

RULES OF
EMORY CREEK LOT OWNERS CO-OPERATIVE ASSOCIATION
TABLE OF CONTENTS

<u>PART</u>	<u>SUBJECT</u>
1.0	PRELIMINARY
1.01	Construction of Words
1.02	Definitions
1.03	Definition of Ordinary Resolution
1.04	Definition of Special Resolution
1.05	Definition of Day
1.06	Definition of Member
2.0	MEMBERSHIP
2.01	Membership Under Control of Directors
2.02	Conditions Precedent to Membership
2.03	Must be a Natural Person
2.04	Restriction on Number of Membership Shares
2A.0	MEMBERSHIPS/JOINT SHARE/SITE OWNERSHIP
2A.01	Number of Persons who may Own a Share
2A.02	Issue/Transfer of Shares
2A.03	Names on Shares
3.0	MEMBERSHIP SHARES
3.01	Issue and Allotment of Membership Shares
3.02	May be Offered to Public Through Prospectus
3.03	Paid in Full
3.04	Member Entitled to Certificate
3.05	Certificate to be Given Distinctive Number
3.06	Certificate to Specify Lot Number
3.07	Recognition of Trusts
3.08	Replacement of Lost or Defaced Certificate
3.09	Site Agreement must be signed
4.0	LIEN
4.01	Association has Lien for Debts Due
5.0	TRANSFER OF MEMBERSHIP SHARES
5.01	Contemporaneous Transfer of Membership Share and Exclusive Right
5.02	Exempt Transfers
5.03	Member Must Offer Membership Share to Other Members – Procedure of sale
5.04	Transfer of Existing Shares to Member and Related Person as Joint Tenants
5.05	Fees
5.06	Number of Shares Issued per Site
5.07	Modifications to the Ownership of a Share
5.08	Members may Waive Transfer Restrictions
5.09	Transferee to Execute Site Agreement and Obtain Approval of Directors
5.10	Execution of Instrument of Transfer

- 6.0 TRANSMISSION OF MEMBERSHIP SHARES
 - 6.01 Death of a Member
 - 6.02 Bankruptcy of Member
 - 6.03 Transfer Restrictions Apply
 - 6.04 When Restrictions Not Applicable
 - 6.05 Rights of Member Subsist
 - 6.06 Refusal of Membership
 - 6.07 Transmission of Joint Shares

- 7.0 REDEMPTION OF MEMBERSHIP SHARES
 - 7.01 Redemption of Membership Shares
 - 7.02 Sale and Voting of Redeemed Membership Shares

- 8.0 GENERAL MEETINGS
 - 8.01 Annual General Meetings
 - 8.02 Semi-Annual General Meetings
 - 8.03 Calling of Meetings
 - 8.04 Notice of General Meetings
 - 8.05 Quorum
 - 8.06 Chairman
 - 8.07 Alternate Chairman
 - 8.08 Adjournments
 - 8.09 Adjournments
 - 8.10 Order of Business
 - 8.11 Motions Need Not be Seconded

- 9.0 VOTING
 - 9.01 Number of Votes Per Member
 - 9.02 Chairman to Have a Casting Vote
 - 9.03 Manner of Voting
 - 9.04 Voting of Jointly Owned Shares

- 10.0 DIRECTORS
 - 10.01 Powers and Duties of Directors
 - 10.02 Number of Directors
 - 10.03 Election at Annual General Meetings
 - 10.04 Filling of Casual Vacancy
 - 10.05 Additional Directors
 - 10.06 Continuance of Directors
 - 10.07 Indemnity of Directors
 - 10.08 Director Must be a Member
 - 10.09 Ceasing to Hold Office
 - 10.10 Removal of Directors
 - 10.11 Delegation of Powers to Committees
 - 10.12 Records to be kept by Directors
 - 10.13 Quorum at Directors' Meetings
 - 10.14 Remuneration
 - 10.15 Indemnity and Protection of Officers and Employees
 - 10.16 Meetings – Procedures

10.17	Effect of Resolution
10.18	Power to Expend up to \$5,000
10.19	Directors May Make Assessments
10.20	Directors May Fix Record Date
10.21	Record Date
11.0	OFFICERS
11.01	President, Vice-President and Secretary Required
11.02	Removal of Officers
11.03	President Ex-officio Member of all Committees
11.04	Powers of Vice-President
11.05	Duties of Secretary
11.06	Duties of the Director of Share Sales
12.0	FINANCIAL
12.01	Security Required
12.02	Budget
12.03	Directors May Raise Money
12.04	Investment of Association Funds
12.05	Use of Surplus Funds
12.06	Fund Reserves
12.07	Directors to Keep Accounts
12.08	Auditors
12.09	Selection of Financial Institution
12.10	Financial Year-End
12.11	Financial Statements
13.0	DISPUTES
13.01	Arbitration of Disputes
14.0	SEAL, NOTICE AND SERVICE OF DOCUMENTS
14.01	Affixation of Seal to Documents
14.02	Certification of Copies of Documents
14.03	Notice Given to Association
14.04	Deemed Receipt of Notice
14.05	Computing Days of Notice
14.06	Mailings Returned Twice
14.07	Accidental Omission
14.08	Bound by Notice
14.09	Service by the Association
15.0	SITES
15.01	Members to have Exclusive Right to Sites
15.02	Transfer of Exclusive Right
15.03	Sites to Attach to Membership Shares
15.04	Alteration of Site Agreement
15.05	Transfer of Interest upon the death of one of the Joint Owners
16.0	ASSESSMENTS
16.01	Costs and Expenses of Association to be Shared by Members through Assessments

- 16.02 Assessments Against members Proportionately
- 16.03 Classes of Sites
- 16.04 Assessment by Class of Site
- 16.05 Equal Assessments Within Class
- 16.06 Power to Rectify Unfairness
- 16.07 Payment of Assessments
- 16.08 Joint Members jointly and severally liable

- 17.0 IMPROVEMENT OF SITES
 - 17.01 Improvements Committee
 - 17.02 Improvements Become Shareholder's Property and Responsibility
 - 17.03 Shareholder Assumes Liability for Any and All Improvements

- 18.0 SALE AND DISSOLUTION
 - 18.01 Sale of Assets or Dissolution of Association

- 19.0 USE OF SITES AND COMMON PROPERTY
 - 19.01 Use by Immediate Family
 - 19.02 Guests
 - 19.03 Maintenance and Improvements of Sites
 - 19.04 No Liens or Charges Permitted
 - 19.05 Discharge of Waste

- 20.0 REGULATIONS
 - 20.01 Directors May Make Resolutions
 - 20.02 Access across Member's Sites
 - 20.03 Members to Ratify Regulations
 - 20.04 When Regulations Become Effective

- 21.0 TERMINATION OF INTEREST
 - 21.01 Suspension upon Default of Payment or Violation of Rules and Regulations
 - 21.02 Removal of Suspension
 - 21.03 Suspended Member Remains Obligated
 - 21.04 Expulsion of Member
 - 21.05 Power of Association Upon Expulsion
 - 21.06 Effect of Expulsion
 - 21.07 No Re-admission Without Approval of Members
 - 21.08 Removal of the Expelled Member's Property
 - 21.09 Suspension of Joint Owners

- 22.0 ALTERATION OF RULES
 - 22.01 Alteration by Special Resolution
 - 22.02 Amendment by Members

PROVINCE OF BRITISH COLUMBIA
COOPERATIVE ASSOCIATION ACT
R.S.B.C. 1999 Chapter 28
RULES OF EMORY CREEK LOT OWNERS CO-OPERATIVE ASSOCIATION
(hereinafter referred to as the "Association")

1.0 Preliminary

1.01 In these rules, unless the context otherwise requires, words importing the singular include the plural, and vice versa, and words importing the masculine include the feminine, and vice versa.

1.02 In these rules, "Act" means the Cooperative Association Act, R.S.B.C. 1999 Chapter 28, as amended from time to time, and "director", "special resolution", "member", "memorandum", "officer", and "rules" have the meanings assigned to them by the Act.

1.03 In these rules, "ordinary resolution" means a resolution passed by the members of the Association in general meeting by a simple majority of the votes cast in person.

1.04 In these rules, "special resolution" means a resolution passed by at least two-thirds of those members present and entitled to vote, at a general meeting of which notice specifying the intention to propose the resolution has been given. Proper Notice – SEE RULE 8.04

1.05 In these rules, "day" shall mean a contiguous period of 24 hours, and when a count of days is required, said count shall begin and end at noon.

1.06 The expression "Member" includes:

- (i) a Member who owns one or more shares and
- (ii) a Joint Member who together with one other Member each own an undivided interest in one or more shares.

2.0 Membership

2.01 Subject to the provisions of these rules, membership in the Association shall be under the control of the directors who may, in their sole discretion, admit as a member any person over the age of 16 years on such terms and conditions and for such consideration, whether cash or otherwise, and at such times as the directors think fit.

2.02 Notwithstanding the clause of 2.01 hereof, no person shall become a member unless and until:

- (a) he has been entered in the register of members as the holder of at least 1 fully paid membership share in the Association;
- (b) he has entered into such agreements as the directors may, from time to time, in their sole discretion, require; and
- (c) if the membership share in respect of which he desires to become registered as a member was previously unissued or, if issued, held in the name of the Association, he has paid to the Association, in cash and in full, such amount as the directors in their sole discretion may determine, as payment for exclusive right of

possession, use, occupancy, and enjoyment to the particular site or area attached to the membership share of the person as provided in paragraph 15.01 herein.

2.03 Only natural persons may be members.

2.04 No member shall, directly or indirectly, beneficially own or control more than ten membership shares in the Association.

2A.0 Memberships/Joint Share/Site Ownership

2A.01 Shares may only be held by two joint owners or by one person.

2A.02 The directors may issue or transfer shares to only one person or to two people as Joint Tenants owning the one share with a right of survivorship to the one owner who outlives the other joint owner of that share.

2A.03 The names of joint owners of a share and the names of joint owners in the register of members shall be listed sequentially in accordance with the order requested by the Members holding the share, as evinced by a signed and completed request in such form as the directors require, and shall be listed in the same order on both the share and in the register of members.

3.0 Membership Shares

3.01 Subject to any direction to the contrary contained in a special resolution passed at a general meeting, membership shares in the Association shall be under the control of the directors who may issue, allot, sell or otherwise dispose of membership shares authorized but not outstanding, and outstanding membership shares held by the Association, at such times, to such persons (including directors), in such manner, upon such terms and conditions as they, in their sole discretion, may determine, provided always that no membership share in the Association may be issued, allotted, sold or otherwise disposed of for a price or for consideration less than \$1,000.00.

3.02 The directors may advertise to the public, membership shares in the Association and may, if required, cause the Association to issue a Prospectus in respect of the sale of membership shares in the Association with the exclusive right to possession, use, occupancy, and enjoyment attached thereto as provided in these rules.

3.03 All membership shares in the Association shall be paid for in full in cash, and no part of the funds of the Association shall be employed in loans on the security of its membership shares.

3.04 Every member or pair of members in the case of joint tenants whose name or names are entered in the register of members shall without payment be entitled to a certificate under the seal of the Association specifying the membership shares held by them and the amount paid therefore. A membership share may only be held by one person or by two persons as joint tenants.

3.05 Each membership share in the Association shall on allotment be given a distinctive letter or number combination thereof (hereinafter called the "site number") designating the particular site attached to the membership share as provided in paragraph 15.01 herein, which site number shall not be changed by reason of any transfer or other disposition thereof. The directors may by resolution designate the site number with respect to each membership share issued before these rules come into force.

3.06 Every membership share certificate shall specify
(a) the site number in respect of which it is issued.

(b) if the share is owned by Members who are Joint Tenants, shall specify after the names of the Members that they are "Joint Tenants"

3.07 Except as required by these rules, no person shall be recognized by the Association as having any membership share upon any trust, and the Association shall not be bound by or be compelled in any way to recognize, even when having notice thereof, any equitable, continued, future or partial interest in any membership share or any interest in any fractional part of a membership share or, except as by these rules or otherwise provided, any other right in respect of any membership share except an absolute right to the entirety thereof in the registered holder.

3.08 If any membership share certificate is worn out or defaced, then upon production thereof, the directors may order the same to be cancelled and may issue a new certificate in lieu thereof; and if any certificate is lost or destroyed, then upon proof thereof to the satisfaction of the directors and upon payment to the Association of such fee, not exceeding \$10, as the directors may determine and upon giving such indemnity (if any) as the directors deem adequate, a new certificate in lieu thereof, shall be given to the party entitled to the lost or destroyed certificate.

3.09 No membership share shall be issued or transferred unless the recipient or transferee has signed the current Site Agreement in the form approved by special resolution.

4.0 Lien

4.01 The Association shall have a lien on a member's membership shares for a debt due to it by him, and the lien shall extend to any interest credited or allotted to him in respect of such membership shares including the exclusive right of use, possession, occupancy and enjoyment as provided in paragraph 15.01.

5.0 Transfer of Membership Shares

5.01 No membership share shall be transferred except as provided in these rules.

a) No membership share shall be transferred to any person unless the exclusive right of possession, use, occupancy and enjoyment attached thereto is transferred contemporaneously to that person.

b) No exclusive right of possession, use, occupancy and enjoyment attaching to any membership share shall be transferred to any person unless the membership share to which the exclusive right is attached is transferred contemporaneously to that person.

5.02 Exempt Transfers

(Exempt from the requirement of 5.03 to post a share for sale, not an exemption from transfer fees)

a) (i) A membership share transferred by a Member to their spouse, parent, child, sibling, or direct descendent is subject to a fee of \$175.00 or such other amount as the Directors may set by Directors resolution.

(ii) A Member to Member share transfer is subject to a transfer fee of 1% of the selling price (Minimum \$350.00) or such other amount as the Directors may set by Directors resolution.

b) Any member desiring to make an Exempt Transfer shall deliver to the Director of Share Sales:

(i) the share certificate evidencing his share, duly endorsed by him for transfer to the proposed transferee, and ;

- (ii) a notice setting out the name and relationship of the proposed transferee if a parent, spouse, child, sibling or direct descendent, or the name and Site Number of the other Member, and
- (iii) such proof of relationship as the Director of Share Sales may reasonably require.

c) On receipt of such notice as described in 5.02 (b) and proof (if required) accompanied by the endorsed membership share certificate together with such agreements duly executed by the transferor and transferee, as the directors may in their sole discretion require, the Director of Share Sales shall cause the membership share to be transferred into the name of the transferee and shall cause a membership share certificate to be issued in the name of the transferee with the site number endorsed thereon.

5.03 Offer to Transfer - Every Member, assignee of a bankrupt or insolvent Member, execution creditor, or executor or administrator of a deceased Member, who desires to transfer any membership share to any person other than by an Exempt Transfer as specified under paragraph 5.02 shall first deliver to the Director of Share Sales a signed copy of an offer to sell the membership share in writing, open to any Members for acceptance. This offer to transfer the share (herein referred to as the "Offer") shall specify:

- (i) a Minimum Acceptable Price {SEE 5.03 c) (vi) Definitions} for the transfer of the membership share and the exclusive right of possession, use, occupancy, and enjoyment attached thereto, and

- (ii) the time and place of the closing, and

- (iii) shall be in the form determined from time to time by the directors, that form being called the "Notice of Offer to Transfer";

a) The consideration for a proposed transfer shall consist of cash only; Payable by Official Bank Cheque or Bank Draft to Emory Creek Lot Owners Co-operative Association.

b) If any one person wants to sell a jointly owned share, the other Joint Member will have a right of first refusal to purchase the share provided that the Members who jointly own the share can agree on price for the share and date of sale of the share. If they cannot agree on a price and date of sale, then in order to dispose of the share, they must both sell the share to the Association, a Member or to a nonmember (in accordance with the other restrictions and requirements of these rules). Both Members who own the share must agree on the sale price for sales to the Association, the other Member or non-member or obtain a court order for the sale of the share. The Association will not intervene in resolving disputes relating to the sale of a share or shares jointly owned.

c) The Notice of Offer to Transfer delivered to or received by the Director of Share Sales shall be subject to the following rules:

- (i) delivery of the signed copy of the Notice of Offer to Transfer to the Director of Share Sales shall constitute the Director of Share Sales as agent of the proposed transferor for the sale of the membership share in question.

- (ii) as soon as practical after the signed copy of the Notice of Offer to Transfer has been received by the Director of Share Sales, the Director of Share Sales shall give notice of the Offer by posting a notice in a conspicuous place at the Emory Creek Resort Property, posting it on the ECLOCA website-or such other places as the directors may from time to time determine, and by emailing the Notice to those members who have submitted their email address.

- (iii) for a period of 7 days from the date of the posting as provided in sub- paragraph 5.03c)(ii), hereafter

referred to as the “Reserved Listing Period” the Offer shall remain open for acceptance by another Member or by the Association and no withdrawal of the Offer shall be made prior to the expiry of the Reserved Listing Period;

(iv) the Association or any Member desiring to purchase the membership share on the terms and conditions specified in the Notice of Offer to Transfer shall, within the Reserved Listing Period described in 5.03 c) (iii), deliver a notice of acceptance in writing to the Director of Share Sales, and on such notice of acceptance being given, the transferor shall be bound to hold open the Offer until the allocation is made or deemed to be made under subparagraph 5.03 c) (vii – xii) inclusive.

(v) at the expiration of the Reserved Listing Period, if the Association has submitted the only Qualifying Offer, the Directors shall allocate the membership share to the Association. If a member has submitted the only Qualifying Offer the directors shall allocate the share to that member. In the case of multiple identical offers refer to Rule 5.03 c) (vii) a)

(vi) Definitions

a) Minimum Acceptable Price – the minimum price that the seller is prepared to accept if offered within the 7-day Reserved Listing Period.

b) Qualifying Offer – an offer equal to or higher than the Minimum Acceptable Price, properly submitted by a member or by the Association.

c) Alternate Offer - a less than Minimum Acceptable Price offer properly submitted by a member or by the Association.

d) Properly submitted – the person making the offer is qualified to do so, the offer is submitted on time and the terms are clear.

(vii) if two or more Qualifying Offers are received within the 7-day Reserved Listing Period;

a) if the highest of the offers is from the Association the share is allocated to the Association, even if there are multiple identical offers;

b) if one or more offers equal to or exceeding the Minimum Acceptable Price is received from a Member(s) within the 7-day Reserved Listing Period, the share goes to the highest offer.

(viii) if there are 2 or more identical highest Qualifying Offers, these Members may submit ONE further ‘sealed’ offer to the Secretary. The Secretary shall open all the sealed bids in the presence of at least 2 other Directors who have no vested interest in the transfer, and announce the results to the offering members and the Seller. Highest offer gets the share.

(ix) should 2 or more of the highest offers be identical again the Seller has the option to choose which offer to accept or may enlist the Board to make the final decision based on criteria the Board in its sole determination deems relevant. If neither the seller nor the Board can arrive at a decision a simple coin toss shall determine the result.

(x) if none of the offers meet the Minimum Acceptable Price, only the highest Alternate Offer shall be presented to the seller for their consideration. They may accept or reject it. If they accept it, the Association has the opportunity to match the offer and acquire the share. If the Association passes, the share goes to the Member.

(xi) if the high Alternate Offer is rejected, the posting is now open to ALL offers (outsiders, members, the association) with the stipulation that no offer can be accepted by the seller that is less than or equal to the highest offer already received and rejected by the seller.

(xii) After the Reserved Listing Period has ended, any time there are TWO or more identical Offers that are acceptable to the seller tie breaker rule 5.03 c) (viii) and (ix) shall be applied.

d) upon the making of the allocation or a deemed allocation to a Member, as the case may be, the party desiring to transfer the membership share and the party desiring to purchase the membership share and site to whom the membership share is allocated or deemed to be allocated shall be bound by the terms of the agreement created by the acceptance of the Offer to complete the purchase and sale of the membership share;

e) any Member wishing to make an Alternate Offer to transfer must deliver a notice of the Alternate Offer in writing to the Director of Share Sales. The reduced offer to purchase shall include the amount of the offer, the time and place of closing, and an expiry date of the reduced offer which shall be no less than 7 days after the expiry of the Reserved Listing Period and no more than 180 days after the expiry of the Reserved Listing Period, and a desired method of contact. The Director of Share Sales shall maintain a list of those persons who have made an Alternate Offer and shall promptly present such list to the Seller of the Share.

f) if neither the Association nor a Member makes a Minimum Acceptable Price Offer the party desiring to transfer may:

(i) within 7 days after the expiration of the Reserved Listing Period transfer the membership share and exclusive right of possession, use, occupancy. and enjoyment attached thereto to the Member submitting the highest Alternate Offer, as described in subparagraph 5.03 e)

(ii) within 180 days after the expiration of the Reserved Listing Period, transfer the membership share and exclusive right of possession, use, occupancy and enjoyment attached thereto to the Member submitting the highest Alternate Offer, as described in subparagraph 5.03 e) which has not expired at the time of the acceptance;

(iii) within 180 days after the expiration of the Reserved Listing Period, transfer the membership share and exclusive right of possession, use, occupancy, and enjoyment attached thereto to any person (member or non-member) provided that the selling price is greater than the highest currently valid offer already received and rejected.

(iv) at any time during the 180-day period following the expiration of the Reserved listing period, revise the terms of the offer, provided that any change in the Minimum Acceptable Price is higher than the highest currently valid offer on record. Revisions to the terms of offer must be made by providing written notice to the Director of Share Sales. Members will be notified of the Revised Offer to Transfer as in 5.03 c) (ii). There will not be a further Reserved Listing Period.

(v) at any time after the expiry of the Reserved Listing Period, withdraw the Offer to Transfer by providing written notice to the Director of Share Sales.

g) if neither the Association nor a Member gives notice of acceptance of an offer to transfer a membership share within the Reserved Listing Period, and the Offer to Transfer remains valid, any member may:

(i) accept the Offer to Transfer by providing written notice to the Director of Share Sales;

- (ii) make, modify, or withdraw an Alternate Offer to Purchase in accordance with subparagraph 5.03 e)
- (iii) if the party desiring to transfer has not accepted an offer to purchase within the 180-day period following expiration of the Reserved Listing Period, the Offer to Transfer will expire.

5.04 Shares currently held by one Member may be transferred by that Member to that Member and a second person provided that the second person meets the requirements for an Exempt Transfer as set out in clause 5.02 a) (i).

5.05 The fee payable by the buyer for transferring shares to a new owner or to new joint owners will be 1% of the selling price (minimum \$350.00) plus applicable taxes or such other amount as the directors may set by director's resolution.

5.06 The association shall issue only one share certificate in respect to jointly owned shares and may deliver the share certificate to either one of the two joint owners.

5.07 Changes to Joint Ownership by:

- a) adding a second owner to the current owner of the share as Joint Tenants, or
 - b) changing the order of the names on a jointly held share, or
 - c) removing a joint owner,
- are subject to the restrictions of 5.02 a) (i)

The above changes require surrendering the Share Certificate, completion of the Changes to Joint Ownership form, witnessing of all signatures by a Director, and in the case of a new joint owner, approval of membership by the Directors. Once everything is approved the Director of Share Sales shall cause a new share certificate to be issued in the name(s) requested with the site number endorsed thereon and shall update the Register of Members accordingly.

The FEE for each change shall be \$175.00 plus applicable taxes or such other amount as the directors may set by director's resolution.

5.08 The restrictions on the transfer of membership shares contained in paragraphs 5.02 and 5.03 shall not apply if the consent in writing of at least 60 percent of the members is obtained to the proposed transfer, provided always that nothing herein contained permits a person to become a member unless he has first entered into such agreements as the directors may, from time to time, in their sole discretion, require.

5.09 Notwithstanding any other provision of these rules, no membership share shall be transferred into the name of a transferee who is not a member of the Association at the time of such transfer until the approval of the directors to the transfer has been obtained, such approval not to be unreasonably withheld.

5.10 The instrument of transfer of any membership share shall be executed by or on behalf of the transferor and shall be delivered to the Director of Share Sales. The transferor shall be deemed to remain the holder of a membership share and the exclusive right of possession, use, occupancy and enjoyment in respect of it until the name of the transferee is entered in the register of members in respect thereof. Upon the registration of the transferee in the register of members in respect of the membership share transferred, the transferor shall cease to be a member of the Association.

6.0 Transmission of Membership Shares

6.01 In case of the death of a member, the personal representatives of the deceased member shall be the only persons recognized by the Association as having any interest in any membership share of the deceased

member. Before recognizing any personal representative the directors may require him to deliver to the directors the original or a court-certified copy of a grant of probate or letters of administration or such other evidence and documents as the directors consider appropriate, whether or not the same are required by law, in order to establish the right of the personal representative to such interest in any membership share of the deceased member.

6.02 Any person becoming entitled to a membership share in consequence of the bankruptcy or insolvency of a member, upon such evidence being produced as may from time to time properly be required by the directors, and subject to paragraph 6.03 hereof, may elect either to be registered himself as the holder of the membership share, or to have some person nominated by him registered as the holder thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Secretary a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing a transfer of the membership share to that person.

6.03 The limitations, restrictions and provisions of these rules relating to the right to transfer and the registration of transfers of membership shares shall be applicable to any such notice or transfer as aforesaid as if the bankruptcy or insolvency of the member had not occurred and the notice or transfer were transfers signed by that member.

6.04 The provisions of the paragraph 5.02 in respect of the transfer of membership shares to a spouse, child or direct descendent of a member or another member shall apply to any person becoming entitled to a membership share or membership shares in consequence of the death of a member.

6.05 A member becoming entitled to a membership share by reason of the death, bankruptcy or insolvency of the holder shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the membership share, except that he shall not, before being registered as a member in respect of the membership share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Association or the exclusive right of possession, use, occupancy and enjoyment attached to it.

6.06 If the person entitled to the membership share of a deceased member does not qualify for membership under these Rules or the directors do not authorize the transfer of said membership share to that person, the Association must, subject to the Act, redeem those membership shares by paying to that person, within 120 days of the date on which the person provided the Association with proof of his or her entitlement, the amount paid up on the membership share.

6.07 When one joint shareholder dies, the other joint shareholder will be entitled to receive title to the shares and the directors will transfer those shares into the name of the other joint shareholder on receipt of a death certificate and statutory declaration confirming that the death certificate relates to the joint shareholder and without requiring production of a grant of letters probate or letters of administration relating to the estate of the deceased Member. There shall be no fee for this transfer.

7.0 Redemption of Membership Shares

7.01 If a member withdraws from membership, the Association must redeem the membership share(s) of the former member within 120 days of the effective date of withdrawal. The price and terms of the redemption will be specified by a resolution of the directors.

7.02 Subject to the Act, the Association may sell any membership share redeemed by it, but, while the Association retains the membership share, the Association must not exercise any vote, or pay or make any dividend or other distribution in respect of that share.

8.0 General Meetings

8.01 A Fall annual general meeting shall be held during the month of September at a day, hour and place determined by the directors or, in default, at a day, hour and place during such other month as the directors may determine.

8.02 A Spring general meeting shall be held in the month of April or in default, at a day, hour, and place during such other month as the directors may determine, to consider the financial position and progress of the Association, the acts of the directors, and such other business as may be properly brought before the meeting.

8.03 The Directors may, whenever they think fit, and shall, on a written requisition signed by the greater of 20 members or 10% of the members of the Association, call a special general meeting. A requisition shall set forth the object of the meeting and be delivered to the Secretary or any director. If the Directors do not within seven days after such delivery of the requisition call the meeting, the requisitionists may themselves call a meeting.

8.04 At least 14 days' notice and not more than 60 days' notice of every general meeting, specifying the place, the day and the hour of the meeting, and, in the case of special business, the general nature of that business, shall be given to every member. Such notice, as well as any other notice to be given pursuant to the rules, will be deemed to be given two (2) days after the date of mailing the notice.

8.05 No business shall be transacted at a general meeting unless a quorum of one-tenth of the members entitled to vote at it are present in person at the time when the meeting proceeds to business.

8.06 The President or, failing him, the Vice-president shall preside as chairman at every general meeting.

8.07 If the President, or failing him, the Vice-president is not present within 30 minutes after the time appointed for holding the meeting or is unwilling or unable to act, the members present may choose someone of their number to be chairman.

8.08 If within one hour from the time appointed for a general meeting a quorum is not present, the meeting, if convened on a requisition, shall be dissolved; in any other case it shall stand adjourned to the same day in the next month at the same time and place, at least 14 days notice of which shall be given to every member, and if at the meeting previously adjourned, a quorum is not present within one hour from the time appointed, the members present shall form a quorum.

8.09 The chairman may, with the consent of the meeting at which a quorum is present, and shall if so directed by the members, adjourn the meeting, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting for which the adjournment took place or such business as may be specified in the notice of the adjourned meeting.

8.10 The order of business at a general meeting shall, according to circumstances, be as follows:

- (a) meeting to be called to order;
- (b) notice convening the meeting to be read;
- (c) minutes of preceding meeting to be read and disposed;
- (d) business arising out of the minutes;
- (e) reports of standing and special committees;
- (f) reports of directors and auditors;
- (g) election of directors and auditors;
- (h) special business;
- (i) unfinished business;

(j) new business

8.11 No motion proposed at a general meeting need be seconded and the chairman may propose or second a motion.

9.0 Voting

9.01 On a show of hands or on a poll, every member present in person shall have one vote only. Any member may demand that a poll be taken at any time prior to a vote being taken, in which case a poll shall be taken.

9.02 The chairman at any general meeting shall, both on a show of hands and on a poll, have a casting or second vote. There shall be no proxy voting. Members are not permitted to pass their vote to a person attending in a representative capacity.

9.03 In the case of a vote by show of hands, the declaration of the chairman of the meeting shall be conclusive evidence of the result, unless three or more members on the declaration of the result demand a poll, in which case a poll shall be taken immediately.

9.04 Only one of the joint owners of a share may vote. The name of the joint owner whose name first appears on the Association's register of Members is entitled to cast the vote, but if that joint owner of the share does not vote, the joint owner whose name appears second in the register of Members is entitled to cast the vote.

10.0 Directors

10.01 The directors shall manage, or supervise the management of, the affairs and business of the Association and shall have the authority to exercise all such powers of the Association as are not by the Act or by these rules required to be exercised by the members in general meeting.

10.02 The number of directors shall be not less than three nor more than ten, and the number within that range may be fixed from time to time by ordinary resolution.

10.03 At each Fall annual general meeting directors shall be elected to a three-year term to fill the vacancies created by the expiry of any existing three-year terms.

10.04 Any casual vacancy occurring among the directors may be filled by the remaining directors.

10.05 Between successive annual general meetings the directors shall have power to appoint one or more additional directors but not more than one-third of the number of directors elected or appointed at the last annual general meeting at which directors were elected provided always that the total number of directors at any time shall not exceed ten. Any director so appointed shall hold office only until the next following annual general meeting of the Association, but shall be eligible for election at such meeting and so long as he is an additional director the number of directors shall be increased accordingly.

10.06 If at any meeting at which an election of directors ought to take place, the places of the vacating directors are not filled up, the meeting shall stand adjourned until the same day in the next week at the same time and place or until such other day and time as the directors in their absolute discretion decide. Notice of the day and time of the adjourned meeting shall be posted by the Secretary in a conspicuous place at the Emory Creek Resort Property or such other place as the directors may from time to time determine. If at the adjourned

meeting the places of the vacating directors are not filled, the vacating directors shall be deemed to have been elected again at the adjourned meeting.

10.07 In accordance with the Act and to the extent permitted by law, the Association shall indemnify and save harmless each director of the Association, his heirs, executors and administrators, out of the funds of the Association, from and against all costs, charges, expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director, including an action brought by the Association, if: (a) he acted honestly and in good faith with a view to the best interests of the Association of which he is or was a director; and (b) in the case of a criminal or administrative action or proceeding, he had reasonable grounds for believing his conduct was lawful.

10.08 Every director must be a member of the Association and hold at least one membership share.

10.09 The office of director shall be vacated if the director:

- (a) ceases to be a member or hold one membership share;
- (b) is found to be incapable of managing his own affairs by reason of mental infirmity;
- (c) becomes an undischarged bankrupt; or
- (d) unless a court of competent jurisdiction orders otherwise, is convicted in or out of the Province of an offense:

- (i) in connection with the promotion, formation or management of a corporation or an association; or
- (ii) involving fraud;

unless 5 years have elapsed since the expiration of the period fixed for suspension of the passing of sentence without sentence or since a fine was imposed, or the term of imprisonment and probation imposed, if any, was concluded, whichever is the latest, but the disability imposed by this sub-paragraph ceases on a pardon being granted under the Criminal Records Act (Canada).

10.10 The members of the Association may, notwithstanding any provision in the memorandum or these rules, remove a director before the expiration of his term of office by special resolution, and may, by ordinary resolution, appoint another person in his stead.

10.11 The directors may delegate any of their powers to committees, consisting of such members of their body, as they think fit; any committee formed shall, in the exercise of the powers delegated, conform to any regulations that may be imposed on it by the directors.

10.12 The directors shall cause:

- (a) registers of members, directors and officers,
- (b) all resolutions and minutes of all meetings of the members, the directors or any committee, and
- (c) all other documents required by the Act to be made and kept.

10.13 The quorum necessary for the transaction of business at meetings of the directors may be fixed by the directors, and unless fixed shall be three, provided always that a quorum shall not be deemed to be present unless at least one of the President, Vice-president, Secretary and/or Treasurer is present.

10.14 The members in general meeting shall determine the remuneration, if any, of the directors.

10.15 In accordance with the Act, the directors may cause the Association to indemnify any officer, employee, director or agent of the Association and his heirs and personal representatives against all reasonable costs,

charges and expenses whatsoever incurred by him or them and resulting from or arising out of his acting as an officer, employee, director or agent of the Association.

10.16 The directors may meet together for the dispatch of the business of the Association, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the Secretary on the requisition shall, at any time summon a meeting of directors and shall, unless waived by a director, give each director who is in the Province notice verbally, by mail, by telephone, or otherwise, of all regular and special meetings at least one day prior thereto.

Timely issues that require a vote by the directors and where a physical meeting of the directors is not possible, convenient or considered necessary, may be decided using electronic means; should not less than half of the number of directors respond within 7 days and a majority of those who respond do so in the affirmative, or should more than half of the current number of the directors respond in the affirmative within 7 days, the motion shall be considered passed. A record of all such motions shall be recorded at the next scheduled meeting of the directors. In the event of a tie, or should less than half of the directors respond within 7 days, the motion will be held over to the next meeting of the directors.

10.17 A resolution signed by all directors shall have the same force and effect as if passed at a duly constituted meeting of the directors.

10.18 The directors may cause the Association to construct, improve, purchase, hire or otherwise acquire additional facilities, services, amenities or personal property for the use in common of all members, provided that if such action has not previously been included in a budget of the Association approved by the members and involves an expenditure in any one year in excess of five thousand dollars (\$5,000) such expenditure shall be approved by resolution of the members at a general meeting for which the requisite notices specifying the expenditures required has been given.

10.19 The directors may make assessments against the members as provided in rule 16.00.

10.20 The directors may fix in advance a date, which shall not be more than the maximum number of days permitted by the Act preceding the date of any meeting of members, as the record date for the determination of the members entitled to notice of, or to attend and vote at, any such meeting and any adjournment thereof, or for any other proper purpose and, in such case, notwithstanding anything elsewhere contained in these rules, only members of record on the date so fixed shall be deemed to be members for the purposes aforesaid.

10.21 Where no record date is so fixed for the determination of members as provided in the preceding paragraph the date on which the notice is mailed shall be the record date for such determination.

11.0 Officers

11.01 The directors shall meet at their convenience, no more than 30 days after each annual general meeting, for the purpose of electing from their number, a President, Vice-President, Secretary and may also elect a Director of Share Sales, and may appoint such other officers, whether from their own body or from the members, as they think fit, and may prescribe their duties. The officers so elected or appointed shall serve a term of one-year or until the conclusion of the next Annual General Meeting. The Secretary shall notify the members, by mail, at the same time as the assessment notices are mailed out after each general meeting, of the names and positions or duties of each person so elected or appointed.

11.02 The members of the Association may, notwithstanding any provision in the memorandum or these rules, remove an officer before the expiration of his term of office by special resolution, and may, by ordinary resolution, appoint another person in his stead.

11.03 The President shall be an ex-officio member of all committees of directors and clubs.

11.04 The Vice-president shall exercise the powers of the President in his absence and shall be the custodian of the Association's seal and shall perform such other duties as are incident to the office of Vice-president.

11.05 The Secretary shall record and maintain the minutes of all the member and directors meetings, maintain the Association's records, cause notice to be provided of all members and director's meetings, perform such other duties as are incident to the office of Secretary, and should a Director of Share Sales not be elected in 11.01, be deemed to also hold the position of Director of Share Sales.

11.06 The Director of Share Sales shall perform the duties set out in rule 5.00.

12.0 Financial

12.01 Every officer of the Association having receipt or charge of money of the Association shall before commencing his duties give such security as may be considered necessary by the directors, if any.

12.02 At every Spring General Meeting the directors shall present to the members, for ratification, a proposed budget for the forthcoming fiscal year.

12.03 The directors may, at their discretion, and subject to these rules, raise, borrow or secure the payment of money for the purposes of the Association, on terms they consider appropriate, including a mortgage or charge on its property, both present and future, and may purchase, redeem or pay off any security; but if any security proposed to be given in the exercise of this power is intended to charge the whole or substantially the whole of the undertaking of the Association, this power shall not be exercised without a special resolution.

12.04 The directors may, from time to time, invest the funds of the Association in the way they consider appropriate so long as the amount invested does not exceed 2% of the Paid-up Share Capital and so long as the money is invested in a security or class of securities in which trustees are permitted to invest trust funds under the Trustee Act. Should the directors wish to invest funds exceeding the amount specified herein or should they desire to invest in a Financial vehicle that is not permitted by a trustee under the Trustee Act, prior approval by special resolution of the members shall be required.

12.05 The directors must apply surplus funds arising from the operation of the Association in a financial year as follows:

(a) first, to the reserves required by Rule 12.06;

(b) next, to retire all or a portion of any deficit previously incurred by the Association as the directors determine is appropriate;

(c) last, to patronage returns or dividends as recommended by the directors.

12.06 The directors must set aside as reserves for meeting contingencies at least 10% of the surplus funds arising from the operations of the Association in each financial year until those reserves are equal to the following percentages of paid up share capital at the date of apportionment under Rule 12.05:

(a) if the paid up share capital is \$25,000 or less, 30%;

(b) if the paid up share capital is greater than \$25,000 but not greater than \$50,000, 20%;

(c) if the paid up share capital is greater than \$50,000 but not greater than \$100,000, 10%;

(d) if the paid up share capital exceeds \$100,000, the percentage, if any, to be determined by resolution of the members.

12.07 The directors shall cause true accounts to be kept of: (a) all money received and expended and the matters for which such receipts and expenditures take place; and (b) the assets and liabilities of the Association.

12.08 One or more auditors shall be appointed by the members at every Fall annual general meeting, but a casual vacancy in the office of auditor may be filled by the directors. No directors, officer or paid employee of the Association, or member of the household of any director, office or paid employee, may be appointed to serve as auditor.

12.09 The directors shall select a bank or other financial institution as depository of all funds of the Association and shall cause all such funds, to be deposited at it, and such funds may be withdrawn only by cheque of the Association signed by such person or persons as the directors may, from time to time, by resolution appoint, and in the absence of such an appointment, the President together with the Secretary.

12.10 The financial year-end of the Association shall be the last day of June of each year.

12.11 At every Fall annual general meeting the directors shall cause to be laid before the Association the profit and loss account and balance sheet prepared by the directors in accordance with the Act for the period to June 30 last preceding, and cause to be read their report and the auditor's report, all of which shall be open to inspection by any member.

13.0 Disputes

13.01 Any dispute arising out of the affairs of the Association between a member, or any person aggrieved who has for not more than six months ceased to be a member, or any person claiming through a member or person aggrieved or claiming under these rules, and the Association, or a director, shall be referred to a committee of three members of the Association. The President and the member or other person aggrieved shall each nominate one member, and the third shall be chosen by the two nominated. The decision of the committee shall be final and binding on all parties and may be enforced on application to a County Court.

14.0 The Seal, Notices, and Service of Documents

14.01 The Association shall have and maintain a common seal, bearing thereon the following words: "Emory Creek Lot Owners Co-Operative Association", or such words as may be required from time to time by the laws of the Province of British Columbia. The Seal of the Association shall not be affixed to any instrument except by or pursuant to the authority of a resolution of the directors or of the Association in general meeting and it shall be used only in the presence of such person or persons as the directors may from time to time appoint for that purpose.

14.02 For the purpose only of certifying under seal true copies of any document of resolution, the seal may be affixed in the presence of any one of the persons appointed pursuant to paragraph 14.01. If the seal is not used, instruments may be executed on behalf of the Association by the persons appointed pursuant to paragraph 14.01.

14.03 Unless otherwise specified in the Act or these Rules, any notice required to be given to the Association must be in writing and is sufficiently given if it is

- (a) delivered to the registered office of the Association;
- (b) mailed to the registered office of the Association by prepaid mail;
- (c) sent by facsimile transmission to a telephone number provided for that purpose, or;
- (d) served in accordance with the Act.

14.04 Deemed receipt:

(a) A notice given in accordance with Rule 14.03a is deemed received when it is delivered.

(b) A notice given in accordance with Rule 14.03b is deemed received on the second day, not including Saturday and holidays, after the date of mailing.

(c) A notice given in accordance with Rule 14.03c is deemed received at the time the notice is sent by facsimile.

14.05 In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event; the date of giving notice must be excluded and the date of the meeting or other event must be included.

14.06 If a mailed notice is returned on two consecutive occasions because the intended recipient cannot be found, the Association is not required to give any further notices to that intended recipient until the recipient informs the Association in writing of his or her new address.

14.07 The accidental omission to give notice to, or the non-receipt of a notice by, a member, director, officer, auditor or member of a committee of the board, or an error in a notice that does not affect the substance of it, does not invalidate any action taken at a meeting held in accordance with, or otherwise founded on, that notice.

14.08 A person who, by operation of law, transfer, death of a member, or any other means, becomes entitled to a membership share in the Association, is bound by every notice in respect of the membership share that has been duly given to the member from whom that person derives title to the membership share before the person's name and address were entered on the register of members and before the person furnished the Association with proof of authority or evidence of the person's entitlement.

14.09 Service by the Association:

a) A notice or other document required by the Act to be served by the Association may be served by:

i) mailing it by registered mail to the last known address of the intended recipient, as recorded in the Association's register of Members or other record of the Association, or

ii) by personal service or iii) by other electronic means as agreed to by the Member.

b) A notice or other document served under subsection 14.09(a)(i) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.

c) A notice or other document served under subsection 14.09(a)

(iii) is deemed received on the second day after the date of electronic submission. d) The cooperative may deliver notices to either of the joint owners of a share and that is sufficient delivery to both of them, provided that when Members are to be suspended or expelled, notice of suspension or expulsion must be delivered to both joint owners of a share

15.0 Sites

15.01 Attached to each membership share in the Association, for the duration of the Association's corporate life and subject to the provisions of the memorandum of the Association, are these rules and regulations: (a) the exclusive right, in person entered on the register of members of the Association in respect of such membership share for the period during which he is so registered as a member, of possession, use, occupancy and enjoyment of the particular site or area (herein called the "Site") allotted in respect of such membership share in manner hereinafter provided; and (b) the entitlement, in common with all other members of the Association, to use and enjoy the common property of the Association in such manner at such times as the directors may, from time to time, determine.

15.02 The exclusive right and the entitlement attached by paragraph 15.01 to each membership share in the Association may be transferred, but only contemporaneously with the transfer of the membership share to

which it is attached in accordance with these rules and subject to the restrictions on transferability as provided in these rules.

15.03 (a) The sites which are attached to each membership share in the Association shall be so attached by resolution of the Directors.

(b) Each such site shall be initially designated and attached to each membership share by the directors in such manner as the directors by resolution may provide.

(c) The boundaries of each such site shall be laid out and determined by the directors in such manner as they shall determine.

(d) The directors may at any time after initial designation and attachment of sites to membership shares, substitute, alter or amend such attachment or boundaries of such sites but no substitution, alteration, or amendment shall take place except by consent of the holder of each membership share affected, nor shall any such substitution, alteration or amendment be made by the directors in any manner so as to prejudicially affect any other member's site, or so as to prefer any member over another or others.

15.04 The members may, by special resolution, alter or amend the Site Agreement provided that such alteration or amendment applies to all Site Agreements then in force. The Site Agreement as altered or amended shall bind the Association and each member as if the same alterations or amendments were contained in the Site Agreement executed by the Association and each member.

15.05 When two Members own a share jointly, each owns an undivided one half interest in the Site attaching to the membership share and in the share itself. Upon the death of one Member the surviving Member, in addition to being entitled to receive a complete interest in the share is entitled to receive a complete interest in the Site and the interest of the deceased Member in the Site will be transferred to the surviving Member who jointly owned the share.

16.0 Assessments

16.01 It is hereby declared that the object and purpose of the Association is to maintain, improve and operate the Emory Creek Resort property on a cooperative and shared basis for the use, pleasure and recreation of the members of the Association and their families. All taxes, insurance, costs, mortgage payments, costs of maintenance, utilities, improvement and operation of the Association's property and all other expenses incurred by the Association shall be shared by the members and paid for by assessments made by the directors against the members.

16.02 Unless otherwise determined by the directors, all assessments made by the directors against the members shall be met and paid for by each member in the same proportion as his membership shareholdings are to total issued membership shares in the Association.

16.03 The directors in their absolute discretion may determine classes of sites for the purpose of Assessments and may determine if a Site falls within a class of sites, and in making such determination the directors may take into account:

(a) the nature of improvements on or to the Site

(b) the location of a cabin on the Site

(c) the location, size and quality of the Site, and

(d) the services provided to the Site and shall make assessments against each member having the exclusive right of possession, use, occupancy and enjoyment of a site according to the class of sites into which the site falls.

16.04 Notwithstanding the provisions of paragraph 16.02, members having exclusive right of possession, use, occupancy and enjoyment in respect of Sites determined by the directors to fall into a class of sites may be assessed at a rate higher than members having exclusive right of possession, use, occupancy and enjoyment in respect of sites determined by the directors to fall into other classes of sites.

16.05 Unless the directors in their absolute discretion determine that it is unfair to do so, all members having the exclusive right of possession, use, occupancy and enjoyment in respect of sites within the same class of sites shall be assessed an equal amount.

16.06 The directors may by resolution, notice of which shall be given in writing to each member, and subject to the right of any member deeming himself adversely affected by such resolution to an appeal in manner provided for by rule 13.00 herein, from time to time, for reasons assigned in such resolution and so as to take into account any inequality in the usefulness or availability to any member or members of any maintenance, work or improvement done or to be done by the Association on any part of its property, vary the proportions of the assessment in respect of such maintenance, work or improvement to compensate for such inequality.

16.07 All assessments shall, unless otherwise determined by the directors, be due and payable 30 days after notice thereof has been given to the members in such manner as the directors think fit and shall be paid to such person as the directors may appoint, and in the absence of such an appointment, to the Secretary, and the said appointee or the Secretary, as the case may be, shall give his receipt for all payments made to him. There shall be added to each assessment unpaid after the said 30 days a late payment charge of 2% of the outstanding balance, or a \$15.00 flat fee, whichever is the greater, for each 30 day period, or portion, thereafter that the assessment remains unpaid.

16.08 Joint Members are jointly and severally liable for all assessment, levies, dues, fees, payments and other charges imposed or payable in respect of the membership and shares. (Cooperative Association Act s 42(4)).

17.0 Improvement of Sites

17.01 The directors may appoint an Improvements Committee consisting of such members of the Association and others as the directors may from time to time determine. Members who are directors may also be members of the Improvements Committee. The Improvements Committee, and if none has been appointed, the directors, shall review all proposed construction, improvements and works on any sites including the design, materials to be used, location on sites and colours. No construction, improvement or work of any kind shall be undertaken on any site until the same have been approved by the Improvements Committee or the directors, as the case may be, and such approval ratified by the directors.

17.02 All existing and future improvements to a site become the property and responsibility of the shareholders of the site for as long as the shareholders own the share. Should the share be **transferred**, all improvements existing on the site at the time and date of possession shall become the property and responsibility of the new shareholders.

17.03 Each shareholder or shareholders, in the case of joint ownership, agree to accept all liability for any and all improvements on the Site attached to the share whether pre-existing or new. It is the shareholders responsibility to ensure that all improvements are safe and in good repair at all times.

The shareholders release and indemnify the Emory Creek Lot Owners Co-operative Association, its officials, officers and employees, from any claim, cause of action, loss, damage or injury (including death) arising out of or in any way connected to the planning, construction, use and ongoing maintenance and upkeep of ALL improvements on the Site attached to their share. This includes but is not limited to cabins, recreational

vehicles, recreational vehicle covers or roofs, sheds, decks, fences, gazebos, shelters against the weather, Ramadas, fire pits, fences, wood storage bins, landscaping etc.

The Association owns the land and all improvements on the common property. The Association also owns any potable water system, septic system and electrical system up to the point of connection by the member.

18.0 Sale and Dissolution

18.01 In the event of a sale of the whole of the assets of the Association or of a dissolution of the Association, the assets of the Association shall be divided among the members in proportion to their shareholdings; save that any buildings or other works or improvements erected on any of the said sites shall be valued separately by an independent valuator appointed by the directors at or about the time of such sale or dissolution; and in respect of that part of the assets of the Association represented by the total of such valuation, the members shall participate in the distribution of the assets of the Association in proportion to the value of the buildings and other works and improvements erected on the said site attached to their respective membership share or membership shares.

19.0 Use of Sites and Common Property

19.01 A member may permit any member of his immediate family to make use of the Site in respect of which he has the exclusive right of possession, use, occupancy and enjoyment and unless the directors otherwise decide, such permission entitles that member of his immediate family to the same rights to use and enjoy the common property of the Association as the member may from time to time be entitled.

19.02 Notwithstanding the provisions of paragraph 15.01 a member may, if he or his immediate family do not wish to make use of his site for any period in a calendar year, permit the use and occupation of his site by any other person (whether or not such person is a member of the Association), for the pleasure and recreation of such other person for any period of not more than two (2) weeks in such calendar year unless otherwise approved by the directors, on such terms as may be arranged between that person and the member. The member shall notify the Secretary in writing of the granting of such permission specifying the name and address of such person and the duration of such permission. The directors may at any time for cause specified in writing, extend or revoke such permission. Such permission shall confer upon the permittee no rights whatsoever against the Association, save such reasonable use of facilities and common property of the Association as the directors may in their sole discretion determine. The permittee shall hold any right of user or occupation of the site or other property of the Association only by sufferance. No member shall grant such permission with respect to his site in any one year to more than two (2) different permittees unless the consent of the directors shall be first had and obtained. No such permission shall operate to relieve the member from any obligation for payment of assessments, or performance of other obligations or from the provisions herein contained relating to liens or forfeiture.

19.03 It shall be the duty of the member occupying a site, or any person having occupancy through him, to maintain the said site or area and any buildings or other works or improvements thereon in a good state of repair and in such a manner as not to cause a fire hazard or nuisance or to interfere with the members in the quiet enjoyment of their sites or of any other part of the Association's property. The directors shall have the right to determine whether any member is in default under this rule and any such determination shall be final. In the event of such default the provisions of rule 21.00 shall apply.

19.04 No member shall suffer or permit any lien or charge to be created upon the property of the Association by reason of any building, work or improvement done or caused to be done by him upon his site or any other part of the property of the Association. Should any lien or charge be so created against the property of the Association, the Association may pay and discharge the same, and any amount so paid by the Association shall constitute a debt due by the member to the Association payable upon demand. Each member shall give to the Association such assurances or security as the directors may require, against the creation of any such liens or charges.

19.05 Every member shall, in respect of his site, be solely responsible for ensuring the handling and safe discharge of waste water and septic effluent on or from his site according to the requirements of the Fraser Valley Regional District and of any other municipal, provincial or federal government body, and will indemnify and save harmless the Association from or arising out of any suits, causes of action, or expenses resulting from any violation of any such requirements.

20.0 Regulations

20.01 The directors shall have the power to make regulations in respect of the following matters, and to amend and repeal the same:

- (a) control and abatement of nuisances committed or likely to be committed upon the Association's property;
- (b) ensuring the quiet enjoyment by the members of their sites and the common property of the Association;
- (c) camping;
- (d) clearing and tree cutting;
- (e) garbage collection and litter;
- (f) use of water;
- (g) setting of fires, control of fires, and fire fighting;
- (h) caretaking;
- (i) control of domestic animals;
- (j) setting aside and use of part of the Association's land not included in any site for the common enjoyment of all members;
- (k) providing for recreational facilities for the use of members on the Association's property;
- (l) constructing, maintaining and regulating the use of roads and trails;
- (m) curfews;
- (n) location of improvements or works on member's sites;
- (o) size of trailers or other improvements;
- (p) use of firearms, bows and arrows, and other weapons;
- (q) fences;
- (r) landscaping;
- (s) guest privileges;
- (t) use and enjoyment of the lodge by the members, their immediate families, guests and permittees; and
- (u) any other matter relating to the use and enjoyment of the Association's property by the members.

20.02 In particular and notwithstanding the attaching of any rights in respect of any of the said sites or otherwise, and without prejudice to the generality of paragraph 20.01, the directors may reserve or except out of any site either at the time of attachment to a membership share or any time thereafter, that part of such site as may be required, in the sole discretion of the directors, for the purpose of a well or other source of water to serve any other member or members, or any site or number of sites, or for the purpose of a right of way to and from such a well or other source of water either for a pipeline or access thereto by any such member or members, and the directors may determine the compensation, if any, which shall be paid in respect of such reservation or exception if made after initial attachment of sites to membership shares or may determine that

no such compensation shall be payable; and the directors may make rules either generally or in any particular case for sanitation and to control the location of sanitary facilities on any site or other part of the property of the Association so as to ensure the supply of drinking water upon the Association' property or to prevent nuisances or other impairment of the pleasure and enjoyment of occupiers of sites or the use by the members of parts of the Association's property not allocated as sites.

20.03 The directors shall submit such regulations or any amendment or repeal of same to the members at the next general meeting and the members may, by ordinary resolution, confirm, reject or amend the regulations, amendment or repeal.

20.04 Regulations made by the directors pursuant to paragraph 20.01 shall be effective and binding on the members from the posting thereof in a conspicuous place at the Emory Creek Resort property or such other place as the directors may determine. If the regulation, amendment or repeal is rejected by the members, or if the directors do not submit the regulation, amendment or repeal to the members at the next general meeting as required under paragraph 20.03, the regulation, amendment or repeal ceases to be effective and no subsequent resolution of the directors to make, amend or repeal a regulation having substantially the same purpose or effect is effective until it is confirmed, or confirmed as amended, by the members.

21.0 Termination of Interest

21.01 If any member defaults in the payment of any assessment or charge properly made by the directors, or any debt which may be due by the member to the Association however incurred and such default continues for a period of thirty (30) days after the same is due and payable or if a member continues to violate any of the regulations adopted by the directors, or any of his obligations under these rules, or fails to remedy any such violation which is capable of being remedied within the time limited by the directors after notice in writing given him by the directors of such violation, then in such event his membership and his exclusive right of possession, use, occupancy and enjoyment of the site attached to his membership share and his entitlement to use and enjoy the common property of the Association may, by resolution of the directors, be suspended and the Association may enter upon such site and resume possession of the same. In addition, the Association shall have the right to take other legal proceedings the directors deem appropriate to recover any money at any time due to the Association or otherwise to enforce any of the obligations of any member under these rules.

21.02 Upon payment by the member of any such assessment, charge or debt, or upon agreement by the member to the satisfaction of the directors to conform with these rules and the regulations of the Association, or upon remedy of his violation to the satisfaction of the directors, as the case may be, plus the payment by the member to the Association of a reinstatement fee of \$50.00, the suspension of such member's rights herein before provided shall cease and the member shall resume his rights as a member and in respect of the site attached to his membership share.

21.03 No suspension of rights hereunder shall relieve any member from any obligation or assessment arising or levied upon the members of the Association during the term of such suspension of rights.

21.04 If any member suffers more than one suspension of his rights pursuant to paragraph 21.01 within any period of 24 consecutive months, or if any suspension continues for a period of more than 6 months, the Association may, by special resolution, declare such member unfit to remain a member of the Association. The member shall be notified in writing of such declaration and shall have a right of appeal from such declaration in a manner provided by rule 13.00.

21.05 Upon the member having been notified of such declaration and upon the expiry of six months after such notifications have been given, or if appealed, the declaration having been affirmed on appeal, the member is expelled from membership in the Association and the President and Secretary of the Association shall be and they are hereby appointed attorneys-in-fact of the member affected with power to sell the membership share of the member and the right to exclusive use attached thereto for such consideration as the directors shall in their sole discretion determine and to do all acts as may be necessary to cause a transfer of such membership share to be entered upon the register of members and to receive the purchase monies and to give a receipt therefore on behalf of the member; and any transferee by virtue of this rule shall not be bound to look to the application of the purchase monies nor shall any irregularity or invalidity in the proceedings thereunder affect his title to the membership share so purchased. The provisions of rule 5.00 shall apply to any proposed transfer under this paragraph. The expelled member shall forfeit the paid up value of the Site Agreement which entitled him the exclusive right of possession, use, occupancy and enjoyment of the Site indicated on his membership share and will only be entitled to a refund equal to the paid up capital of his membership share less any expenses incurred in respect of the sale of the membership share and less any assessments, charges or debts owed to the Association.

21.06 A person who ceases to be a member as provided by these rules shall have no claim to rights, privileges of association, share or interest in and to the Association property or facilities, and any interest which may otherwise be claimed shall be deemed to have been forfeited upon ceasing to be a member.

21.07 A member expelled shall not be again admitted to membership except by special resolution of the Association.

21.08 Upon the member having been notified of such declaration as set forth in 21.04, and upon the expiry of six months after such notifications have been given, or if appealed, the declaration having been affirmed on appeal, the expelled member must, within thirty days, remove any and all of their possessions from the Site; upon the thirty-first day any remaining property and/or possessions shall be deemed to be abandoned and become the property of the association. All costs of clean up of the site and disposal of possessions and/or property to be borne by the expelled member.

21.09 If the membership of a Member is suspended or terminated, the suspension or termination will terminate or suspend the membership of both joint owners of any share.

22.0 Alteration of Rules

22.01 These rules may only be altered or added to by special resolution.

22.02 Any member may propose an amendment to these rules. If such amendment is in writing and is seconded by three members and is presented to the directors not less than 42 days prior to any general meeting, the directors will include the proposed amendments on the agenda for the next general meeting.