired since the Resort(s) may be sold in their entirety and the Exit Fee would no longer be required. A later determination in respect of any distribution of proceeds can be made once a sale is completed and the facts are known.
- 4.12 The Administrator expects that there will be an exit fee for members who exit a restructured resort in the future as well. However, the exact details of a future exit fee will not be determined until the financial plan for the restructured Resort(s) is prepared.
- 4.13 The Administrator also recommends that delinquent Members not be eligible to receive any repayment from the sale of their Interval (and the associated real property) unless their Delinquent Account is paid in full, including the Exit Fee, prior to September 30, 2020.
- 4.14 After the results of the Member Survey are determined, the Administrator anticipates that the Applicants will seek relief from the Court for the approval of the remainder of the Exit Option.

5.0 DELINQUENT MEMBERS

5.1 Background

5.1.1 The TSA grants a lien and charge in favour of the Association on each Member's Interval(s) to secure the payment of the Charges. In the event that a Member does not pay their assessed Charges for at least two (2) months, the Association is entitled to enforce its remedies over that Interval "by the same remedies available to a mortgagee". Given the growing number of Delinquent Accounts, pursuing these remedies against the delinquent Members is costly and time consuming. The table below summarizes the recent increase in Delinquent Accounts:

Summary of Delinquent Members			
	# Delinquent Members		Amount Owed by Delinquent Members (in 000's)
Carriage Hills			
Delinquent Prior to 2019	1,176	\$	13,545
Delinquent Starting 2019	248		793
Delinquent Starting 2020	557		1,077
Total	1,981	\$	15,415
Carriage Ridge			
Delinquent Prior to 2019	646	\$	8,666
Delinquent Starting 2019	119		428
Delinquent Starting 2020	256		507
Total	1,021	\$	9,601
Total Carriage Hills & Ridge	3,002	\$	25,016

5.2 Collection Agent

5.2.1 One of the remedies available to the Associations is to engage a collection agent to collect the Delinquent Accounts. The Associations have engaged Canadian ICR Ltd. ("CICR") to collect most Delinquent Accounts. To date, 2,790 Delinquent Accounts totaling approximately \$16.9 million for both Associations have been submitted to CICR for collection.

5.2.2 In certain circumstances, the Associations have also engaged LJP Legal Services ("LJP") with respect to collection and litigation of Delinquent Accounts. As of December 31, 2019, 398 Delinquent Accounts totaling approximately \$2.9 million have been assigned to LJP.

5.3 Potential Remedies

5.3.1 The Administrator has been advised by its legal counsel that, in accordance with section 6.19 of the TSA, the Associations can, in addition to using a collection agent:

- Foreclose on an Interval;

- Sell the Interval under power of sale; and/or
 - Sue the delinquent Member for payment of the arrears.
- 5.3.2 The foreclosure remedy would permit the Association to accept its security in satisfaction of the debt and become the owner of the security free and clear of claims of parties subsequent in priority. A foreclosure would have the effect of transferring the Delinquent Member's legal and beneficial interest in the land to the Association, which could affect the non-profit status of the Association and have tax consequences for the delinquent Members. Furthermore, if foreclosure action is taken, the Association would not be able to pursue the Member for any shortfall on the debt owed after the sale of the Interval (or underlying real property).
- 5.3.3 The Association can also proceed under power of sale, which would permit the Association to sell its security (the delinquent Member's Interval or underlying real property). Any net proceeds received by the Association from the sale of the Interval (or underlying real property) would be applied against the amounts owing by the delinquent Member. If the net proceeds from the sale of the Interval (or underlying real property) are insufficient to repay the delinquent Member's debt in full, the Association would be able to pursue the Member for that shortfall (usually by suing the delinquent Member).
- 5.3.4 Attached, as Appendix "K", is a memo prepared by the Administrator's legal counsel dated June 16, 2020 outlining these potential remedies. The exact path forward has not as yet been determined.
- 5.4 Proposed Delinquency Fee
- 5.4.1 The Administrator and the Consultative Committee discussed an additional fee for delinquent Members in order to recognize the additional costs the Associations have incurred in attempting to collect Delinquent Accounts and the additional professional fees that will be incurred to ultimately deal with delinquent Members' Intervals. It would be very difficult to determine the exact amount of these additional costs, instead the Administrator recommends that the delinquent Members be charged the Exit Fee as well as an additional delinquency fee of \$1,000 (the "Delinquency Fee"). The Administrator proposes that the Delinquent Fee be assessed on Members that are still delinquent as of October 1, 2020.
- 5.4.2 The Associations, in conjunction with the Administrator, will consider any further options with respect to the collection of the Delinquent Accounts. Any such collection would include the amount of the Delinquent Account, the Exit Fee and the Delinquency Fee.

6.0 ISSUES WITH RESPECT TO REAL PROPERTY

6.1 Background

- 6.1.1 As described herein, the Hills Resort consists of 172 residential units in eight residential buildings constructed on approximately 20 acres of land. The Hills Resort was constructed in three phases and each phase is its own separate parcel of land.
- 6.1.2 The Ridge Resort consists of 78 Units in three residential buildings constructed on one parcel of land consisting of approximately eight acres.

6.2 Land Registry Records

- 6.2.1 According to the records provided to the Administrator, Resorts consist of 11,418 Members. The real property owned by the Members is divided into 17,408 tenancies in common. Due to the quantum of Members registered on title, the real property abstracts were never transferred into Teraview and the Resorts are the only such properties in the Province of Ontario to remain in paper format. The Associations' former counsel has obtained certified copies of the Ontario land registry records for each Resort which are extremely voluminous.
- 6.2.2 Given the volume of paper records and the number of Members, the Administrator is concerned that not all sales transactions and related transfers over the decades have been properly reflected in the land registry documentation. The paper records therefore need to be reviewed to determine who is listed in the land registry on title and compare that to the list of Members currently owning Intervals. Due to the volume of paper records, it will be time consuming and costly to complete this review but must be completed before any sale of a portion of the Resort(s).

6.3 Creation of "Landco"

- 6.3.1 Based on the results of the Member Survey, it is anticipated that the Resort(s) will be sold in their entirety or the restructuring plan will require the sale of a portion of the Resort(s). Because title to the Resorts' real property is divided into 17,408 tenancies in common, it would be extremely difficult, time consuming and expensive to have each existing Member sell their portion of the real estate to the ultimate purchaser. It may also be detrimental to the sale process to have potential purchasers attempt to investigate title when considering making an offer to purchase.
- 6.3.2 Accordingly, the Associations, in consultation with the Administrator, have begun to consider and develop a strategy to efficiently deal with the real property currently owned by the delinquent Members and the potentially exiting Members. Given that the Associations are not-for-profit entities, holding title to real property could affect their legal status. There are also tax implications and other considerations that must be addressed in the ultimate strategy. The Applicants anticipate seeking further relief to implement this strategy once it is fully developed.

7.0 ASSOCIATIONS' BOARDS OF DIRECTORS

- 7.1 The Associations are in the midst of their review of new board nominees for the board election process to be held prior to the annual general meetings in mid-October 2020. There is considerable uncertainty at this time as to the status of the Associations given the restructuring process. Specifically:
- The fate of the Associations is dependant on the conclusion of the Member Survey. Until that is determined, the Associations will not know if the Resort(s) will continue and, if they do, what form they will take;
 - In order to prepare for the annual general meeting, significant costs are expended far in advance as materials need to be prepared and delivered to Membres at least thirty (30) days in advance of the meeting. In addition, the Associations need to commit to third parties regarding the costs of hosting the annual general meetings. It does not make sense to incur these costs if the Resort(s) is not continuing;
 - Potential new board members should not be asked to join the board of directors until such time as the Exit Option is completed and a determination as to the constitution of the Associations is made; and
 - It is possible that there will be an amalgamation of the boards of directors of the Associations if the result of the Member Survey determines that the continuation of both resorts is not viable.
- 7.2 Given the current uncertainty surrounding the outcome of the restructuring process, the Administrator recommends that the election process and the annual general meetings be delayed for at least six (6) months until the outcome of the restructuring process is known and the composition of Members remaining in the Resort(s), if any, has been determined.

8.0 PROFESSIONAL FEES

- 8.1 The fees and disbursements of the Administrator and its counsel for the period May 1, 2020 to June 15, 2020 for the Administrator and for the period ending June 17, 2020 for Aird & Berlis LLP are detailed in the affidavits of Brad Newton, sworn June 22, 2020 and Sam Babe, sworn June 22, 2020, attached as Appendices "L" and "M", respectively
- 8.2 The Administrator's fees for the period from May 1, 2020 to June 15, 2020 encompass 161.17 hours at an average hourly rate of \$391.86, for a total of \$63,156.00, prior to applicable taxes. BDO is requesting that the Court approve its total fees and disbursements, inclusive of applicable taxes, in the amount of \$71,366.28.
- 8.3 The fees of Aird & Berlis LLP for the period ending June 17, 2020 encompass 96.0 hours at an average hourly rate of \$645.18 and disbursements of \$123.25 for a total of \$62,060.25 prior to applicable taxes. The Administrator is requesting that the Court approve its counsel's total fees and disbursements, inclusive of taxes, in the amount of \$70,128.08.
- 8.4 The Administrator has reviewed its fees with the Applicants who have no objection to the approval of the fees and expenses noted herein. The Administrator has reviewed the fees of Aird and Berlis LLP and is of the opinion that they are reasonable in the circumstances.

9.0 RECOMMENDATIONS

9.1 The Administrator requests that the Court grant an order:

- Approving this First Report and the activities of the Administrator described herein;
- Approving the form, content and method of delivery of the Member Survey, including the Member Survey Deadline;
- Approving the Exit Fee;
- Approving the Delinquency Fee;
- Confirming that delinquent Members will not be permitted to vote in the Member Survey;
- Approving the form, content and method of delivery of the email to delinquent Members;
- Suspending the nomination, election process and annual general meetings of the Associations for at least six months; and
- Approving the fees and disbursements of the Administrator and its counsel as described in this First Report.

All of which is respectfully submitted this 22nd day of June, 2020.

BDO CANADA LIMITED
ADMINISTRATOR OF
CARRIAGE HILLS VACATION OWNERS ASSOCIATION &
CARRIAGE RIDGE OWNERS ASSOCIATION
and without personal or corporate liability



Per: Brad Newton, CA, CPA, CBV, CIRP, LIT
Senior Vice-President

Appendix A

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

THE HONOURABLE) FRIDAY, THE 15TH
)
MADAM JUSTICE CONWAY) DAY OF MAY, 2020
)

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

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

**ORDER
(appointing Administrator)**

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

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

was heard this day via Zoom judicial video conference due to the COVID-19 pandemic.

ON READING the Notice of Application, the affidavit of Darren Chapelle, sworn April 30, 2020 (the “**Chapelle Affidavit**”) and the Exhibits thereto, the pre-filing report of BDO and the appendices thereto and the consent of BDO to act as Administrator, and on hearing the submissions of counsel for the Applicant, counsel for BDO, counsel for Lori Smith, Karen Levins and Bruce Fleming, counsel for David and Phyllis Lennox, Christopher Diana, representing himself, and Catherine Hristow, representing herself, and no one appearing for any other parties on the service list set out in the Notice of Application, although duly served as appears from the affidavit of service of Mitchell Grossell, sworn April 30, 2020,

SERVICE

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

APPOINTMENT

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

(a) the Applicant and the Property, including all proceeds thereof, and

(b) the Lands, including all proceeds thereof.

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

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

4. **THIS COURT ORDERS** that the Applicant, its members, officers, directors, agents and advisors shall advise the Administrator and the Members (in accordance with the protocol established in paragraph 36 of this Order) of all material steps taken by the Applicant pursuant to

this Order, and shall co-operate fully with the Administrator in the exercise of its powers and discharge of its obligations and provide the Administrator with the assistance that is necessary to enable the Administrator to adequately carry out the Administrator's functions.

ADMINISTRATOR'S POWERS

5. **THIS COURT ORDERS** that the Administrator shall, as soon as reasonably practicable after its appointment:

- (a) make reasonable best efforts to create an updated Member contact list (the "**Updated Member Contact List**") that shall include (but is not limited to) both the last known physical mailing addresses for the Members and their email addresses, if any, and as part of its effort to create the Updated Member Contact List, shall contact any third party service providers that have been retained by the Applicant, including but not limited to Equiant, Wyndham Worldwide Corporation, and Carriage Hills Hospitality Inc., to obtain the most recent available contact information for the Members;
- (b) subject to Court approval, plan and propose a procedure to ascertain the interests of the Members going forward with respect to the Resort, whereby Members of the Applicant will be able to indicate, among other things, whether they wish to terminate their relationship with the Resort or continue their relationship with the Resort if a satisfactory restructuring solution can be developed; and
- (c) subject to Court approval for implementation, develop an exit strategy (the "**Exit Option**") for those Members that wish to relinquish their membership with the Applicant and obtain a release of all future obligations to the Applicant, subject to certain terms and conditions to be developed by the Administrator, in consultation with the Applicant and the Consultative Committee (as defined below).

6. **THIS COURT ORDERS** that the Administrator is hereby empowered and authorized, but not obligated, to act at once in respect of the Resort Assets as provided in this Order and,

without in any way limiting the generality of the foregoing, the Administrator is hereby expressly empowered and authorized to do any of the following where the Administrator considers it necessary or desirable, in consultation with the Applicant:

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

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

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

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

CONSULTATIVE COMMITTEE OF MEMBERS

8. **THIS COURT ORDERS** that there shall be a consultative committee of Members (the "**Consultative Committee**") formed as soon as reasonably practical, whose structure and mandate shall be as follows, but notwithstanding anything in the foregoing, shall be initially limited to consultation in respect of the Exit Option and which will subsequently be expanded to include consultation in respect of other aspects of the restructuring as may be later determined by the Administrator in consultation with the Consultative Committee or as directed by the Court:

- (a) the Consultative Committee shall be provided the opportunity to consult with the Administrator and to provide non-binding input to the Administrator regarding the items described in paragraphs 5(a) to (c), 6(a), (e) and (j) of this Order;
- (b) the Consultative Committee shall be comprised of at least five (5) Members who are each in good standing, which may include the following:
 - i. one Member from the Board of Directors of the Carriage Hills Vacation Owners Association;
 - ii. one Member from the Board of Directors of the Carriage Ridge Owners Association;
 - iii. Michael Deegan, or such other Member who has an interest in terminating a relationship with the Resort and the Association irrespective of any restructuring;
 - iv. Chris Diana, or such other Member who has an interest in continuing a relationship with the Resort;
 - v. a fifth member to be chosen by the other Consultative Committee members; and
 - vi. a sixth member who may be appointed by Wyndham Worldwide Corporation in the event that they choose to participate on the Consultative Committee;
- (c) the Consultative Committee is intended to be an evolving representation of the various and differing interests of the Members and the constitution of the Consultative Committee shall be reflective and balanced in respect of those interests to the extent practicable (the “**Member Interests**”);
- (d) if any member of the Consultative Committee ceases to remain in good standing, is no longer a Member or is not reflective of the intention of the Consultative Committee as noted above, that member of the Consultative Committee shall be

immediately removed from the Consultative Committee and shall be replaced by a Member who is in good standing and reflective of the Member Interests. The replacement member shall be selected by the other then current members of the Consultative Committee;

- (e) in the event that any Consultative Committee member wishes to resign from the Consultative Committee, they may do so on fourteen (14) days advance written notice to the Consultative Committee and the Administrator, and in that case, a new Consultative Committee member shall be appointed in the same manner as described in sub-paragraph 8(b) above;
- (f) the Consultative Committee is hereby authorized and directed to establish its own procedures and protocols for meetings, related notices and communications and the Consultative Committee shall provide written communication of same to the Administrator once established;
- (g) each member of the Consultative Committee shall be required to execute a non-disclosure agreement in form and substance satisfactory to the Administrator and the members of the Consultative Committee (the “NDA”); and
- (h) the Administrator and the Consultative Committee shall meet and/or confer from time to time as reasonably requested by the Consultative Committee.

9. **THIS COURT ORDERS** that the Consultative Committee and the members of the Consultative Committee shall incur no liability or obligation as a result of their appointment to the Consultative Committee or the activities of the Consultative Committee, or the carrying out the provisions of this Order, save and except for honouring the terms of their contractual obligations (including the terms of the NDA) as a result of being a member of the Consultative Committee, gross negligence or wilful misconduct.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE ADMINISTRATOR

10. **THIS COURT ORDERS** that (i) the Applicant, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and members, and all other

persons acting or having acted on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Administrator of the existence of any Property in such Person’s possession or control, and shall grant immediate and continued access to the Resort Assets to the Administrator if so requested by the Administrator.

11. **THIS COURT ORDERS** that all Persons shall forthwith advise the Administrator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the Business or the Resort Assets, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall at the request of the Administrator provide to the Administrator or permit the Administrator to make, retain and take away copies thereof and grant to the Administrator unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 11 or in paragraph 12 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Administrator due to privilege, including privilege attaching to solicitor-client communications, or to statutory provisions prohibiting such disclosure.

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

instructions on the use of any computer or other system and providing the Administrator with any and all access codes, account names and account numbers that may be required to gain access to the information.

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

- (b) all goods and services, harmonized sales or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the time of the granting of this Order, or where such Sales Taxes were accrued or collected prior to the time of the granting of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

RESTRUCTURING

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

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

NO PROCEEDINGS AGAINST THE ADMINISTRATOR

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

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE APPLICANT

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

CONTINUATION OF SERVICES

21. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Applicant are hereby restrained until further Order of this Court from discontinuing, altering,

interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and the Applicant and the Administrator, or as may be ordered by this Court.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. **THIS COURT ORDERS** that no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until the Administrator is discharged without leave of the Court.

EMPLOYEES

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

LIMITATIONS ON THE ADMINISTRATOR'S LIABILITY

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

25. **THIS COURT ORDERS** that nothing in this Order shall be construed in resulting in the Administrator being or being deemed to be an officer, director, responsible person or operator of

the Applicant or the Resort Assets within the meaning of any statute, regulation, rule or law for any purpose whatsoever.

26. **THIS COURT ORDERS** that, pursuant to clauses 7(1)(a) and 7(2)(d) of the *Canada Personal Information Protection and Electronic Documents Act*, the Administrator may collect and use personal information of Members and other identifiable individuals, but only in a manner which is in all material respects identical to the prior use of such information by the Applicant or otherwise to the extent desirable or required to fulfil the Administrator's duties as are required by this Order or by this Court from time to time.

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

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

ADMINISTRATOR'S AND OTHERS' ACCOUNTS

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGE CREATED BY THIS ORDER

32. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable

for all purposes, including as against any right, title or interest filed, registered, recorded or perfected prior or subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

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

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

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

- (a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any alleged breach of any Agreement caused by or resulting from the creation of the Administration Charge; and

- (c) the payments made by the Applicant pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

SERVICE AND NOTICE

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

- (a) causing the Manager (as defined in the Chappelle Affidavit) or another third party service provider to send the Member Notice via electronic mail to all of those Members on the Updated Member Contact List; and
- (b) posting the notice and any other subsequent notices with respect to these proceedings, on the Applicant’s website.

37. **THIS COURT ORDERS THAT** the Administrator shall provide notice of the Exit Option to the Members by sending such notice, once such notice is prepared and the Exit Option is approved by the Court, to all Members by regular mail at each Members’ last known mailing address.

38. **THIS COURT ORDERS** that the Applicant, the Administrator and their respective counsel are at liberty to serve or distribute this Order, any Member Notice, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Members, the Applicant’s creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

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

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

41. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Applicant and the Administrator are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the intended recipient, including the Applicant’s creditors or other interested parties, at their respective addresses as last shown in the Applicants’ records and, in the case of a Member, in accordance with paragraph 36, and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

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

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

44. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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

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

47. **THIS COURT ORDERS** that the Applicant or the Administrator or any other interested party may apply to this Court to vary or amend this Order on not less than fourteen (14) days' notice to the Applicant and the Administrator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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

Conway J.

SCHEDULE "A"
LEGAL DESCRIPTION OF CARRIAGE HILLS PROPERTY

Parcel 1-16 Section 51-Oro-3

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

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

TOGETHER WITH an easement over Part of Lot 2 Concession 4, Township of Oro, being Part of Parcel 1-18 Section 51-Oro-3 being Parts 1 and 16 Plan 51r26764 as set out in Instrument Number 323093.

SCHEDULE “B”

NOTICE TO MEMBERS OF CARRIAGE RIDGE RESORT AND CARRIAGE HILLS RESORT

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

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

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

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

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

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

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

Proceedings commenced at Toronto

ADMINISTRATION ORDER

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Lawyers for the Applicant

Appendix B

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

THE HONOURABLE) FRIDAY, THE 15TH
)
MADAM JUSTICE CONWAY) DAY OF MAY, 2020

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

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

**ORDER
(appointing Administrator)**

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

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

was heard this day via Zoom judicial video conference due to the COVID-19 pandemic.

ON READING the Notice of Application, the affidavit of Martin Ginsherman, sworn April 30, 2020 (the “**Ginsherman Affidavit**”) and the Exhibits thereto, the pre-filing report of BDO and the appendices thereto, and the consent of BDO to act as Administrator, and on hearing the submissions of counsel for the Applicant, counsel for BDO, counsel for Lori Smith, Karen Levins and Bruce Fleming, counsel for David and Phyllis Lennox, Christopher Diana, representing himself, and Catherine Hristow, representing herself, and no one appearing for any other parties on the service list set out in the Notice of Application, although duly served as appears from the affidavit of service of Mitchell Grossell, sworn April 30, 2020,

SERVICE

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

APPOINTMENT

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

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

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

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

4. **THIS COURT ORDERS** that the Applicant, its members, officers, directors, agents and advisors shall advise the Administrator and the Members (in accordance with the protocol

established pursuant to paragraph 36 of this Order) of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Administrator in the exercise of its powers and discharge of its obligations and provide the Administrator with the assistance that is necessary to enable the Administrator to adequately carry out the Administrator's functions.

ADMINISTRATOR'S POWERS

5. **THIS COURT ORDERS** that the Administrator shall, as soon as reasonably practicable after its appointment:

- (a) make reasonable efforts to create an updated Members contact list (the "**Updated Members Contact List**") that shall include (but is not limited to) both the last known physical mailing addresses for the Members and their email addresses, if any, and as part of its effort to create the Updated Members Contact List, shall contact any third party service providers that have been retained by the Applicant, including but not limited to Equiant, Wyndham Worldwide Corporation, and Carriage Hills Hospitality Inc., to obtain the most recent available contact information for the Members;
- (b) subject to Court approval, plan and propose a procedure to ascertain the interests of the Members going forward with respect to the Resort, whereby Members of the Applicant will be able to indicate, among other things, whether they wish to terminate their relationship with the Resort or continue their relationship with the Resort if a satisfactory restructuring solution can be developed; and
- (c) subject to Court approval for implementation, develop an exit strategy (the "**Exit Option**") for those Members that wish to relinquish their membership with the Applicant and obtain a release of all future obligations to the Applicant, subject to certain terms and conditions to be developed by the Administrator, in consultation with the Applicant and the Consultative Committee (as defined below).

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

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

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

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

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

CONSULTATIVE COMMITTEE OF MEMBERS

8. **THIS COURT ORDERS** that there shall be a consultative committee of Members (the "**Consultative Committee**") formed as soon as reasonably practical, whose structure and mandate shall be as follows, but notwithstanding anything in the foregoing, shall be initially limited to consultation in respect of the Exit Option and which will subsequently be expanded to

include consultation in respect of other aspects of the restructuring as may be later determined by the Administrator in consultation with the Consultative Committee or as directed by the Court:

- (a) the Consultative Committee shall be provided the opportunity to consult with the Administrator and to provide non-binding input to the Administrator regarding the items described in paragraphs 5(a) to (c), 6(a), (e) and (j) of this Order;
- (b) the Consultative Committee shall be comprised of at least five (5) Members who are each in good standing, which may include the following:
 - i. one Member from the Board of Directors of the Carriage Hills Vacation Owners Association;
 - ii. one Member from the Board of Directors of the Carriage Ridge Owners Association;
 - iii. Michael Deegan, or such other Member who has an interest in terminating a relationship with the Resort and the Association irrespective of any restructuring;
 - iv. Chris Diana, or such other Member who has an interest in continuing a relationship with the Resort;
 - v. a fifth member to be chosen by the other Consultative Committee members; and
 - vi. a sixth member who may be appointed by Wyndham Worldwide Corporation in the event that they choose to participate on the Consultative Committee;
- (c) the Consultative Committee is intended to be an evolving representation of the various and differing interests of the Members and the constitution of the Consultative Committee shall be reflective and balanced in respect of those interests to the extent practicable (the “**Member Interests**”);

- (d) if any member of the Consultative Committee ceases to remain in good standing, is no longer a Member or is not reflective of the intention of the Consultative Committee as noted above, that member of the Consultative Committee shall be immediately removed from the Consultative Committee and shall be replaced by a Member who is in good standing and reflective of the Member Interests. The replacement member shall be selected by the other then current members of the Consultative Committee;
- (e) in the event that any Consultative Committee member wishes to resign from the Consultative Committee, they may do so on fourteen (14) days advance written notice to the Consultative Committee and the Administrator, and in that case, a new Consultative Committee member shall be appointed in the same manner as described in sub-paragraph 8(b) above;
- (f) the Consultative Committee is hereby authorized and directed to establish its own procedures and protocols for meetings, related notices and communications and the Consultative Committee shall provide written communication of same to the Administrator once established;
- (g) each member of the Consultative Committee shall be required to execute a non-disclosure agreement in form and substance satisfactory to the Administrator and the members of the Consultative Committee (the “NDA”); and
- (h) the Administrator and the Consultative Committee shall meet and/or confer from time to time as reasonably requested by the Consultative Committee.

9. **THIS COURT ORDERS** that the Consultative Committee and the members of the Consultative Committee shall incur no liability or obligation as a result of their appointment to the Consultative Committee or the activities of the Consultative Committee, or the carrying out the provisions of this Order, save and except for honouring the terms of their contractual obligations (including the terms of the NDA) as a result of being a member of the Consultative Committee, gross negligence or wilful misconduct.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE ADMINISTRATOR

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

11. **THIS COURT ORDERS** that all Persons shall forthwith advise the Administrator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the Business or the Resort Assets, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall at the request of the Administrator provide to the Administrator or permit the Administrator to make, retain and take away copies thereof and grant to the Administrator unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 11 or in paragraph 12 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Administrator due to privilege, including privilege attaching to solicitor-client communications, or to statutory provisions prohibiting such disclosure.

12. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Administrator for the purpose of allowing the Administrator to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Administrator in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Administrator.

Further, for the purposes of this paragraph, all Persons shall provide the Administrator with all such assistance in gaining immediate access to the information in the Records as the Administrator may in its discretion require including providing the Administrator with instructions on the use of any computer or other system and providing the Administrator with any and all access codes, account names and account numbers that may be required to gain access to the information.

POSSESSION OF PROPERTY AND OPERATIONS

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

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

further Assistants as it deems reasonably necessary or desirable in the ordinary course of its Business or for the carrying out of the terms of this Order.

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

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

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

- (a) in the event that the Applicant employs any Persons, any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees'

wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

- (b) all goods and services, harmonized sales or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the time of the granting of this Order, or where such Sales Taxes were accrued or collected prior to the time of the granting of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

RESTRUCTURING

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

- (a) meet, communicate and discuss with such affected Persons as the Applicant deems appropriate, on all matters relating to the Applicant, the Resort Assets, the Business and the administration ordered herein, provided that the Applicant or its counsel notifies the Administrator regarding any communication that the Applicant has with any affected Persons prior to issuing any communications; and
- (b) with the consent of the Administrator, dispose of redundant or non-material Property not exceeding \$500,000 in any one transaction or \$2 million in the aggregate.

NO PROCEEDINGS AGAINST THE ADMINISTRATOR

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

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE APPLICANT

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

CONTINUATION OF SERVICES

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. **THIS COURT ORDERS** that no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until the Administrator is discharged without leave of the Court.

EMPLOYEES

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

LIMITATIONS ON THE ADMINISTRATOR'S LIABILITY

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

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

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

26. **THIS COURT ORDERS** that, pursuant to clauses 7(1)(a) and 7(2)(d) of the *Canada Personal Information Protection and Electronic Documents Act*, the Administrator may collect and use personal information of Members and other identifiable individuals, but only in a manner which is in all material respects identical to the prior use of such information by the Applicant or otherwise to the extent desirable or required to fulfil the Administrator's duties as are required by this Order or by this Court from time to time.

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

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

ADMINISTRATOR'S AND OTHERS' ACCOUNTS

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

- (a) in respect of services relating to both the Applicant and Carriage Hills Owners Association in its administration, 31% of, and
- (b) in respect of services for the benefit of, or relating virtually entirely to, the Applicant alone, 100% of

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

30. **THIS COURT ORDERS** that the Administrator, counsel to the Administrator and counsel to the Applicant shall be entitled to and are hereby granted a charge (the "**Administration Charge**") on the Property, as security for such fees and disbursements incurred in respect of these proceedings, both before and after the making of this Order in respect of these proceedings, and that the Administration Charge shall form a first charge on the Property in the maximum amount of \$150,000 inclusive of all fees, disbursements (including all fees payable to Assistants) and taxes in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

31. **THIS COURT ORDERS** that the Administrator and counsel to the Administrator shall pass their accounts from time to time, and for this purpose the accounts of the Administrator and

counsel to the Administrator are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

VALIDITY AND PRIORITY OF CHARGE CREATED BY THIS ORDER

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

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

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

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

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

SERVICE AND NOTICE

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

- (a) causing the Manager (as defined in the Ginsberman Affidavit) or another third party service provider to send the Member Notice via electronic mail to all of those Members on the Updated Member Contact List; and
- (b) posting the notice and any other subsequent notices with respect to these proceedings, on the Applicant’s website.

37. **THIS COURT ORDERS** that the Administrator shall provide notice of the Exit Option to the Members by sending such notice, once such notice is prepared and the Exit Option is approved by the Court, to all Members by regular mail at each Members’ last known mailing address.

38. **THIS COURT ORDERS** that the Applicant, the Administrator and their respective counsel are at liberty to serve or distribute this Order, any Member Notice, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Members, the

Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

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

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

41. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Applicant and the Administrator are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the intended recipient, including the Applicant's creditors or other interested parties, at their respective addresses as last shown in the Applicants' records and, in the case of a Member, in accordance with paragraph 36, and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

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

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

44. **THIS COURT ORDERS** that this Order is effective from the date that it is made, and is enforceable without any need for entry and filing.

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

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

47. **THIS COURT ORDERS** that the Applicant or the Administrator or any other interested party may apply to this Court to vary or amend this Order on not less than fourteen (14) days' notice to the Applicant and the Administrator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

48. **THIS COURT ORDERS** that, unless impracticable or otherwise ordered by further Order of this Court, all motions in this administration may be heard together with motions in the administration of Carriage Hills Vacation Owners Association (Court file no. CV-20-00640265-00CL) seeking substantially similar relief.

Conway J.

SCHEDULE "A"
LEGAL DESCRIPTION OF CARRIAGE RIDGE PROPERTY

Parcel 1-27 Section 51-Oro-3, being Part of Lots 1 and 2 Concession 3, designated as Part 1 on Plan 51r-31409 Township of Oro-Medonte

County of Simcoe.

Land Titles Division of Simcoe (No. 51)

SCHEDULE “B”

NOTICE TO MEMBERS OF CARRIAGE RIDGE RESORT AND CARRIAGE HILLS RESORT

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

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

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

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

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

Court File No.: CV-20-00640266-00CL

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

Proceedings commenced at Toronto

ADMINISTRATION ORDER

Thornton Grout Finnigan LLP

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Lawyers for the Applicant

Appendix C

To the owners/members of the Carriage Hills Vacation Owners Association (“CHVOA”) and Carriage Ridge Owners Association (“CROA”) (collectively the “Associations”)

As you know, BDO Canada Limited (“BDO”) was appointed as Administrator in respect of CHVOA and CROA pursuant to orders of the Ontario Superior Court of Justice effective May 15, 2020 (the “Appointment Orders”). Copies of the court orders, together with all other Court materials, are available in pdf on the Administrator’s website at <https://www.bdo.ca/en-ca/extranets/carriage/>.

COURT ORDERED MEMBERS’ COMMITTEE

Among other things, the Appointment Orders provide for the creation of a members’ committee to consult with the Administrator. The member committee is to consist of at least five individuals, with a possible sixth chosen by Wyndham. Wyndham has informed the Administrator that they will not be designating a representative to sit on the committee at this time. The committee is to consist of a member of the Board of each of CHVOA and CROA, together with two members named in the Appointment Orders, and the fifth is to be chosen by the current committee members. We expect to have the final member of the committee chosen by the end of this week (May 22, 2020). Once the final member is chosen, the Administrator and the committee will set up a further date to begin the discussions in respect of the following:

- The preparation of the member contact list and mechanism;
- The survey of members to determine whether they wish to remain in a restructured resort or whether they wish to terminate their membership;
- A process to deal with delinquent owners/members;
- An exit strategy for those members who wish to terminate their relationship with the Associations.

BDO COMMUNICATION TO OWNERS

Now that BDO has been appointed, it can also commence direct communications with the members of the Associations. BDO will be communicating to the members/owners throughout the course of its mandate to keep them apprised of salient steps and progress of the proceedings. However, the Administrator is cognizant of the costs to the Associations and members and will try to strike a balance between communication and costs. Please keep in mind that this is a complex process with over 13,000 members that need to be contacted. There are multiple viewpoints to consider and a number of issues to be addressed. The Administrator wishes to ensure that the process moves forward as quickly as possible having regard to the various member interests.

CURRENT OWNER CONTACT INFO

In order to have the most current information for the member contact listing, we have prepared a member brief questionnaire which has been uploaded to our website (<https://www.bdo.ca/en-ca/extranets/carriage/>). This questionnaire is only for contact information at this time and not for voting purposes. We would ask that members complete the questionnaire with their current contact details. This will allow the Administrator to start to develop a comprehensive member listing with which we can communicate with members throughout the process. Please complete the questionnaire as soon as possible.

COMMUNICATION FROM OWNERS TO BDO

In addition, we have opened up the lines of communication through the creation of email addresses for each of CROA and CHVOA at the following email addresses:

BDOCarriageHills@bdo.ca

BDOCarriageRidge@bdo.ca

Please send your emails to these two email addresses and not to individual BDO employee addresses so that they may be addressed in a timely fashion. Also, we anticipate that we will receive hundreds of emails and it is not feasible from either a time or cost perspective to respond to each of them individually. It is our intention to summarize the issues raised in the emails and respond to issues more generally either through communications such as this or more likely an expansion to the previously published FAQ. This will reduce costs of the processes for both Associations and their respective members. In fact, we have just updated the FAQ document on our website to include an update on the May 15 court attendance and the role of the Administrator in this process. Please check our website on a regular basis to see if there have been any new documents posted or updates to communications.

FEBRUARY 2020 REPORT

One of the common comments from members is in respect of the report commissioned by the Boards of the Associations prior to the commencement of these proceedings. This report was a comprehensive analysis prepared by then counsel for the Boards of the Associations– Goldman Sloan Nash & Haber LLP (“GSNH”) – with input from BDO. This report took many months to prepare and was presented to the Boards of the Associations in February 2020. The report is approximately 350 pages long, including appendices. Below is a very brief summary of the numerous issues the report reviewed and analyzed:

- The incorporation documents for the Associations in order to understand what the legal status was of the Associations;
- The legal history of the resorts in respect of Shell Vacations, the construction of the resorts and how Wyndham became involved;
- A review of the real estate and the ownership of the other assets to understand the ownership structure, how it was legally recorded and the resulting issues with same;
- A review of the numerous legal contracts, rules and regulations of the Associations with owners, suppliers, Wyndham, vacation clubs, etc. in order to understand:
 - what are the requirements for obsolescence pursuant to the Time Share Agreement;
 - what was the mechanism in the agreements for selling the resorts in an obsolescence, if any (there were none);
 - if a restructuring could be effected through those legal agreements or not;
 - how a restructuring could affect vacation clubs, suppliers, and owners and what flexibility there was in those agreements to allow a restructuring;
 - who are the creditors of the Associations (suppliers, owners, others); and,
 - what are the legal rights and obligations of the owners, suppliers and others.
- Who had ownership in both Associations and who were owners of “red” and “white” and “every year” and “every other year” intervals and what did the different ownerships mean for a restructuring or liquidation;
- Whether there were any mortgages with respect to the ownerships;
- A financial review of the Associations and resorts both on an historical and forecasted basis;

- A cash flow forecast to understand if and when the Associations might run into cash flow problems and what might be able to be done about it;
- Who were the delinquent owners and what was the status of the amounts owed and how was that trending and what were the collection processes in place;
- What was the historical change in basic charges and special charges;
- Do the Associations fit the definition of “insolvent” pursuant to insolvency legislation or would they become insolvent in the near future;
- Could the resorts be severed such that portions of the resorts could be sold instead of the entire resorts;
- Would potential purchasers be interested in portions of the resorts or only the whole and when would be the best time to market the resorts;
- What was the potential value of the resorts; and,
- What were the possible legal ways to restructure the Associations and what could be the timing for such a restructuring and what were the pros and cons of different options and probability of success.

The report ultimately concluded that there was no way to successfully deal with the owners’ issues (particularly with respect to ending their memberships with the resorts and the expected ongoing increase in delinquencies and increasing costs) within the current legal agreements and structure. It was also determined that the Associations were not insolvent pursuant to the definition in either the Bankruptcy and Insolvency Act or the Companies’ Creditors Arrangement Act. Therefore, the report proposed the path that has now been taken (the appointment of the Administrator through a unique Court filing). Now that the Court filing has been commenced, a definitive plan needs to be developed with the input of members to understand whether a restructuring is wanted, and if so, whether it can be viable.

The report has not been made available to members as it is subject to solicitor-client privilege and contains confidential information including supplier contracts, estimated valuations of assets, names of delinquent owners, etc. If valuations of the assets (such as the real properties) were made public this would only serve to set a ceiling for the value of those assets as potential purchasers would not pay more than the value disclosed. Accordingly, only non-confidential information from the report was summarized in the Administrator’s pre-filing Court report and in the affidavits of each of the Associations.

COSTS TO-DATE

Lastly, several members have asked if BDO was paid \$200,000 for the report. BDO is not certain from where that figure was derived. BDO’s engagement in connection with the report was a separate engagement from the present Court-appointed mandate. BDO was paid approximately \$112,000 by CHVOA and \$55,000 by CROA, exclusive of HST for its input into the report commissioned for the Associations’ boards. The Associations’ then legal counsel, GSNH, was paid approximately \$243,000 by CHVOA and \$79,000 by CROA for the report. BDO has also been paid \$53,000 by CHVOA and \$25,000 by CROA, exclusive of HST, and legal counsel for the time spent in preparing for the court filing (i.e. drafting the court reports, setting up the website, consulting on the court orders, consulting on the affidavits, etc.).

We ask that you please be patient with the process as there are thousands of people to consider and dealing with the many issues will take time to do properly.

Appendix D

Frequently Asked Questions (FAQ)

May 21, 2020

As you are aware, Carriage Hills Vacation Owners Association (the “**Association**”) sought Court approval of the appointment of BDO Canada Limited (“**BDO**”) as administrator over the Association and the Carriage Hills Resort (the “**Resort**”). The Court order was granted on May 15, 2020 (the “**May 15th Order**”).

We understand that many Owners of the Resort (“**Owners**”) have questions with respect to the current Court approved process (the “**Process**”). Below is a list of Frequently Asked Questions that intends to be responsive to questions or concerns raised about the first steps that have been taken, the role of BDO and how the Process may affect the Owners.

1. What happened at the May 15, 2020 hearing?

An Order was granted by the Honourable Madam Justice Conway appointing BDO as Administrator in respect of the Carriage Hills Vacation Owners Association (the “**Appointment Order**”). The Administrator’s role is discussed below.

2. What is the purpose of the Court proceeding?

The Board’s professional advisors have determined (after reviewing other potential options outside of a Court filing) that this is the only way to restructure the Resort. Because of the agreements (including the Time Share Agreement) that were entered into by each of the Owners, it has been determined that a restructuring is not possible any other way.

3. Do I need to get a lawyer?

You are always free to retain your own lawyer. Presently we believe that Owners all have the same interests at this time – to develop a mechanism permitting certain Owners to exit and to restructure the interests of those Owners who wish to remain if a viable resort can be maintained.

4. How can I get notice of future Court hearings?

The Court approved a notice procedure to the Owners of upcoming hearings, whereby, a notice of the hearing will be posted on the Association’s website and sent via email in the same way that you had received Owner notices from the Board in the past. The notice will provide a brief description of what the Board is asking the Court to allow it to do, a link to the materials and the timing of the hearing. Such notices will also be posted on the Administrator’s website.

5. How can I get the notice directly?

The Administrator has a questionnaire on its website (www.bdo.ca/en-ca/extranets/carriage) to allow Owners to record their updated contact information. The Administrator will email parties directly once the Administrator has the contact information of Owners. However, due to the number of Owners and emails being caught in spam filters, we recommend that you check the

Association's and Administrator's websites regularly for updates in the event that the email does not reach you. Please complete the questionnaire as soon as possible.

The Restructuring of the Resort

6. What are the first steps in the Process?

The appointment of the Administrator is an important **first step** to restructure the Resort. The next steps, as set out in the Appointment Order, are as follows:

a) Member Contact Information

The Administrator wishes to create an updated Owners contact list including but not limited to the last known physical mailing address and email address of each Owner.

b) Consultative Committee of Owners (the "Consultative Committee")

A meeting will be held by the Consultative Committee, whereby a fifth committee member is to be chosen by the other Consultative Committee members.

c) Assessing Owners Future Intentions

Subject to Court approval, a procedure and plan will be developed and implemented to confirm the interests of the Owners going forward with respect to the Resort. Owners will be able to indicate whether they wish to terminate their relationship with the Resort, or continue if a satisfactory restructuring solution can be developed.

d) Exit Strategy

Subject to Court approval, the Administrator, with the assistance of the Consultative Committee and Board, will develop an exit strategy for those Owners that wish to relinquish their membership.

7. I want to exit the Resort. Can I do that right now?

Unfortunately, that is not presently possible unless you are able to sell your interest in the resort. The Administrator and Boards, in consultation with the Consultative Committee, will develop a process to allow Owners who wish to exit the time-share to do so. This process will be presented to the Court for approval. Once the process is approved then Owners will be able to exit the time-share pursuant to that Court approved process.

8. How are my rights affected? Do I still have the right to vote?

The Owners' voting and ownership rights are not affected by the May 15th Order.

9. Will the owners be consulted now that the Administrator has been appointed?

Yes. As set out in #6 above, the Appointment Order requires the formation of the Consultative Committee made up of at least five Owners who are representative of the varying interest of the

Owners. The Administrator will consult with the Consultative Committee and the Boards and consider their recommendations in developing the exit process for Owners. The exit process will require the approval of the Court, which will need to be satisfied that the process is fair and reasonable in the circumstances. The Administrator has also established an email address (BDOCarrriageHills@bdo.ca) for direct communications with the Administrator.

10. Who is on the Consultative Committee?

Pursuant to the Appointment Order, the Consultative Committee consists of:

- Chris Diana
- Michael Deegan
- A member of the Ridge board of directors – Laurie Kennedy
- A member of the Hills board of directors – Darren Chapelle
- A fifth member to be chosen by the above committee members

Although Wyndham has the option to be represented on the Consultative Committee, it has chosen not to exercise that option at this time.

The Role of BDO

11. What is the proposed role of BDO?

BDO is an independent party with expertise in restructuring. As the Administrator, BDO is a neutral party and officer of the Court whose role is consultative and monitoring in nature. The principal functions of the Administrator include, but are not limited to:

- Monitoring the cash flow of the Resort, including any large expenditures, and to assist in developing a plan to resolve any potential cash flow issues;
- Consult with the Consultative Committee and assist the Board in the development of an exit and, if possible, a restructuring plan, including commenting on each plan presented to the Court;
- Facilitate owner surveys to ensure impartiality;
- Provide an opinion to the Court on whether a downsized resort is viable, including changes to the time share and other agreements;
- Develop a sales process for any property that needs to be sold and seek Court approval of that process and the ultimate sale of any property; and
- Present a plan to the Court on what is to be done with any proceeds from the sale of any property.

12. Who does BDO report to?

As a Court officer, the Administrator reports to and takes its direction ultimately from the Court, not the Boards nor Wyndham nor individual Owners. Any Court reports from the Administrator will be publicly available once they are filed with the Court and will be found on BDO's website.

The Resort Operations

13. How does the Process affect the operations of the Resort?

The Process will 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 the 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 Owners and Wyndham.

14. I am also an Owner at Carriage Ridge Resort. Will Carriage Ridge be restructuring as well?

Yes. BDO is also the Court-appointed Administrator of Carriage Ridge. The Carriage Ridge Owners Association and the Carriage Hills Vacation Owners Association are working together in their restructuring efforts in order to save costs and possibly provide additional future options, which will be for the benefit of the Owners of both Resorts. Representatives of both Resorts are included in the Consultative Committee.

15. 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. However, please note that the COVID-19 pandemic has forced the closure of the Resort until at least May 29, 2020. Further updates will be provided in advance of that date directly by the Resort manager.

16. I have other question and concerns for BDO, who should I contact?

We recommend that you first review the information on BDO'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.

Frequently Asked Questions (FAQ)

May 21, 2020

As you are aware, Carriage Ridge Owners Association (the “**Association**”) sought Court approval of the appointment of BDO Canada Limited (“**BDO**”) as administrator over the Association and the Carriage Ridge Resort (the “**Resort**”). The Court order was granted on May 15, 2020 (the “**May 15th Order**”).

We understand that many Owners of the Resort (“**Owners**”) have questions with respect to the current Court approved process (the “**Process**”). Below is a list of Frequently Asked Questions that intends to be responsive to questions or concerns raised about the first steps that have been taken, the role of BDO and how the Process may affect the Owners.

1. What happened at the May 15, 2020 hearing?

An Order was granted by the Honourable Madam Justice Conway appointing BDO as Administrator in respect of the Carriage Ridge Owners Association (the “**Appointment Order**”). The Administrator’s role is discussed below.

2. What is the purpose of the Court proceeding?

The Board’s professional advisors have determined (after reviewing other potential options outside of a Court filing) that this is the only way to restructure the Resort. Because of the agreements (including the Time Share Agreement) that were entered into by each of the Owners, it has been determined that the process adopted is the most likely to permit a restructuring.

3. Do I need to get a lawyer?

You are always free to retain your own lawyer. Presently we believe that Owners all have the same interests at this time – to develop a mechanism permitting certain Owners to exit and to restructure the interests of those Owners who wish to remain if a viable resort can be maintained.

4. How can I get notice of future Court hearings?

The Court approved a notice procedure to the Owners of upcoming hearings, whereby, a notice of the hearing will be posted on the Association’s website and sent via email in the same way that you had received Owner notices from the Board in the past. The notice will provide a brief description of what the Board is asking the Court to allow it to do, a link to the materials and the timing of the hearing. Such notices will also be posted on the Administrator’s website.

5. How can I get the notice directly?

The Administrator has a questionnaire on its website (www.bdo.ca/en-ca/extranets/carriage) to allow Owners to record their updated contact information. The Administrator will email parties directly once the Administrator has the contact information of Owners. However, due to the number of Owners and emails being caught in spam filters, we recommend that you check the

Association's and Administrator's websites regularly for updates in the event that the email does not reach you. Please complete the questionnaire as soon as possible.

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The appointment of the Administrator is an important **first step** to restructure the Resort. The next steps, as set out in the Appointment Order, are as follows:

a) Member Contact Information

The Administrator wishes to create an updated Owners contact list including but not limited to the last known physical mailing address and email address of each Owner.

b) Consultative Committee of Owners (the "Consultative Committee")

A meeting will be held by the Consultative Committee, whereby a fifth committee member is to be chosen by the other Consultative Committee members.

c) Assessing Owners Future Intentions

Subject to Court approval, a procedure and plan will be developed and implemented to confirm the interests of the Owners going forward with respect to the Resort. Owners will be able to indicate whether they wish to terminate their relationship with the Resort, or continue if a satisfactory restructuring solution can be developed.

d) Exit Strategy

Subject to Court approval, the Administrator, with the assistance of the Consultative Committee and Board, will develop an exit strategy for those Owners that wish to relinquish their membership.

7. I want to exit the Resort. Can I do that right now?

Unfortunately, that is not presently possible unless you are able to sell your interest in the resort. The Administrator and Boards, in consultation with the Consultative Committee, will develop a process to allow Owners who wish to exit the time-share to do so. This process will be presented to the Court for approval. Once the process is approved then Owners will be able to exit the time-share pursuant to that Court approved process.

8. How are my rights affected? Do I still have the right to vote?

The Owners' voting and ownership rights are not affected by the May 15th Order.

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Yes. As set out in #6 above, the Appointment Order requires the formation of the Consultative Committee made up of at least five Owners who are representative of the varying interest of the

Owners. The Administrator will consult with the Consultative Committee and the Boards and consider their recommendations in developing the exit process for Owners. The exit process will require the approval of the Court, which will need to be satisfied that the process is fair and reasonable in the circumstances. The Administrator has also established an email address (BDOCarriageRidge@bdo.ca) for direct communications with the Administrator.

10. Who is on the Consultative Committee?

Pursuant to the Appointment Order, the Consultative Committee consists of:

- Chris Diana
- Michael Deegan
- A member of the Ridge board of directors – Laurie Kennedy
- A member of the Hills board of directors – Darren Chapelle
- A fifth member to be chosen by the above committee members

Although Wyndham has the option to be represented on the Consultative Committee, it has chosen not to exercise that option at this time.

The Role of BDO

11. What is BDO's role as Administrator?

BDO is an independent party with expertise in restructuring. As the Administrator, BDO is a neutral party and officer of the Court whose role is consultative and monitoring in nature. The principal functions of the Administrator include, but are not limited to:

- Monitoring the cash flow of the Resort, including any large expenditures, and to assist in developing a plan to resolve any potential cash flow issues;
- Consult with the Consultative Committee and assist the Board in the development of an exit and, if possible, a restructuring plan, including commenting on each plan presented to the Court;
- Facilitate owner surveys to ensure impartiality;
- Provide an opinion to the Court on whether a downsized resort is viable, including changes to the time share and other agreements;
- Develop a sales process for any property that needs to be sold and seek Court approval of that process and the ultimate sale of any property; and
- Present a plan to the Court on what is to be done with any proceeds from the sale of any property.

12. Who does BDO report to?

As a Court officer, the Administrator reports to and takes its direction ultimately from the Court, not the Boards nor Wyndham nor individual Owners. Any Court reports from the Administrator will be publicly available once they are filed with the Court and will be found on BDO's website.

The Resort Operations

13. How does the Process affect the operations of the Resort?

The Process will 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 the 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 Owners and Wyndham.

14. I am also an Owner at Carriage Hills Resort. Will Carriage Hills be restructuring as well?

Yes. BDO is also the Court-appointed Administrator of Carriage Hills. The Carriage Hills Vacation Owners Association and the Carriage Ridge Owners Association are working together in their restructuring efforts in order to save costs and possibly provide additional future options, which will be for the benefit of the Owners of both Resorts. Representatives of both Resorts are included in the Consultative Committee.

15. 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. However, please note that the COVID-19 pandemic has forced the closure of the Resort until at least May 29, 2020. Further updates will be provided in advance of that date directly by the Resort manager.

16. I have other question and concerns for BDO, who should I contact?

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

Appendix E

First Update from the Consultative Committee June 10, 2020

The Administrator and the Consultative Committee of Owners (the “Committee”) wanted to provide you with a brief update on the status of the Committee and the first steps required under the Initial Court Order. The first task of the Committee was to elect its fifth and final member. The Committee met on May 29, 2020 to discuss potential candidates and elected the fifth member in time for its second meeting on June 3, 2020. The Committee members are:

- Darren Chapelle
- Laurie Kennedy
- Michael Deegan
- Christopher Diana
- Dana Barakauskas

The Committee was also tasked with determining how best to communicate with the owners. This letter is the result of those discussions and agreed to after the third meeting on June 10, 2020. The Administrator obtained a list of current members from Wyndham and Equiant and has prepared a combined list with the information obtained through the Administrator’s website and through the emails received directly from owners. The combined listing was used to send out this communication. However, the information is only as good as the lists the Administrator has received so we encourage owners to continue to go to <https://www.bdo.ca/en-ca/extranets/carriage/> to provide your updated information.

The Administrator, with input from the Committee, is drafting a survey for owners to complete. The purpose of the survey is to ascertain whether owners either want to exit immediately or remain in a restructured resort. Once the survey questions have been finalized, the survey will be presented to the Court for approval before being made available for owners to complete. As the survey must first be approved by the Court, the exact timing to have the survey available for owners to complete is not yet certain but we expect to present the survey to the Court on July 2, 2020.

The Administrator, in consultation with the Committee, is in the process of developing the “Exit Option” for those owners who wish to relinquish their membership with the resorts. The timing of owners exiting is uncertain as it first depends on the completion of the survey. Please keep in mind that this is a multi-step process. Each step needs to be completed before the next can be taken in order to have an effective process. All parties are working as quickly as they can. It is important to consider all of the legal, tax and financial ramifications of any path forward before proceeding. We do not want to rush the process and compromise the ability to obtain input from those affected and the fairest and unbiased result for everyone.

BDO Canada Limited
Solely in its Capacity as
Court Appointed Administrator of
Carriage Hills Vacation Owners Association
Carriage Ridge Owners Association

Appendix F

CARRIAGE RIDGE AND CARRIAGE HILLS MEMBER SURVEY

PURPOSE OF SURVEY

The purpose of this survey is to determine which owners wish to immediately exit their resort intervals and which owners may wish to maintain at least one of their intervals in a “restructured resort”. The basic parameters of a “restructured resort” are found below. The Administrator needs to gauge the interest in exiting immediately versus remaining in a restructured resort in order to determine if a restructured resort is a viable option.

TIME TO COMPLETE SURVEY

This survey will available to be completed for 45 days only commencing July __ and ending August __, 2020.

EFFECT OF SURVEY

This survey will be binding on those voting to exit. If this survey were not binding on those wanting to exit now, the Administrator would be forced to conduct multiple surveys involving numerous restructuring options which would take many months and be very expensive. Most importantly, such a delay would mean that an exit for owners would not be available before the next annual payment is due. The Administrator has heard directly from many owners that they want to exit before the next payment is due and we are trying to accommodate that request. Therefore, if you do not choose to exit now, you will be invoiced for next year’s fees, which will need to be paid to be eligible to continue in this process.

The survey will not be binding on those voting to stay. Until the results of this survey are available, we are unable to determine what a restructured resort will look like or whether a restructured resort is possible as we will not know how many owners wish to remain. Once this is known and assuming a restructuring is possible, we will be able to prepare a projection of what a restructured resort will look like and what the ongoing maintenance fees are likely to be. Those owners who indicated that they wanted to stay will then have 45 days to decide if they wish to remain or exit based on those terms. The owners choosing to exit after the second survey will go through the same exit process and fee as those who exited earlier.

If you choose to exit: Choosing the exit option below does not mean you have actually exited the time share or given up your interval(s). You will receive further information on precisely how to exit and the implications of exiting after the survey is completed and a final exit plan is approved by the Court. An Exit Fee (as set out in the chart below) will have to be paid by all those wishing to exit at this time or if you exit as discussed in the “If you choose to stay” paragraph below. After all or any portion of the resort is sold, there may be a payment made to all exiting owners (whether they exit under this survey or after the next). However, the exact amount of that payment will not be known until a sale is completed.

Total Cancellation Fee per Interval (including HST)	Every Year Interval		Even/Odd Year Interval	
	Red	White	Red	White
Carriage Hills	\$ 2,300.33	\$ 2,417.74	\$ 1,150.16	\$ 1,208.87
Carriage Ridge	\$ 2,282.38	\$ 2,399.17	\$ 1,141.19	\$ 1,199.58

If you choose to stay: Choosing to stay in a restructured resort does not mean you will automatically be part of a restructured resort in the future. The Administrator is simply trying to gauge your desire to do so. You will be provided with further information on what a future restructured resort will look like, together with the annual cost, after the survey is completed and the exit plan for those wishing to exit is approved by the Court. Depending on the results of the survey, it may be that a restructured resort is not feasible if not enough owners wish to remain in a restructured resort. It is anticipated that, once the exact terms and conditions of a restructured resort are determined, those terms will be shared with owners who voted to stay and you will again be able to choose to stay or to exit based on those exact terms.

If you do not reply to the survey: If you do not reply to the survey the Administrator will have to assume that you are voting to STAY in the resort. The Administrator CANNOT assume owners want to break a legal contract.

Please note, we require you to vote separately for each interval you own and only one vote per interval will be permitted

Please enter the following information:

Name of the owner of the time share _____

Please choose one of the following two options:

- Carriage Hills Interval
- Carriage Ridge interval

Please choose one of the following three options:

- Every year Interval
- Odd year Interval
- Even year Interval

Please choose one of the following two options.

- Do you want to exit now (this would include declaring the resort "obsolete")?
- Do you want to remain in a "restructured resort"?

Pursuant to the time share agreement, in order for the resort to be determined to be "obsolete", 75% of all intervals must be voted in favour of obsolescence. If more than 75% of intervals are voted in favour of obsolescence, then the entire resort must be sold. If less than 75% of all intervals are voted in favour of exiting, then it is possible that a portion of the resort will be sold to accommodate a smaller future resort. The process for the sale and the distribution of the proceeds of that sale will be proposed by the Administrator and have to be approved by the Court.

A "restructured resort" requires that, at a minimum, the time share agreement be altered to eliminate the perpetual nature of the Owners' obligations. In other words, a mechanism would need to be created to provide Owners with the option to opt-out of the resort in the future (on terms to be determined) in the event that they are unable to sell their intervals. A successful restructured resort would also not see any significant escalation in annual maintenance fees. What exactly a restructured resort will look like and what the maintenance fees will be is uncertain and cannot be determined until the results of this survey are known.

No decisions have been made on what will happen with the resorts at this time. The results of the survey will help to inform all owners, the boards of directors, the Administrator and the Court as to what the next steps should be.

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Appendix G

Proposed Email to Delinquent Members:

As you may know, BDO Canada Limited (“BDO”) was appointed as Administrator in respect of CHVOA and CROA pursuant to orders of the Ontario Superior Court of Justice effective May 15, 2020 (the “Appointment Orders”). Copies of the court orders, together with all other Court materials, are available in pdf on the Administrator’s website at <https://www.bdo.ca/en-ca/extranets/carriage/>.

Pursuant to the records of Carriage Ridge Owners Association (“CROA”) and/or Carriage Hills Vacation Owners Association (“CHVOA”), you are a member of CROA and/or CHVOA (“Member”) and have outstanding fees owing to CROA and/or CHVOA (a “Delinquent Account”). Pursuant to the Order of the Ontario Superior Court of Justice dated July 2, 2020, as a Member with a Delinquent Account, you will not be permitted to vote in the Court-ordered Member Survey. In addition, a delinquency fee of \$1,000 (the “Delinquency Fee”) will be added to your account effective October 1, 2020.

However, if you pay your entire outstanding Delinquent Account before the Member Survey Deadline of August 31, 2020, you will be permitted to vote in the Member Survey. If you pay your outstanding account in full before September 30, 2020, you will not be assessed the Delinquency Fee.

Should you wish to pay your account, please contact Wyndham or Equiant to pay your fees.

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Appendix H



INITIAL PRICING

Based on our conversation, I have put together a rough pricing estimate. Please note that as we continue our conversation and dive deeper into the scope of work and requirements, the rough estimate may be subject to change.

PROPOSED SOLUTION

In the table below you will see a preliminary breakdown of the proposed solution to manage your upcoming voting events.

Option 1:

Type	Description	Price
Enterprise License	(1) Fully managed voting event utilizing the eBallot platform for up to 13,000 eligible voting members	
Additional Services	<ul style="list-style-type: none">- Complete ballot setup and management with dedicated eBallot project manager- Split weight voting (based on owner intervals)- (1) Email notification (One click links for voter access)- (2) Email reminders- (1) Certified Results report (showing votes cast, percentage of voter turnout, and designated winners, certified by a eBallot team member)- Phone / email voter support M – F 9am – 5pm ET	
TOTAL		\$7714.00

Option 2:

Type	Description	Price
Enterprise License	(1) Semi-managed voting event utilizing the eBallot platform for up to 13,000 eligible voting members	
Additional Services	<ul style="list-style-type: none"> - Up to 3 hours platform training with eBallot representative for BDO admins - <i>Options include ballot setup, email setup, voter support</i> 	
TOTAL		\$6000 - \$7000

Option 3

Type	Description	Price
Enterprise License	(1) Self administered voting event utilizing the eBallot platform for up to 13,000 eligible voting members	
Additional Services	<ul style="list-style-type: none"> - Up to 3 hours platform training with eBallot representative for BDO admins 	
TOTAL		\$5010.00



TIMELINE AND REQUIREMENTS

For a managed voting event, eBallot normally requires 3 weeks for the delivery of materials, setup, testing and approval of your ballot. Your dedicated Project Manager will develop a timeline of the process based on your scheduled voting launch date.

 1.800.868.3638  help@eballot.com  251 18th Street #704 Arlington, VA 22202

Appendix I

Resort Villa Management Ltd.
5799 – 3rd Street SE
Calgary, Alberta
T2H 1K1
customercare@northwynd.ca

Customer Service:
Telephone: 1-877-451-1250
Fax: 1-888-378-4477
Payments:
Telephone: 1-877-451-1167
Fax: 1-877-451-1239



April 12, 2013

FREEDOM TO CHOOSE, REASON TO STAY

Dear Sunchaser Vacation Villas Owner:

On December 10, 2012, we made the life changing announcement for our Sunchaser Vacation Villas at Fairmont resort (the “Resort” or “SVV”) that we would embark on a major renovation. We hope that each of you has taken the opportunity to review that communication, the information we have placed on the www.sunchaservillas.ca website, and have had a chance to absorb the needed changes to the Resort. January was the busiest month in the history of Resort Villa Management Ltd. (“RVM”) as we answered calls from our Timeshare Interval Owners and Lessees (our “Timeshare Members”) to help update everyone on the planned project and its need and benefit.

When we decided to embark on this project, we approached it pragmatically. We knew a substantial amount of our Timeshare Members would support the renovation because you love the Fairmont area and SVV and we have been pleasantly surprised by just how strong the feedback has been in support of the renovation. At the same time, we appreciated that those Timeshare Members unaware of the state of the Resort and its history would find the Renovation Project Fee (“RPF”) unexpected and unwelcome. In addition, accepting and understanding the Resort needs to be renovated may not go hand in hand with accepting the cost of doing so. All of this combined for a material risk that a substantial percentage of our Timeshare Members would default on the RPF. In turn, that this would create a vicious circle of rebilling our remaining members for delinquencies until the Resort collapsed on itself.

We recognized we faced a major dilemma. Purely wearing our Property Manager hat, we faced a situation where the Resort would fail if we did not do the renovation due to the significant “behind the wall” issues and growing delinquency that already existed, and at the same time the Resort would fail if we did do the renovation due to increased delinquency it would cause. In addition, ignoring the required renovation would have violated our responsibility as Property Manager to operate the Resort in a prudent and workmanlike manner. We had to find a solution that balanced the need to perform the renovation with the reality that if we just “forced it on everyone” the percentage of owners who defaulted would make it impossible to succeed.

The solution was clear. We had to be able to do two things:

- 1) Provide our Timeshare Members the ability to cancel their Vacation Interval Agreements if they do not want to stay.
- 2) Shrink the Resort to whatever size is necessary to reach a near sold-out state based on the number who choose to stay (seasonality will make it unlikely we can get fully sold out).

We recognized that a healthy smaller Resort with a long-term future was better for all stakeholders than an unhealthy larger Resort facing closure within the next five years. We also recognized that the success of any solution would hinge on providing a fair alternative, not just for the Timeshare Member who will gain years of value from the renovation and therefore should be motivated to stay, but also the Timeshare Member who no longer sees value in their Vacation Interval or not for long enough to justify future contractual obligations.

We developed a program to address both alternatives which we call “Freedom to Choose, Reason to Stay” and it is discussed in detail below. Before getting into the details, we would like to reiterate that our belief in our Resort and the vacation experience it provides our Timeshare Members. For those Timeshare Members who have enjoyed their Vacation Interval, either by visiting the Resort itself or using it through exchange programs, we hope that you will see the value in bringing the Resort back up to an appropriate standard you can enjoy for years to come.

Lastly, we strongly urge you to read the “Resort Realignment” section at the end as it outlines how the Resort needs to evolve to enable this process to work.

FREEDOM TO CHOOSE

If you have not, we strongly urge you to read the Norton Rose Legal Opinion on the www.sunchaservillas.ca website as it clearly outlines the rights and responsibilities of the Property Manager, the Developer, and you as a Timeshare Member.

To date, we have focused our information on the coming renovation and the reasons for our Timeshare Members to stay because it is our sincere hope that everyone who continues to get value out of their Vacation Interval will want to continue with us. However, we appreciate that not all of our Timeshare Members fit that demographic for any number of reasons including:

- Age: SVV began selling timeshares in the early 1990’s and as a result, we have a significant member base that is over 70 years of age and a substantial number can no longer utilize their Vacation Interval.
- Cost: We appreciate that many of our members were sold their Vacation Interval by Fairmont based on significantly lower maintenance fees and that current fees, regardless of their need and our members contractual obligations, have reached a point that continuing is too expensive for some members.
- Change of life circumstances: 40 years is a long time and it is inevitable that some members no longer have an effective use for their Vacation Interval. The reasons could be positive such as new incomes allowing them to travel to new exotic locals, neutral changes such as retiring or kids leaving home, or negative such as a lost job. Regardless of reason, their Vacation Interval is now a square peg in their round vacation hole.

The consistent theme across most circumstances is that the Timeshare Member no longer views their Timeshare Interval as an asset. Instead, they view it as a yearly liability because they no longer use it or no longer use it effectively. This is an understandable viewpoint. If you can no longer use your Vacation Interval effectively, it is a yearly cost with minimal or no benefit. As a result, we have developed the Freedom to Choose alternative.

As the Developer, we need to be cognizant that there are three stakeholders in the process, not just the Timeshare Member. There is the Timeshare Member who wants to cancel, the unitholders (shareholders) of Northwynd, and the remaining Timeshare Members who want the Resort to continue. We appreciate that each Timeshare Member who wants to cancel would like to do so for free despite their contractual obligations. However, that would materially prejudice the other stakeholders who would have to make up for the losses that would create.

For the Northwynd unitholders, it would mean sacrificing the future property management fees that drive the value of their investment in return for non-renovated and unsellable timeshare inventory. This sacrifice would be on top of the tens of millions of dollars our unitholders have already lost because of their investments in the bonds of Fairmont. Many of you may not know that Northwynd was created out of a foreclosure on the assets of Fairmont. Approximately 850 “regular Joes/Janes” invested almost \$44,000,000 into Fairmont debt that ultimately drove Fairmont into CCAA protection. Our unitholders have seen over half of their investment disappear and the value that remains is primarily tied to Sunchaser Vacation Villas. Letting Timeshare Members walk away for free would likely eliminate any remaining value from their investment.

For the Timeshare Members who want the Resort to be renovated and want to continue on into the future, they need the other members to pay their fair share of the past deficit before they leave. As we have disclosed, the Resort, as a result of its past history, has accumulated a significant deficit that needs to be recovered. If we allowed Timeshare Members to walk away without paying their fair share, the remaining Timeshare Members or Northwynd would have to pick up the cost which at best would be extremely unfair, and at worst would drive greater delinquency and ultimate failure of the Resort.

As a result, the fairest method for all stakeholders to allow Timeshare Members to cancel their Vacation Interval Agreements is to implement a cancellation fee similar to other traditional fixed term contracts like cell phones, utility contracts, or car leases. In these circumstances, the lessor charges a fee that reflects the foregone opportunity that exists if you were required to continue the contract and pay your contractual obligations over its life.

If you wish to cancel your Vacation Interval Agreement, you will be charged a cancellation fee intended to address four items:

- 1) Lost property management fees: We have estimated foregone fees based on the 2012 property management fee and a 20 year maximum on fees, even if your lease term is longer or you are a fee-simple (ownership in perpetuity) Timeshare Member.
- 2) Deficit recovery: This is based on each Vacation Intervals proportionate share of the existing operating deficit at the Resort. By reacquiring your Vacation Interval, Northmont will be required to pay the operating deficit allocated to it prior to its removal from the timeshare regime.
- 3) Administration fees: This is a combination of administration costs, credit card fees, and the fees charged to us by the Trustee of the timeshare regime to process the ownership change.
- 4) GST: 5% of the combined cost of #1-#3.

20 year example	Annual		Biennial	
	Two Bed	Terrace	Two Bed	Terrace
Years remaining	20	20	20	20
Current management fee (excluding GST)	\$117.92	\$100.23	\$117.92	\$100.23
Base cancellation fee (excluding GST)	\$2,358.40	\$2,004.60	\$1,179.20	\$1,002.30
Deficit recovery, administration and trustee fees (excluding GST)	\$658.28	\$574.54	\$379.14	\$337.27
Combined cancellation fee (excluding GST)	\$3,016.68	\$2,579.14	\$1,558.34	\$1,339.57
GST (5%)	\$150.83	\$128.96	\$77.92	\$66.98
Total cancellation fee including GST	\$3,167.51	\$2,708.10	\$1,636.26	\$1,406.55
Current maintenance fee	\$890.52	\$756.93	\$890.52	\$756.93
Estimated remaining maintenance fees (assumes 3.0% annual increase) including renovation project fee	\$28,739.89	\$24,428.59	\$14,369.95	\$12,214.31
Net future cost saved by cancellation	\$25,572.38	\$21,720.49	\$12,733.69	\$10,807.76
Cancellation fee as a percentage of future costs	11.02%	11.09%	11.39%	11.52%

The cancellation fee represents approximately 11% of the future maintenance fee obligation (assuming a 3% annual increase in maintenance fees) for a Timeshare Member with 20 years remaining on their Vacation Interval. This is a very fair alternative for those owners who wish to be relieved of their obligations while at the same time trying to ensure their departure does not disadvantage our Timeshare Members who want to stay.

Please be advised that the Freedom to Choose program is offered in our capacity as the Developer and we are under no obligation to do so. A property manager that is not also the owner of the residual interest in the Resort would not have the ability to offer the program. As we recognize the importance to the long-term health of the Resort of allowing our Timeshare Members a reasonable opportunity to assess their alternatives with the renovation project and determine if it is in their best interests to pay the RPF and stay, or pay the cancellation fee and leave, we have agreed to maintain the program open to all Timeshare Members at its current cost until May 31st, 2013.

*****While it is our intent to maintain the Freedom to Choose program indefinitely to provide a fair mechanism for all of our Timeshare Members to leave or stay over the next 20+ years, we can provide no assurance beyond May 31st, 2013 that it will not be modified or eliminated in the future as circumstances dictate. *****

If you wish to accept the Freedom to Choose program, you can obtain a copy of the cancellation agreement and surrender of ownership forms on our website at www.sunchaservillas.ca/owners/freedomtochoose.asp. As a reminder, if you select the Freedom to Choose option, you will be responsible for any outstanding balances on your account other than the Renovation Project Fee. Provided you pay all outstanding balances, you will continue to have access to your 2013 Vacation Interval usage (based on season and availability). If you have any questions about the program, please contact Vacation Ownership Services. If you have any legal concerns about the Freedom to Choose program, we urge you to contact your own legal counsel and provide them a copy of your Vacation Interval Agreement, the Norton Rose Legal Opinion, the cancellation agreement and surrender of ownership forms, and this communication.

*****Timeshare Members with multiple Vacation Intervals will be required to cancel all leases or the highest season as it would be detrimental to the remaining members to allow members to cancel low season intervals while maintaining high season intervals.**

FREEDOM TO CHOOSE PAYMENT OPTIONS

The Freedom to Choose option must be paid by cheque or money order along with the signed cancellation agreement and surrender of ownership form. Copies of all required forms are available on the www.sunchaservillas.ca website if you need more.

*****Please note: you will need to fill out a separate set of forms for each Vacation Interval if you own more than one*****

Payment in full:

Cheques and money orders should be dated no later than May 31st, 2013. *****Cheques need to be made payable to Northmont Resort Properties Ltd.*****

Four payment option:

Up to four (4) monthly or semi-monthly post-dated cheques can be provided for payment of the cancellation fee provided that the first cheque must be dated no later than May 31st, 2013 and the last cheque dated no later than August 31st, 2013. *****Cheques need to be made payable to Northmont Resort Properties Ltd.*****

Note: Your cancellation agreement will not be final until the final payment is processed.

Submitting your option:

Please mail your cheque(s) or money order(s) along with the signed cancellation agreement, surrender of ownership form and renovation program response form no later than May 31st, 2013 to:

Northmont Resort Properties Ltd.
Attn: Freedom to Choose
5799 – 3rd Street SE
Calgary, AB T2H 1K1

Payment options submitted by mail or courier will be considered received on the date they are postmarked by Canada Post or the courier.

REASON TO STAY

Our priority as Property Manager is the long-term sustainability of the Resort for the majority of our Timeshare Members who continue to get solid value out of their Vacation Interval. Whether you travel to Sunchaser or use your week or points to exchange throughout the world, you actively use your interval on an annual or biennial basis and want to continue to do so for years to come. While you may not be happy with the cost necessary to return the Resort to an appropriate level, you understand the necessity for the renovation and the value you will receive.

General information:

In addition to this detailed communication, we have placed a substantial amount of information on the www.sunchaservillas.ca website. Important items that you should review to help understand the need for the renovation, the cost of completing it, and how your Resort will look once it is complete include:

- Budget Commentary: a detailed commentary on the final budget and how it compares to our initial estimates from the December communication.

- Renovation presentation: details the background on the state of the Resort, the list of third party companies primarily responsible for the renovation, and more detailed budget information by building.
- Third party contractor bio's.
- Unit improvement plans and drawings.

We will continue to update the website over time to provide pictures of the renovation work in progress as well as finished units.

In addition to the website, we have started tours at the Resort to show our Timeshare Members the current issues with the buildings as well as the changes that will come with the renovation. The tour will include a finished unit once the first building is renovated in late summer or early fall.

For our Timeshare Members who love SVV, this is a great opportunity to return your vacation experience to the level you deserve and used to receive when the units were new. On top of the mandatory work to deal with all of the "behind the wall" issues, it is extremely important to our Timeshare Members that the Resort reflect that it is 2013. We have already installed a significantly improved wi-fi network for our internet users. In addition, the renovation will include a new vacation experience from top to bottom described in the vacation experience costs below.

For our exchange focused Timeshare Members, fixing the Resort is critical to maintain your exchange value. Your underlying Vacation Interval is your currency and it is in danger of being devalued if nothing changes. Fixing the Resort's issues is critical to maintaining, if not improving, your exchange value.

Final budget:

In December, we provided guidance that the renovation cost was anticipated to be between \$28,000,000 and \$38,000,000 based on budget work completed at that time. While we had hoped to keep costs near the middle of this spectrum, the ongoing budget work with our third party General Contractor, VVI Construction Ltd. ("VVI"), based on substantial site reviews by a number of engineering firms, resulted in additional requirements that pushed costs at the high end.

On top of the effect of the general review, performing a major renovation on behalf of 14,500 unique Timeshare Members added its own complications. Through the budgeting process, we made it clear to VVI that we had to get the budgeting right the first time because our Timeshare Members would react extremely negatively if it was discovered the budget was too low three years from now. To accomplish this, we insisted that VVI agreed to a maximum price contract. In return for agreeing, VVI required the budget include significant contingencies and assumed price costs to mitigate their risk.

Lastly, it was determined that we would need to address foundation issues with the Recreation Building as part of the process which had not been initially contemplated. As a result, the final renovation budget was approved as follows: (based on a full resort renovation. Actual budget will reduce based on Freedom to Choose uptake)

Description	Low Estimate	High Estimate	Final Budget
Civil Works	2,250,000	3,500,000	3,424,120
Structural	4,500,000	6,000,000	6,174,433
Mechanical	2,000,000	3,000,000	2,905,077
Interior upgrades	11,000,000	15,000,000	14,725,803
Furniture, fixtures and equipment	2,750,000	3,500,000	3,500,000
Soft costs	4,000,000	5,000,000	4,938,157
Contractor contingency	1,500,000	2,000,000	2,316,483
Balance before additional items and PST	28,000,000	38,000,000	37,984,073
Recreation building	-	-	1,000,000
Provincial sales tax (PST)	-	-	1,860,269
	28,000,000	38,000,000	40,844,342

The final budget before PST and the addition of the Recreation Building ended up in line with our maximum expectation. For a detailed analysis of the final budget and how it compares to our initial forecast, please refer to the Budget Commentary on the website.

Behind the wall costs:

The primary concern raised to date by Timeshare Members is the extent of the Renovation. This is understandable given that a substantial amount of the renovation costs are what we describe as “behind the wall” costs as determined by independent third party engineering reports. These are problems that you might never see when you visit the Resort. They are hidden behind walls, under buildings, under roads, in service rooms, etc. It is hard to appreciate the scope of these costs because there is no visible flaw. The core underlying behind the wall issues with the buildings and common areas encompass the majority of the renovation cost. Please review the extended communication for a detailed explanation of these costs.

Throughout the budgeting and site assessment process, we discovered issues with the civil works (deficiencies in storm water management/drainage), building envelope (the crossover between the exterior of the buildings and the interior), mechanical (boiler issues), and foundations that trace back to the original construction. In addition to those issues, the Resort is faced with a major, unavoidable problem from the use of Polybutylene (“Poly-B”) Piping in 14 of the 18 buildings at the Resort.

Poly-B is a type of plastic water piping that was a CSA approved construction material in the 1990’s. Unfortunately, it was subsequently determined to have stability issues and is prone to failure which resulted in a number of class action lawsuit settlements in the early 2000’s. For those who research the issue, including information we provided on the www.sunchaservillas.ca website, you can find that Poly-B piping can run the gambit from a non-issue to a serious problem. The variances primarily depend on the quality of installation (storage prior to installation, distance from heat sources, water pressure) and choice of insert fittings (plastic versus copper or aluminum). However, the consistent theme is that if you start seeing issues, you have a problem and it will continue to get worse over time. It has been described to us as akin to popping popcorn. It starts off slow, but once it begins it is only a matter of time until it gets significantly worse.

In the case of SVV, issues with the piping began to appear as early as nine years ago. The issue was initially minor, but has become a serious problem in the last few years and is expected to only get worse. Currently, our insurer requires us to inspect every unit at the Resort on a daily basis to check for leaks in order to maintain our coverage. However, this is a short-term solution and our insurance broker has made it clear that sustained Poly-B issues will ultimately result in a denial of insurance or massive increase in premiums to an unsustainable level. Because of the extent of the problems experienced to date and the substantial cost of addressing the problems on a failure by failure basis, there is no practical choice but to replace the plumbing in the units.

Combining the plumbing with the other civil, structural and mechanical work, nearly two-thirds of the renovation work represents “behind the wall” costs that are vital to the safe and long-term operation of the Resort.

Vacation experience costs:

When you visit our or any Resort, you expect the plumbing to work, the water to drain, and the boilers to heat. Because of this, the costs some might consider optional are just as mandatory, if not more so, than the “behind the wall” costs. The day-to-day value the renovation will provide our Timeshare Members will come from all of the new items you can see and touch as you walk around the Resort and through your unit.

Our project designer, Samantha Pinksen, has done a great job evaluating the Resort and the units with the understanding that our objective is renovating a timeshare appropriate Resort, not creating a lavish or overly expensive property. To that end, her primary focus has been on in-suite use and Resort durability.

A major issue with the Resort has been the lack of functionality in the B side units at Riverside. As such, we are changing the layout to increase the living space to permit a full-service kitchen and seating for four people. In addition, all renovated units will include new flat screen televisions, appliances, cabinetry and millwork, furniture, fixtures, linens, beds, and smallwares (plates, pots, etc.). In conjunction with the structural external work, the

exterior of the buildings will receive a facelift comprising repair or replacement of decks and patios, remediation of the stucco, painting of all buildings to a common scheme and replacement of railings.

We think you will be very satisfied when you see the finished product and look forward to each of you enjoying the renovated Resort.

Additional cost mitigation and use of surplus:

In addition to the maximum price clause in the contract with VVI, we have included a cost saving clause to motivate VVI to keep costs as low as possible while still performing the work. In the event that VVI does not require some or all of the contingency funds, they earn 20% of those funds not expended instead of the 9% fee they earn for costs that are incurred.

In the event the renovation is completed for less than the renovation funds collected from our Timeshare Members, the remaining surplus will be moved into the Refurbishment Reserve of the Resort on behalf of our Timeshare Members. This will help fund the long-term stability of the Resort.

Future operation:

Going forward, it is critical that the Resort develop and maintain a long-term plan for capital maintenance. Once the renovation is complete, we intend to prepare a reserve study or similar document to determine the long-term plan for Resort sustainability. This plan will be the primary driver of Refurbishment Reserve costs in the yearly maintenance fee to help ensure a much smoother cost of maintaining the Resort to our Timeshare Members in the future. In addition, commentary on the state of the Refurbishment Reserve and the long-term capital maintenance will form part of the management's discussion and analysis prepared with the yearly audited financial statements.

Future value/timeshares are not real estate investments:

We want to caution those Timeshare Members who might consider the renovation an investment opportunity or mechanism to sell their Timeshare for "what we paid" years ago. The renovation is being done to provide value to your Timeshare Interval for your use whether by visiting the Resort or through its exchange value. As the timeshare industry evolves to deal with the impact of new vacation options driven by the internet along with the state of the economy, there can be no certainty if or when a demand for traditional timeshare interval resale's will exist in the future.

As such, the primary reason you should support the renovation project is the use you will get out of your Timeshare Interval. If you do not see yourself using your interval in some fashion, whether by staying at SVV, using it to exchange either through weeks or points, or providing it to friends or family, for at least the next ten years, you should consider whether the Freedom of Choice option is more appropriate.

Current operating deficit:

As discussed in the December communication, the Resort needs to recover the outstanding operating deficit that has accumulated over the past number of years, primarily due to issues with the previous property manager that Northmont inherited.

The 2012 audit is currently underway and will be posted on the website once completed. As a result, we have invoiced based on the internal deficit numbers. To the extent this number is too high or too low, it will be adjusted with the 2014 maintenance fee. As at December 31, 2012, the total deficit was \$4,544,892 of which \$2,984,342 related to the foundation repair of Building 7000. During 2012, the Resort ran at roughly break even excluding Building 7000. However, an additional \$1,313,024 was incurred completing the foundation work on Building 7000. As you know, the decision to repair Building 7000 was made during the Fairmont CCAA and was something Northwynd inherited and once started, it was unreasonable to leave unfinished indefinitely.

Because of the Limited Subsidy Agreement between Northmont and RVM, \$400 of the purchase price of an RCI points overlay conversion or membership since 2009 was paid on behalf of the Timeshare Member towards the

Building 7000 foundation repair. As such, those members are only responsible for their share of the non-Building 7000 deficit of \$1,560,550.

Renovation Project Fee invoice:

Combining the effect of the Building 7000 subsidy with the existing split between Two Bedroom and Terrace units, there are four different Renovation Project Fee invoices depending on each Timeshare Members circumstances as follows:

Note: if you believe that you have been billed under the wrong classification, please contact Vacation Ownership Services.

Note: the “Base Case” is the baseline budget for a Two Bedroom unit and provided for information purposes only.

Total budget:	Base Case	RCI Members	Non-RCI Members
Renovation direct cost (1)	\$38,984,073	\$9,430,206	\$29,553,867
Less: allocated to yearly refurbishment (2)	(\$3,000,000)	(\$725,697)	(\$2,274,303)
Closing 2012 resort deficit	\$4,544,892	\$377,495	\$4,167,397
Property management fees	\$6,079,345	\$1,362,301	\$4,717,044
PST flow through (3)	\$1,860,269	\$449,997	\$1,410,272
GST (5%)	\$2,423,429	\$544,715	\$1,878,714
Total renovation project fee	\$50,892,008	\$11,439,017	\$39,452,991

(1) The \$40,844,342 listed in the renovation breakdown less the PST which is listed as its own item.

(2) \$3,000,000 of the renovation project cost is being allocated to the regular maintenance fee refurbishment over a four year period (\$750,000 per year before reflecting changes from the realignment) as regular refurbishment will be minimal during the period and most of the Resort’s refurbishment staff will be working on the renovation.

(3) PST flowed through to the Timeshare Members. See the Budget Commentary for more detail.

Note: cost is based on annual Timeshare Members. Biennial invoices will be 50% of these amounts.

By interval:	Two Bedroom			Terrace	
	Base Case	RCI Members	Non-RCI	RCI Members	Non-RCI
Renovation cost	\$2,860.03	\$2,860.04	\$2,860.04	\$2,431.03	\$2,431.03
Closing 2012 deficit	\$401.37	\$137.81	\$485.46	\$117.14	\$412.64
Property management	\$489.21	\$449.68	\$501.82	\$382.23	\$426.55
Base RPF	\$3,750.61	\$3,447.53	\$3,847.32	\$2,930.40	\$3,270.22
PST flow through	\$147.86	\$147.86	\$147.86	\$125.68	\$125.68
GST (5%)	\$194.92	\$179.77	\$199.76	\$152.80	\$169.80
Total RPF including tax	\$4,093.39	\$3,775.16	\$4,194.94	\$3,208.88	\$3,565.70

The total renovation project fee for the base case Two Bedroom unit is \$3,750.61 plus applicable taxes which is at the high end of our anticipated \$3,000 to \$4,000 range but is necessary given the additional information we learned as the budget development progressed. A lot of work went into trying to keep the after tax number below \$4,000.00 as well. Unfortunately, it was not possible without sacrificing costs that likely would have returned later in the process. As previously noted, to the extent VVI is able to bring in the renovation on or under budget, the excess funds will be placed in the Resort’s Refurbishment Reserve for the future benefit of our Timeshare Members.

RENOVATION PROJECT FEE PAYMENT OPTIONS

The RPF is due on May 31st, 2013. However, we wanted to reduce the impact of the RPF as much as possible for our Timeshare Members. As such, we have created a number of payment options. All of the required forms are available on the www.sunchaservillas.ca website if you need additional copies.

Monthly EFT (Electronic Funds Transfer) option:

We anticipate this being the preferred option for the majority of our Timeshare Members. EFT’s provide us the ability to offer a cost effective (no credit card fees and minimal additional administration costs) monthly option to

our members. By selecting this option, you have the ability to pay your RPF through a monthly EFT withdrawal directly from your chequing account at \$100 per month with the exception of the first and last payment.

The first payment will be \$100 plus the **GST on the entire invoice** (for example: \$100 plus \$194.92 for the Base Case). Unfortunately, the Canada Revenue Agency (the "CRA") does not afford our Timeshare Members the same flexibility to pay over time that we do. We have to remit the GST on the invoice to the CRA in June which means it has to be collected up front. The last payment will be final amount (from \$15 to \$115 as appropriate) necessary to bring the invoice down to zero.

In order to enroll in the \$100 per month EFT program, we require a void cheque (or copy of one).

Post dated cheques option:

Up to six (6) monthly or semi-monthly post-dated cheques can be provided for payment of the RPF provided that the first cheque must be dated no later than May 31st, 2013 and the last cheque dated no later than October 31st, 2013. Post-dated cheques have been limited to six payments because they require significantly more administration than the EFT process. If you would prefer a longer post-dated cheque option, you should enroll in the monthly EFT option.

*****Cheques need to be made payable to "Norton Rose Canada LLP"*****

Credit card option:

We appreciate that a lot of our Timeshare Members prefer to pay by credit card. However, there is a substantial cost to the merchant. As we operate on a cost recovery basis, that cost has to be passed on or recovered in some fashion.

As such, payment by credit card can be done using up to six (6) monthly payments starting May 31st, 2013 using Visa or Mastercard. Unfortunately, we cannot provide American Express as an option because the fees significantly exceed the other credit cards and include additional administrative work which collectively makes it a prohibitively expensive alternative.

Payment in full:

For those Timeshare Members wishing to pay in full, you can do so by phone, in person, by mail or fax with following notes:

Cheque: needs to be made payable to "Norton Rose LLP in Trust for Resort Villa Management Ltd."

Paperwork: The renovation program response form must be submitted regardless of payment option as it includes important authorizations. As a reminder, the form can be submitted by facsimile or email to payments@northwynd.ca.

Interest free guidelines:

All options on the Renovation Project Fee Payment Option Form are interest free provided you enroll in a payment option no later than May 31st, 2013 and you make all of your payments as required until the invoice is paid in full. If you do not enroll by May 31st, 2013 or you default on a future payment, interest will be charged from the due date of the invoice (May 31st, 2013).

Submitting your option:

Please complete and sign the renovation program response form and the renovation project fee payment option form. For the EFT option, ensure you have included a void cheque or copy of a void cheque. Completed forms can be returned by email to payments@northwynd.ca, by fax to 1-877-451-1239 or by mail to:

Resort Villa Management Ltd.
5799 – 3rd Street SE
Calgary, AB T2H 1K1

Please note, if you are choosing a credit card option, for security purposes we recommend that you do not submit your credit card information by email. If your credit card information is already on file with us from a previous payment, you can check the “use my credit card on file” box on the form which would allow for an email submission.

Payment options submitted by mail or courier will be considered received on the date they are postmarked by Canada Post or the courier.

As noted above, if you wish to pay the RPF in full, you can do so using the traditional maintenance fee methods (by fax, by email, or by mail) without providing the payment option form, but you must still complete, sign and submit the renovation program response form.

DECISION NECESSITY

If any of our invoiced Timeshare Members (Biennial Even members have not been invoiced) have not chosen a payment option for the RPF or chosen the Freedom to Choose option by May 31st, 2013, they will be in default of their maintenance fees and subject to the default provisions outlined in their Vacation Interval Agreement.

Those provisions include, but are not limited to:

- Restricting the usage of their Vacation Interval and cancel any outstanding reservations.
- Charging interest on the outstanding balance.
- Send the account to collections.
- Pursuing legal action for recovery of the outstanding maintenance fee.
- The right to charge for all legal costs of enforcement of the Vacation Interval Agreement

The success of the Resort is contingent on the payment of outstanding invoices by our Timeshare Members on a timely basis. Delinquency affects everyone. Our approximately 14,500 unique Timeshare Members, of which we are one as the Developer, share in the cost of running the Resort. If one of our members defaults, everyone else is required to pick up the slack. This might not seem like much when delinquency is very low, but as it gets larger, it becomes a greater and ultimately unsustainable burden on everyone else.

While we appreciate it may appear unfair that we pursue our Timeshare Members for delinquent balances, it is far more unfair to expect everyone else to pay for your decision to default on your contractual obligations. We consistently receive feedback from our members in good standing that we should be doing “whatever is necessary” to collect from delinquent owners because they recognize that delinquency is costing them money and that is the truly unfair outcome.

The Freedom to Choose alternative provides everyone a fair opportunity to walk away from their Vacation Interval if they choose, while at the same time ensuring the long-term stability of the Resort. At the end of the day, we would love for everyone to stay, but we are practical enough to understand it will not happen. We want each of our Timeshare Members to make the decision that best fits their individual circumstances and we will adapt accordingly. However, it is critical everyone makes that decision. If you no longer want to stay, select the Freedom to Choose option. For those who attempt to just “walk away” and default on their contractual obligations, we will have no choice but to pursue appropriate avenues to recover the outstanding balance for the benefit of our Timeshare Members in good standing.

RESORT REALIGNMENT

In order for Freedom to Choose, Reason to Stay to succeed, the Resort has to be shrunk in size. This is also true of the renovation in isolation. Whether the Timeshare Members or the Developer own a substantial (20%+) amount of unusable Vacation Intervals, the ultimate burden for default lies with the paying Timeshare Members. As a result, maintaining the Resort at full size with a large number of delinquent Timeshare Intervals could only occur with substantially higher maintenance fees for the Timeshare Members in good standing which would create a very

strong risk of leading to a vicious circle of increasing defaults causing increasing fees until the Resort could no longer sustain itself.

Shrinking the resort is a four step process. The first step is to “move” Timeshare Members from one unit to another. Under the Vacation Interval Agreements Floating Option Clause (around Clause 3 depending on version), all Timeshare Members surrender their right to use and occupy the specified Vacation Property for a floating right across the Resort in the same season. As such, the Timeshare Members ability to utilize their Vacation Interval Agreement does not change if the underlying Vacation Interval changes provided they receive the same unit type (Two Bedroom for Two Bedroom, Terrace for Terrace) in the same season in another building.

The second step is to address any biennial (every second year owners) imbalance that may arise. For example, if 80% of the biennial odd members stay, but only 60% of the biennial even members, we would want to migrate some of the biennial odd owners to biennial even Vacation Intervals to balance out 70%/70%. The best way to address this imbalance is on a volunteer basis. Timeshare Members will have the opportunity to express a willingness to switch from a biennial odd to biennial even or vice versa as needed and we would only go back to the remaining members if we still had an imbalance after that.

The third step is to allocate complete units and/or buildings to the Developer and remove them from the Timeshare Regime. For this step, we have assessed the cost of renovating each building and the logical fit of each one within a smaller Resort to rank the buildings from best to worst. We have agreed that the Developer, despite having an equal right to quality inventory, will remove the buildings from the regime that make the least sense in the realigned Resort. By doing this, we help ensure the realignment is in the benefit of the remaining Timeshare Members and the cost of the renovation is minimized.

The last step will be subdividing the Resort to transfer legal title of the non-timeshare units and buildings from the Trustee to the Developer.

In order to facilitate these steps, we are enclosing a renovation program response form that asks you to approve the following:

- 1) To change your Vacation Interval to a different unit of the same season and type within the timeshare program.
- 2) To provide your consent for the removal of units from the timeshare program.
- 3) To change your Vacation Interval from a biennial odd to biennial even or vice versa upon notice to you.
- 4) Alternatively, to elect to surrender your Vacation Interval.

We have asked the Trustee to cooperate in this process and, at our request; the Trustee has filed a petition in the Supreme Court of British Columbia seeking advice and direction confirming that Northmont can authorize the realignment of the Resort. Copies of the petition and all other documents filed in connection with the petition will be posted on our website at www.sunchaservillas.ca/owners/petition. Notice of the hearing date (likely in June, 2013) will be included in this package if available at the time of mailing, or we will give notice of the date on the above website and as the court may otherwise direct. If you wish to support the process, you can do so by returning the renovation program response form to us or by selecting the Freedom to Choose cancellation option, which includes the relevant authorizations in the cancellation agreement by May 31st, 2013. In addition, you can obtain independent legal counsel to advise you on additional options, including attending and supporting at the hearing. If you wish to oppose the realignment, we recommend that you obtain independent legal counsel to advise you on your legal options including attending and dissenting at the hearing.

Once again, we wish to thank each of you for your support of SVV during this time of significant change. We appreciate any decision that results in an additional cost to our Timeshare Members is unwelcome. However, the state of the Resort resulting from its past history leaves us with no practical option except to pursue a reasonable renovation to bring it up to a standard appropriate for our Timeshare Members. By creating the Freedom to Choose, Reason to Stay program, we are providing a fair alternative to all Timeshare Members allowing you to proceed based on your individual circumstances while ensuring that your decision does not disadvantage the remainder of our 14,500 Timeshare Members. While we would love for 100% of our Timeshare Members to stay and be a part of

the Resort long into the future, we appreciate that individual circumstances dictate that is not possible and if you choose to leave, we will understand. We believe that this program is in the best interest of all our Timeshare Members and hope each of you will take the time to evaluate your alternatives, contact Vacation Ownership Services for support as needed, and contact us with your decision no later than May 31st, 2013.

Should you have any questions with this communication, please do not hesitate to contact our Vacation Ownership Services team at **1-877-451-1250** or customercare@northwynd.ca. Please note that due to the expected high call volume until May 31st, in-person meetings will need to be by appointment only.

Best regards,

“Signed”

Kirk Wankel

Chief Executive Officer

Northwynd Resort Properties Ltd.

Director

Resort Villa Management Ltd.

Appendix J

Carriage Ridge Owners Association

Number of Intervals	2,288	303	1,976	798	5,365	Notes
Unit weighting	1.00	1.25	0.50	0.63		[1] Assumes an Every Year Interval is twice as valuable as an Even/Odd Year Interval. Assumes a White Interval is requires a 25% increase on costs
Total Unit Values	2,288.00	378.75	988.00	498.75	4,153.50	
Unit Value Proportion	55.1%	9.1%	23.8%	12.0%	100.0%	
Carriage Ridge	Every Year Interval		Even/Odd Year Interval			
	Red	White	Red	White		
# of estimated years to sale of real property	1.5	1.5	1.5	1.5		[2] Assumes 1.5 years, based on an estimate of how long it will take to complete a sale of the real property
Current Basic Charge (excluding Capex & HST)	\$ 1,070.94	\$ 1,070.94	\$ 535.47	\$ 535.47		[3] Assumes Even/Odd years are billed half of the annual Basic Charge to offset that they only have access for 5 of the 10 years
Base Cancellation Fee (excluding HST)	\$ 1,606.41	\$ 1,606.41	\$ 803.21	\$ 803.21		
Deficit Recovery and Restructuring Costs (excluding HST)	413.40	516.74	206.70	258.37		[4] See calculation [4] below
Combined Cancellation Fee (Excluding HST)	\$ 2,019.81	\$ 2,123.15	\$ 1,009.90	\$ 1,061.58		
HST (13%)	262.57	276.01	131.29	138.01		
Total Cancellation Fee Including HST	\$ 2,282.38	\$ 2,399.17	\$ 1,141.19	\$ 1,199.58		

Notes of detailed calculations:

Deficit recovery	\$ 1,248,040					[4] See calculation [5] below
Pre-filing costs	159,000					
Estimated Restructuring fees and costs	310,000					
	\$ 1,717,040					
Proportion of costs based on Unit Values	\$ 945,850	\$ 156,574	\$ 408,435	\$ 206,181	\$ 1,717,040	
Costs per Interval	\$ 413.40	\$ 516.74	\$ 206.70	\$ 258.37		

Deficit calculation	2019	2018	2017	2016	
Total Basic Charges (excluding HST)	\$ 4,696,027	\$ 4,349,388	\$ 4,062,154	\$ 3,834,161	[5] Per Equiant report Balances as at February 29, 2020. Excludes all penalty/interest fees accrued on delinquent amounts 2019 data based on internal financial statements. Excludes bad debts.
Less: capital improvement allocation	(998,916)	(864,274)	(591,378)	(385,299)	
Less: delinquencies (excludes penalties/interest)	(898,664)	(673,863)	(564,194)	(414,045)	
Basic Charge collections for operations	2,798,448	2,811,251	2,906,582	3,034,816	
Less: actual operating costs (exclucing HST)	(3,294,033)	(3,266,585)	(3,152,457)	(3,086,062)	
Operating deficit	(495,585)	(455,334)	(245,875)	(51,246)	(1,248,040)

Carriage Hills Vacation Owners Association

Number of Intervals	4,703	798	5,042	1,500	12,043	Notes
Unit Value	1.00	1.25	0.50	0.63		[1] Assumes an Every Year Interval is twice as valuable as an Even/Odd Year Interval. Assumes a White Interval is requires a 25% increase on costs
Total Unit Values	4,703.00	997.50	2,521.00	937.50	9,159.00	
Unit Value Proportion	51.3%	10.9%	27.5%	10.2%	100.0%	
Carriage Hills	Every Year Interval		Even/Odd Year Interval			
	Red	White	Red	White		
# of estimated years to sale of real property	1.5	1.5	1.5	1.5		[2] Assumes 1.5 years, based on an estimate of how long it will take to complete a sale of the real property
Current Basic Charge (excluding Capex & HST)	\$ 1,080.05	\$ 1,080.05	\$ 540.03	\$ 540.03		[3] Assumes Even/Odd years are billed half of the annual Basic Charge to offset that they only have access for 5 of the 10 years
Base Cancellation Fee (excluding HST)	\$ 1,620.08	\$ 1,620.08	\$ 810.04	\$ 810.04		
Deficit Recovery and Restructuring Costs (excluding HST)	415.61	519.52	207.81	259.76		[4] See calculation [4] below
Combined Cancellation Fee (Excluding HST)	\$ 2,035.69	\$ 2,139.59	\$ 1,017.84	\$ 1,069.80		
HST (13%)	264.64	278.15	132.32	139.07		
Total Cancellation Fee Including HST	\$ 2,300.33	\$ 2,417.74	\$ 1,150.16	\$ 1,208.87		

Notes of detailed calculations:

Deficit recovery	\$ 2,708,609					[4] See calculation [5] below
Pre-filing costs	408,000					
Estimated Restructuring fees and costs	690,000					
	\$ 3,806,609					
Proportion of costs based on Unit Values	\$ 1,954,633	\$ 414,575	\$ 1,047,763	\$ 389,638	\$ 3,806,609	
Costs per Interval	\$ 415.61	\$ 519.52	\$ 207.81	\$ 259.76		

Deficit calculation	2019	2018	2017	2016		
Total Basic Charges (excluding HST)	\$ 10,560,260	\$ 10,155,695	\$ 9,491,538	\$ 9,082,557		[5] Per Equiant report
Less: capital improvement allocation	(2,146,508)	(1,951,331)	(1,788,613)	(1,491,657)		
Less: delinquencies (excludes penalties/interest)	(1,704,934)	(1,466,622)	(1,069,618)	(908,463)		Balances as at February 29, 2020. Excludes all penalty/interest fees accrued on delinquent amounts
Basic Charge collections for operations	6,708,818	6,737,742	6,633,308	6,682,438		
Less: actual operating costs (excluding HST)	(7,460,480)	(7,372,422)	(7,321,401)	(7,316,612)		2019 data based on internal financial statements. Excludes bad debts.
Operating surplus/(deficit)	(751,662)	(634,680)	(688,093)	(634,174)	(2,708,609)	

Appendix K

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

As set out in section 6.19, It is the Association that exercises remedies against non-paying Owners. An Association can: (i) sell the Interval under power of sale; (ii) foreclose on an Interval; or (iii) sue the delinquent Owner for payment of the arrears. The Interval includes the Owner's undivided fee simple interest in the land.

Generally the foreclosure remedy permits a creditor to accept its security in satisfaction of the debt and foreclose the rights of any other party in the security such that it allows the creditor to become the owner of the security free and clear of claims of parties subsequent in priority. The TSAs are unclear on the effect of the foreclosure remedy as they suggest that the Association can sue "and/or" foreclose. It is not clear how the Association could both foreclose and also sue the delinquent owner for the delinquent arrears. We would not recommend the foreclosure remedy as it would have the effect of transferring the delinquent owner's legal and beneficial interest in the land which could affect the non-profit status of the Association as well as tax consequences for the delinquent owner. Further, the foreclosure remedy could give rise to a defence to the claim for arrears.

In Ontario the power of sale remedy permits a creditor to sell its security. The proceeds are applied against amounts owed to the creditor. This remedy is independent of the ability of a creditor to recover amounts owed to it by the defaulting debtor. Any proceeds from the sale of the security would be credited against amounts owed by the defaulting debtor.

We understand that the Association is presently pursuing delinquent owners for arrears by way of litigation. This remedy appears to be independent of the power of sale remedy. If the Association wishes to take enforcement steps pursuant to the TSA's, we would recommend that the Association exercise its power of sale remedy. And pursue the delinquent Owner for any remaining balance. The timing of the foregoing will have to be considered depending on steps to be taken once the results of the survey have been ascertained.

Appendix L

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

IN THE MATTER OF SECTION 101 OF THE COURTS
OF JUSTICE ACT, R.S.O 1990, C. C. 43, AS
AMENDED
AND IN THE MATTER OF THE ADMINISTRATION OF
CARRIAGE HILLS VACATION OWNERS ASSOCIATION
&
CARRIAGE RIDGE OWNERS ASSOCIATION

AFFIDAVIT OF BRAD NEWTON

(sworn June 22, 2020)

I, BRAD NEWTON, of the Town of Beamsville in the Province of Ontario,
MAKE OATH AND SAY:

1. I am a Senior Vice President of BDO Canada Limited ("BDO"), Court appointed administrator of Carriage Hills Vacation Owners Association ("Carriage Hills") and Carriage Ridge Owners Association ("Carriage Ridge") (collectively the "Carriage Resorts"), and as such have knowledge of the matters hereinafter deposed.
2. On May 15, 2019, BDO was appointed as Administrator of the Carriage Resorts pursuant to an order of the Honourable Madam Justice Conway.
3. I confirm the amount of \$71,366.28 accurately reflects the time charges, fees and disbursements inclusive of applicable taxes incurred by BDO in its capacity as Administrator from May 1, 2020 to June 15, 2020. Attached hereto, as Exhibit "A", and Exhibit "B" are true copies of the accounts rendered for the above period by BDO in its capacity as Administrator.

4. I consider the amounts disclosed for BDO's fees and expenses to be fair and reasonable considering the circumstances connected with this administration.

SWORN before me at the City of
Hamilton in the Province of Ontario on
this 22nd day of June, 2020.



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Commissioner for Taking Affidavits

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BRAD NEWTON

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF BRAD NEWTON

Sworn before me

This 22nd day of June 2020



Commissioner for taking Affidavits, etc.



Tel: 416 865 0210
 Fax: 416 865 0904
 www.bdo.ca

BDO Canada Limited
 20 Wellington Street E, Suite 500
 Toronto ON M5E 1C5 Canada

INVOICE

Carriage Hills Vacation Owners Association
 Carriage Ridge Owners Association

Date	Invoice No.
3 June 2020	CINV0679910

Re Carriage Hills and Carriage Ridge

FOR PROFESSIONAL SERVICES RENDERED Engagement as Court Appointed Administrator for the period from 1 May 2020 to 29 May 2020 as per the details below.

BOTH WIPS TOTALS:

Our Fee	\$ 37,026.50
HST - 13.0% (#R101518124)	4,813.45
Total Due	<u>\$ 41,839.95</u>

Summary of Time Charges:	Hours	Rate	Amount
B. Newton, Partner	58.30	495.00	28,858.50
S. Cherniak, Partner	0.30	495.00	148.50
M. Marchand, Sr. Manager	3.20	410.00	1,312.00
A. Boettger, Manager	6.40	350.00	2,240.00
S. Burrowes, Manager	4.60	350.00	1,610.00
M. Berinpalingam, Analyst	0.60	300.00	180.00
D. Zheng, Analyst	5.40	300.00	1,620.00
Administrative Support	7.05	150.00	1,057.50
TOTAL	<u>85.85</u>		<u>\$ 37,026.50</u>



Date	Professional	Description	Hrs.
1-May-20	Adam Boettger	Arrange for set-up of email addresses for each resort and case webpage; respond to emails requesting copies of documents.	2.0
1-May-20	Brad Newton	Numerous emails from owners regarding court attendance and drafting responses to same; discussions regarding contact from Blaney McMurtry; discussions regarding postings on Facebook site; emails regarding questions on owner contact info questionnaire from IT; discussions and emails with counsel regarding privacy disclaimer for survey; final set up of case website.	2.6
3-May-20	Brad Newton	Review emails from Owners and comments provided from Facebook page and discuss same with counsel to devise a further communication strategy and FAQ.	1.0
4-May-20	Adam Boettger	Schedule team call to discuss responses to Carriage emails prior to Court appointment.	0.4
4-May-20	Stephanie Burrowes	Conference call regarding owners responses and email monitoring.	0.6
4-May-20	Matthew Marchand	Team teleconference regarding updates and communications with stakeholders.	0.5
4-May-20	Doris Zheng	Calls with K. Rose regarding calculation of number of owners; review documents provided by K. Rose; recalculate and reconcile number of owners reported; call and correspondence with B. Newton.	2.9
4-May-20	Brad Newton	Reviewing correspondence from the Owners to BDO emails and TGF; discuss strategy to respond to Owners and for Court attendance on Thursday as well as possibility of adjournment re Blaney McMurtry; discuss supplemental report with counsel and draft same; review FAQ and provide edits; discuss email cover for notice to Owners and provide edits; discuss BDO response to Tweets from Owners.	6.7
5-May-20	Adam Boettger	Review correspondence in Carriage email accounts; Discussion of FAQ document and edits; arrange to upload FAQ document to case webpage; mass email to owners in Carriage emails with FAQ document.	1.2
5-May-20	Brad Newton	Review and discuss edits to Supplemental Report with counsel; arrange for FAQ document to be uploaded to case website; review letter from Blaney regarding representing certain owners and discuss same with counsels; finalize supplemental court report.	3.1



Date	Professional	Description	Hrs.
5-May-20	Stephen Cherniak	Second partner review-supplementary report.	0.3
6-May-20	Stephanie Burrowes	Owner notice email set up and protocol. Conference call regarding court application and update.	0.6
6-May-20	Mithushaa Berinpalingam	Administrator email set up with IT. Conference call regarding court application and update.	0.6
6-May-20	Doris Zheng	Administrator website set up with IT. Conference call regarding court application and update.	0.6
6-May-20	Matthew Marchand	Review administrator's email inbox's regarding member communications received; teleconference with team regarding updates.	1.3
6-May-20	Brad Newton	Numerous emails and discussions regarding potential adjournment of hearing tomorrow and negotiations for changes to initial order and steps to take upon appointment; discussions with BDO group regarding how notice to owners may be sent and request them to work on owner notice email set up and protocol and website set up with IT; multiple discussions regarding providing February GSNH report to Blaney.	5.4
7-May-20	Adam Boettger	Request update to case webpage; review emails; respond to owners emails.	0.4
7-May-20	Brad Newton	Conference call with board members regarding status of filing and requests from Blaney; call with Aird & Berlis regarding status of information requests from Blaney; discussions and emails with IT regarding questions on setting up contact questionnaire for owners.	2.3
11-May-20	Brad Newton	Emails and discussions regarding potential exit option review process and review of commentary from owners' groups.	0.8
12-May-20	Brad Newton	Various emails and discussions regarding requests for pre-filing accounts and Board report and owner communication issues and following up on logistics for Court hearing for Friday and potential requested changes to initial order.	1.3
13-May-20	Brad Newton	Review of Blaney proposed edits to initial order and provide comments; discussions regarding communications from board members to owners; discussions and emails regarding trial run for Friday court hearing on Zoom.	1.2
14-May-20	Brad Newton	Discussions with counsels regarding changes to order and reviewing same and making additional edits and	3.2



Date	Professional	Description	Hrs.
		comments; call with boards and counsel to discuss proposed changes to initial order and composition of consultative committee; zoom call with counsel and Justice Conway in preparation for tomorrow's hearing.	
15-May-20	Brad Newton	Numerous emails and conference calls to settle the appointment orders; preparation for and attendance at Court hearing for the applications; subsequent call with the counsels and Court to finalize order; email to update case website for appointment and privacy notice on collecting contact information.	4.9
19-May-20	Adam Boettger	Review multiple browsers and devices to check compatibility of case website; send IT requests regarding updates to case website and questionnaire format to clarify required fields.	0.5
19-May-20	Brad Newton	Discussions with counsel regarding setting up first consultative committee meeting and emails to committee members to set up time; drafting of first communication to members; review updates to case website and make further edits.	2.4
20-May-20	Doris Zheng	Follow up on owners contact lists.	0.2
20-May-20	Adam Boettger	Drafting of member communication.	0.8
20-May-20	Brad Newton	Finalize setting up meeting of committee for Friday; reviewing and editing of draft communication to owners and provide draft to boards; emails and discussions regarding board meetings next week; follow up with Wyndham regarding contact details for owners; follow up on IT ability to send mass emails; updates to case website; review of emails from owners.	2.0
21-May-20	Stephanie Burrowes	New FAQ for owners.	2.4
21-May-20	Brad Newton	Drafting of communication to owners; updating FAQ; review of NDA and provide comments; discuss committee meeting tomorrow with counsels and what the Administrator is looking for them to participate in; update to case website; emails regarding extent of Administrator's review of operations and cash flows going forward.	4.3
22-May-20	Stephanie Burrowes	Update FAQ and request IT to upload same to case website.	0.6
22-May-20	Matthew Marchand	Correspondence with B. Newton regarding cash flow projections.	0.3



Date	Professional	Description	Hrs.
22-May-20	Brad Newton	Final reviews of FAQ document and arrange to have same put on case website; arranging to have Owner communication sent by Wyndham; preparation for and attendance at Consultative Committee meeting; emails regarding receipt of signed NDAs from committee members; discussion with Mr. Clifton regarding committee position and related emails.	3.3
25-May-20	Stephanie Burrowes	Correspondence with IT regarding case website.	0.3
25-May-20	Brad Newton	Review of numerous emails from committee members regarding choosing of final member; conference call with counsels regarding determining agenda for next committee meeting; internal discussions and emails with boards regarding responding to media and email to media; review of emails received from owners and responding to same; preparation of information listing to present to committee for Exit Option review. Conference call with counsel and L. Kennedy regarding committee duties versus board duties and need for follow up call with boards on their requirements going forward.	4.5
26-May-20	Adam Boettger	Set-up IT internal authorizations to access survey results.	0.8
26-May-20	Matthew Marchand	Correspondence with B. Newton regarding updates, consultative committee agenda and potential Exit Option calculations; review Exit Option calculation methodology in Sunchasers and revise agenda for committee meeting; draft email to B. Newton regarding same.	1.0
26-May-20	Brad Newton	Prepare draft agenda for committee meeting and discuss with counsel; review of potential Exit Option calculations and discuss with M. Marchand; preparing owner email listings with V. Flis for future Administrator emails; review cover email for Wyndham blast to owners and make edits; emails regarding selection of final committee member.	2.8
27-May-20	Stephanie Burrowes	Returned owner's calls.	0.1
27-May-20	Doris Zheng	Review data to compile delinquent owner listings.	0.6
27-May-20	Brad Newton	Final review of owner communication email blast from Wyndham and instruct to send same; review emails from owners to BDO inboxes and direct responses; finalize agenda for Friday meeting and send to committee members; discussion with D. Barakauskas regarding joining committee and NDA and arrange to have NDA sent from counsel.	2.3



Date	Professional	Description	Hrs.
28-May-20	Vanessa Flis	Call with B. Newton and D. Zheng re contact list updates and delinquent owners; responding to owner emails; sorting contact information.	1.0
28-May-20	Doris Zheng	Call with B. Newton and V. Flis re contact info and delinquent owners; compile delinquent owner lists.	1.1
28-May-20	Brad Newton	Various emails and calls from owners regarding letter sent to owners through Wyndham and filling out contact information; emails with committee members regarding meeting tomorrow and information requested from them; discussion with D. Zheng and V. Flis to prepare contact listing specifying delinquent owners for separate communications.	1.4
29-May-20	Matthew Marchand	Correspondence with N. Forget regarding appraisal fees; correspondence with B. Newton regarding same.	0.1
29-May-20	Adam Boettger	Respond to emails from owners.	0.3
29-May-20	Brad Newton	Arrange board meetings for Hills and Ridge for next week and with counsel; responding to emails from owners; preparation for and attendance at committee meeting and follow up emails.	2.8

Attached is Exhibit "B"
Referred to in the
AFFIDAVIT OF BRAD NEWTON
Sworn before me
This 22nd day of June 2020



Commissioner for taking Affidavits, etc.



Tel: 416 865 0210
Fax: 416 865 0904
www.bdo.ca

BDO Canada Limited
20 Wellington Street E, Suite 500
Toronto ON M5E 1C5 Canada

INVOICE

Carriage Hills Vacation Owners Association
Carriage Ridge Owners Association

Date 18 June 2020 Invoice No. CINVO

Re Carriage Hills and Carriage Ridge

FOR PROFESSIONAL SERVICES RENDERED in connection with our Engagement as Court Appointed Administrator for the period from 1 June 2020 to 15 June 2020 as per the details below.

BOTH WIPS TOTALS:

Our Fee	\$ 26,129.50
HST - 13.0% (#R101518124)	3,396.84
Total Due	<u>\$ 29,526.34</u>

Summary of Time Charges:	Hours	Rate	Amount
B. Newton, Partner	31.80	495.00	15,741.00
M. Marchand, Sr. Manager	0.10	410.00	41.00
A. Boettger, Manager	0.60	350.00	210.00
S. Burrowes, Manager	11.20	350.00	3,920.00
D. Zheng, Analyst	9.80	300.00	2,940.00
Administrative Support	21.85	150.00	3,277.50
TOTAL	<u>75.35</u>		<u>\$ 26,129.50</u>



Date	Professional	Description	Hrs.
1-Jun-2020	Matthew Marchand	Payment of appraisal fees.	0.1
1-Jun-2020	Stephanie Burrowes	Review consultative committee correspondence. Reviewed emails from bdocarriageridge@bdo.ca and summarize for B. Newton; review Consultative Committee correspondence	1.8
1-Jun-2020	Brad Newton	Review of responses from committee and set up call to review with counsel; follow up with Equiant to obtain owner contact listing; discussions with BDO partners re time share wind up sales in BC.	1.8
2-Jun-2020	Brad Newton	Review of emails received from owners and related responses; review information received from Equiant and discuss with V Flis combining with owner contact information from questionnaire; review of responses from committee members and discuss same with counsel and discuss next steps to deal with delinquent members and items to include in firsts court report; prepare follow up committee discussion document for meeting tomorrow.	3.3
3-Jun-2020	Adam Boettger	Download latest version of contact survey results; request team member be provided with permissions to access contact survey results.	0.2
3-Jun-2020	Brad Newton	Preparation for and attendance at board of directors meeting with counsel to provide update on status and next steps; prepare notes for committee meeting this afternoon; discussions with counsel re landco required for sale of property and issues to be included in and resolved in first court report; review and respond to owner emails; attendance at committee meeting.	3.7
4-Jun-2020	Brad Newton	Respond to owner inquiries. Preparation for and attendance on call with board members and counsel to discuss current status of restructuring and anticipated next steps.	1.8
8-Jun-2020	Doris Zheng	Calls with B. Newton to discuss information required to be sent to committee members re Exit Option, compile information.	1.1
8-Jun-2020	Brad Newton	Drafting of committee communication and discuss same with counsel and send to committee; draft survey and discuss with counsel and discuss logistics of having it sent to all owners; prepare list of info required to be sent to committee members re Exit Option and discuss with D. Zheng, in particular set up of P&L forecast and breaking down fixed and variable costs in preparation for financial forecast for restructured resort once survey results are known.	5.0
9-Jun-2020	Adam Boettger	Respond to Owner inquiries.	0.2



Date	Professional	Description	Hrs.
9-Jun-2020	Stephanie Burrowes	Call with V. Flis and B. Newton to discuss owner list progress and survey of owners and feasibility of IT completing survey.	0.8
9-Jun-2020	Brad Newton	Review emails from owners and have V. Flis respond; final review of draft survey and send to committee members.	1.3
9-Jun-2020	Doris Zheng	Compile and summarize documents for committee meeting, prepare list of delinquent owners for V. Flis.	1.6
10-Jun-2020	Doris Zheng	Calls with B. Newton, create summary of listing proposals and appraisal and estimates of value; correspondence with consultative committee.	1.1
10-Jun-2020	Brad Newton	Working with D. Zheng to set up dataroom for committee members and populating the information required and getting notice to the committee members of the dataroom; preparation for and attendance at committee meeting to discuss communication and survey; make edits to communication based on comments in meeting and send to be posted and emailed; discussions with counsel re proposed changes to survey by committee; setting up skeleton of court report.	3.3
11-Jun-2020	Adam Boettger	Notify IT of issue with survey results and request resolution.	0.2
11-Jun-2020	Stephanie Burrowes	Conference call to discuss owners contact lists, dates to website and special circumstances list; communication with IT team regarding new survey to be launched and provide new documents to upload to case website.	0.9
11-Jun-2020	Brad Newton	Finalize edits to committee communication and send to committee; update draft survey for comments from committee and send to counsels for final review; conference call with S. Burrowes and V. Flis re finalizing owner contact listings, arranging for committee communication to be emailed to all owners and uploaded to case website; emails with Wyndham staff and D. Chapelle to discuss third party survey provider and obtaining quote.	1.7
11-Jun-2020	Doris Zheng	Updating member contact information.	1.9
12-Jun-2020	Brad Newton	Discussions with Wyndham re 3rd party survey company and account number; provide final draft survey to committee and review email responses and discuss same with C. Diana; review numerous emails from owners and prepare responses; discuss timing of Court attendance with L. Williams and items to include in court report. Discussion with counsel re board status and consultative committee status.	5.0



Date	Professional	Description	Hrs.
12-Jun-2020	Stephanie Burrowes	Prepare/draft first report to court; discuss delinquency figures with V. Flis; conference call regarding survey creation for exit option and platform to use.	6.6
14-Jun-2020	Brad Newton	Discussion with S. Mitra re survey and draft exit plan and content of landco and delinquent owners memos.	1.3
15-Jun-2020	Stephanie Burrowes	Conference call with IT regarding case website and owner questionnaire. Submitted request to e-ballots regarding survey; review preliminary information provided by e-ballots; emailed e-ballots to set up conference call. Request IT to make update to current website; arrange for conference call with e-ballots.	1.1
15-Jun-2020	Brad Newton	Updates to survey; discussions with counsel re survey updates and draft calculation for exit option; email to committee re next court attendance and have website updated for same; discussions with IT re owner survey and setting up our own account for E Ballots; conference call with counsels re real estate title issues and documents obtained from Barrie RO.	3.6
15-Jun-2020	Doris Zheng	Calls with V. Flis; updating contact information; prepare template for 12-month cash flow.	4.1

Appendix M

ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial list

IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O 1990, C. C. 43, AS AMENDED

AND IN THE MATTERS OF THE ADMINISTRATION OF CARRIAGE HILLS VACATION OWNERS ASSOCIATION

AND IN THE MATTERS OF THE ADMINISTRATION OF CARRIAGE RIDGE OWNERS ASSOCIATION

Applicants

AFFIDAVIT OF SAM BABE

(sworn June 22, 2020)

I, SAM BABE, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a lawyer at Aird & Berlis LLP and, as such, I have knowledge of the matters to which I hereinafter depose. Aird & Berlis LLP has acted as counsel for BDO Canada Limited (“**BDO**”), as administrator, without security, of the Applicants and all of the Applicants’ property, assets and undertakings, pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), and continues to do so.
2. Aird & Berlis LLP has prepared a statement of account in connection with its fees and disbursements as follows:
 - (a) an account dated June 18, 2020, for the period from April 26, 2020 to June 17, 2020 in the amount of \$70,128.08, inclusive of HST and disbursements (the “**Statement of Account**”).

3. Attached hereto and marked as **Exhibit “A”** to this my affidavit is a copy of the Statement of Account, along with a breakdown of timekeepers which have worked on this file. The average hourly rate is \$645.18.
5. This Affidavit is made in support of a motion to, *inter alia*, approve the attached account of Aird & Berlis LLP and the fees and disbursements detailed therein, and for no improper purpose.

SWORN before me at the City of)
Toronto, in the Province of Ontario)
This 22nd day of June, 2020)



A commissioner, etc.



SAM BABE

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF SECTION 101 OF THE COURTS OF
JUSTICE ACT, R.S.O. 1990, C. C. 43, AS AMENDED**

**AND IN THE MATTER OF THE ADMINISTRATION OF
CARRIAGE RIDGE OWNERS ASSOCIATION**

**AND IN THE MATTERS OF THE ADMINISTRATION OF
CARRIAGE RIDGE OWNERS ASSOCIATION**

Applicants

SUMMARY OF TIME INCURRED

Account #673779 (June 18, 2020)

Name	Year of Call	Hours	Rate	Value
P. Backman	2000	2.10	\$596.00	\$1,249.50
S. E. Babe	2004	52.30	\$625.00	\$32,687.50
S.P. Mitra	1996	39.80	\$675.00	\$26,865.00
J.D. Burk	2009	0.80	\$550.00	\$440.00
A. Gentile	2007	1.00	\$695.00	\$695.00

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF SAM BABE

Sworn before me

This 22nd day of June, 2020

_____  _____

Commissioner for taking Affidavits, etc

AIRD BERLIS

Sanjeev P. Mitra
Direct: 416.865.3085
E-mail: smitra@airdberlis.com

June 18, 2020

Mr. Brad Newton
BDO Canada Limited
20 Wellington Street East
Toronto, ON
M5E 1C2

Dear Mr. Newton:

**Re: Carriage Hills Resort
Our File No: 157067**

Enclosed please find our account # 673779 for services rendered to June 17, 2020. The balance due is \$70,128.08. When remitting payment, please attach the enclosed remittance slip along with your cheque.

I trust the foregoing is satisfactory. Please do not hesitate to call me if you have any questions.

Yours very truly,

AIRD & BERLIS LLP

Sanjeev P. Mitra

SPM/tm

Encl.

REMIT TO:

Aird & Berlis LLP
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Ontario, Canada M5J 2T9
T 416.863.1500
F 416.863.1515
airdberlis.com

BDO Canada Limited
File No.: 13137-157067
Account No.: 673779
Date: June 30, 2020

REMITTANCE SLIP

Total Fees	\$61,937.00
Total Taxable Disbursements	\$123.25
Total HST	\$8,067.83
AMOUNT TO BE PAID	<u><u>\$70,128.08</u></u>

PLEASE REMIT WITH PAYMENT IN CANADIAN FUNDS

This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

IN ACCOUNT WITH:

AIRD BERLIS

Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Ontario, Canada M5J 2T9
T 416.863.1500 F 416.863.1515
airdberlis.com

BDO Canada Limited
20 Wellington Street East
Toronto, ON
M5E 1C2

Attention: Mr. Brad Newton

Account No.: 673779

PLEASE WRITE ACCOUNT NUMBERS
ON THE BACK OF ALL CHEQUES

File No.: 13137/157067

June 30, 2020

Re: Carriage Hills Resort

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended June 17, 2020

LAWYER	DATE	TIME	VALUE	DESCRIPTION
SEB	26/04/20	0.20	\$125.00	Emails from S. Mitra; Email from L. Williams
SEB	27/04/20	0.30	\$187.50	Emails and telephone call from and to S. Mitra
SEB	28/04/20	1.50	\$937.50	Emails from L. Williams; Email from M. Grossell; [REDACTED]; Conference call with BDO and TGF
SEB	29/04/20	2.20	\$1,375.00	Emails from and to L. Williams; Emails from and to B. Newton; [REDACTED] [REDACTED]
SPM	29/04/20	1.00	\$675.00	[REDACTED] and email exchange with client and S. Babe
SEB	30/04/20	4.30	\$2,687.50	Emails from L. Williams; Emails from and to B. Newton; Emails from and to M. Grossell; [REDACTED]; Attend to service of Reports
SPM	30/04/20	1.00	\$675.00	Email exchange [REDACTED] [REDACTED]
SEB	01/05/20	3.20	\$2,000.00	Emails from L. Williams; Emails and telephone call from and to B. Newton; Emails from M. Grossell; Emails from S. Mitra; Emails to and from P. Backman; Attend to service of Reports

LAWYER	DATE	TIME	VALUE	DESCRIPTION
PB	01/05/20	0.80	\$476.00	[REDACTED]; Prepare for and attend a conference call with BDO [REDACTED]
SPM	01/05/20	0.80	\$540.00	Email exchange with client [REDACTED]
SPM	01/05/20	0.50	\$337.50	Telephone call L. Brzyniski and report to client
SEB	02/05/20	0.80	\$500.00	Emails from L. Williams; Emails from B. Newton; Emails from M. Grossell; Emails from S. Mitra
SPM	02/05/20	0.30	\$202.50	Email exchange with client and counsel for resorts [REDACTED]
SEB	03/05/20	0.80	\$500.00	Email with B. Newton; Conference call with BDO and TGF
SPM	03/05/20	0.50	\$337.50	Telephone call client and counsel for resorts [REDACTED]
SEB	04/05/20	5.50	\$3,437.50	Emails to and from P. Backman; Emails from and to B. Newton; Conference call with BDO and TGF; Emails from M. Grossell; Emails from and to S. Mitra; [REDACTED]
PB	04/05/20	0.50	\$297.50	Review information provided; [REDACTED] Email same to S. Babe
SPM	04/05/20	0.20	\$135.00	Review emails from client and counsel for the resorts
SPM	04/05/20	1.20	\$810.00	Telephone call with client and counsel for applicants [REDACTED]
SEB	05/05/20	3.70	\$2,312.50	Emails to and Commercial List Office; Emails to and from S. Mitra; Review Factum; Conference call with BDO and TGF; Email from M. Grossell; Emails from L. Williams; Letter from Blarneys; Emails from B. Newton

SPM	05/05/20	2.50	\$1,687.50	Telephone call B. Newton [REDACTED] and telephone all client [REDACTED] and call with client; Call with client and counsel to Board [REDACTED]
SEB	06/05/20	4.80	\$3,000.00	Conference call with and emails from Blarneys; Conference call with BDO and TGF; Emails from Commercial List Office; Emails from Justice Conway; Emails from and to L. Williams; Emails from and to B. Newton; Emails from S. Mitra; Emails from M. Grossell; Emails from members
SPM	06/05/20	3.40	\$2,295.00	Email exchange with client and counsel for Bard [REDACTED] Telephone call L. Williams; Conference call with L. Williams and L. Brzezinski; Telephone call client [REDACTED]
SEB	07/05/20	0.70	\$437.50	Email from Justice Conway; Email from L. Williams; Emails from B. Newton; Telephone call from S. Mitra; Email from M. Grossell
SPM	07/05/20	2.00	\$1,350.00	Telephone call's client [REDACTED] and email exchange with client; Review application record
SPM	07/05/20	0.30	\$202.50	Review emails from Court and L. Williams re protocols for attendance
SEB	08/05/20	0.10	\$62.50	Email from Justice Conway
SPM	08/05/20	1.00	\$675.00	Email exchange with L. Williams and Court; Complete review of Court materials
SEB	09/05/20	0.30	\$187.50	Emails from L. Williams; Email from S. Mitra
SPM	09/05/20	0.10	\$67.50	Email exchange with L. Williams re release of report
SEB	12/05/20	0.30	\$187.50	Emails from L. Williams; Email from B. Newton
SEB	13/05/20	1.30	\$812.50	Email from Justice Conway; Emails from L. Williams; Emails from B. Newton; Emails and telephone call from S. Mitra; Review and comment on revised Order

SPM	13/05/20	1.00	\$675.00	Email exchange with client and counsel for applicants [REDACTED]
SEB	14/05/20	2.20	\$1,375.00	Emails from L. Williams; Emails from B. Newton; Emails from M. Grossell; Emails from S. Mitra; Emails from N. Wong
SPM	14/05/20	2.50	\$1,687.50	Email exchange with client and counsel for applicant; Call with L Brzezinski; [REDACTED]
SEB	15/05/20	4.80	\$3,000.00	Emails from L. Williams; Emails from B. Newton; Emails from M. Grossell; Emails from and to S. Mitra; Emails from N. Wong; Emails from C. Diana; Emails from Blarneys; Emails from C. Hristow; Email from Justice Conway; Attend Court hearing by teleconference; Emails from P. Backman
PB	15/05/20	0.80	\$476.00	Attend to question; Discussion with client; Correspond [REDACTED]
SPM	15/05/20	0.70	\$472.50	Telephone call with counsel to applicant and stakeholders and email exchange to settle form of order
SPM	15/05/20	5.00	\$3,375.00	Prepare and attend hearings before Court; Email exchange and telephone call's client
SEB	19/05/20	0.60	\$375.00	Emails from and to S. Mitra; Email from B. Newton; Review and comment on communication to members
SPM	19/05/20	1.00	\$675.00	Call with client and counsel for Applicant [REDACTED] Email exchange with clients [REDACTED]
SEB	20/05/20	2.20	\$1,375.00	Emails from L. Williams; Emails from and to B. Newton; Emails from and to S. Mitra; Review and comment on communications; Emails from M. Grossell
SPM	20/05/20	0.70	\$472.50	Email exchange with client
SEB	21/05/20	3.00	\$1,875.00	Emails from S. Mitra; Emails from and to B. Newton; Emails from and to L. Williams; Review and comment on Committee non-disclosure agreement; Email from M. Grossell; Emails to and from Committee members

SPM	21/05/20	0.80	\$540.00	Email exchange with client and telephone call client; [REDACTED]
SEB	22/05/20	0.80	\$500.00	Emails from and to B. Newton; Email from L. Williams; Emails from and to S. Mitra; Emails from and to Committee members
SPM	22/05/20	1.80	\$1,215.00	[REDACTED] Email exchange and telephone call client; Attend first committee meeting; Telephone all client [REDACTED]
SEB	25/05/20	0.20	\$125.00	Email from B. Newton; Email from L. Williams
SPM	25/05/20	1.00	\$675.00	Email exchange with client and L. Williams and telephone call client and L. Williams; Email exchange with committee members
SPM	26/05/20	0.70	\$472.50	Email exchange with client and L. Williams [REDACTED]
SEB	27/05/20	0.60	\$375.00	Emails from and to B. Newton; Email to L. Williams; Emails to and from D. Latour
SPM	27/05/20	0.40	\$270.00	Telephone call client [REDACTED]
SPM	29/05/20	0.40	\$270.00	Email exchange with client [REDACTED]
SPM	01/06/20	0.20	\$135.00	Email exchange and telephone call client
SEB	02/06/20	0.60	\$375.00	Email from S. Mitra; Email from L. Williams
SPM	02/06/20	2.00	\$1,350.00	Review agenda and talking points and provide comments; Call with client and telephone call's J. Burke and R. Epstein [REDACTED]
SEB	03/06/20	0.10	\$62.50	Telephone call from S. Mitra
SPM	03/06/20	2.00	\$1,350.00	Telephone call client; Prepare for and attend committee meeting with client
SEB	04/06/20	1.00	\$625.00	Emails from and to S. Mitra; Email from L. Williams; Email from B. Newton [REDACTED]
SEB	07/06/20	1.10	\$687.50	Review Time Sharing Agreements; Review statues; Email to S. Mitra [REDACTED]

SEB	08/06/20	0.60	\$375.00	Emails from B. Newton; Emails from L. Williams; Email from M. Crossell
SEB	09/06/20	0.10	\$62.50	Email from B. Newton
SPM	10/06/20	0.40	\$270.00	Email exchange and telephone call B. Newton [REDACTED]
SPM	11/06/20	0.40	\$270.00	Email exchange with client [REDACTED]
SEB	12/06/20	0.10	\$62.50	Email from L. Williams
JDB	12/06/20	0.80	\$440.00	Email from and call with S. Mitra to discuss corporate document review and memo re land ownership structures; Email to and call with R. Hooke re same;
SPM	12/06/20	0.20	\$135.00	Telephone call Jeremy Burke
SEB	13/06/20	0.10	\$62.50	Email from S. Mitra
SPM	13/06/20	1.20	\$810.00	Email exchange with client and telephone call client [REDACTED]; Provide comments on draft memos
SPM	14/06/20	0.40	\$270.00	Telephone call J. Burke re corporate issues with Landco; Email exchange with client and L. Williams
SEB	15/06/20	1.90	\$1,187.50	Email from B. Newton; Email from L. Williams; Review Time Sharing Agreements; Review statutes; Draft memo re enforcement against delinquent Owners
AG	15/06/20	0.60	\$417.00	Reviewing email in respect of proposed memo to Owners; Advising [REDACTED] and emails regarding same
SPM	15/06/20	0.70	\$472.50	Telephone call with Jeremy Burke and R. Hooke and emails to client
SEB	16/06/20	0.30	\$187.50	Emails from B. Newton; Email from L. Williams; Email from S. Mitra
AG	16/06/20	0.40	\$278.00	Reviewing emails regarding tax matters and reviewing final communication to Owners
SPM	16/06/20	1.50	\$1,012.50	Review and provide comments [REDACTED] for client

SEB	17/06/20	2.00	\$1,250.00	Emails from B. Newton; Emails from S. Mitra; Emails from L. Williams; Conference call with BDO and TGF
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TOTAL:		<u>96.00</u>	<u>\$61,937.00</u>	
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OUR FEE				\$61,937.00
HST at 13%				\$8,051.81

DISBURSEMENTS

Subject to HST

Photocopies	\$103.75	
Binding and Tabs	\$19.50	
Total Disbursements		\$123.25
HST at 13%		\$16.02

AMOUNT NOW DUE			<u><u>\$70,128.08</u></u>
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THIS IS OUR ACCOUNT HEREIN
Aird & Berlis LLP

Sanjeev P. Mitra

E.&O.E.

PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 2.0% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTOR. Please include the account number as reference.

**IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O
1990, C. C. 43, AS AMENDED
AND IN THE MATTERS OF THE ADMINISTRATION OF
CARRIAGE HILLS VACATION OWNERS ASSOCIATION
& CARRIAGE RIDGE OWNERS ASSOCIATION
Applicants**

Court File No. CV-20-00640265-00CL
Court File No. CV-20-00640266-00CL

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

Proceedings commenced at Toronto

AFFIDAVIT OF SAM BABE

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Box 754
Toronto, ON M5J 2T9

Sanjeev P.R. Mitra (LSUC # 37934U)

Tel: (416) 865-3085

Fax: (416) 863-1515

E-mail: smitra@airdberlis.com

Lawyers for the Receiver