



HOLIDAY PARK

RESORT COMMUNITY

Voluntary Contingency Fund Letter of Understanding For Common Area RV & Condo Expenses

What is the Voluntary Contingency Fund?

The Voluntary Contingency Fund (VC Fund) is a fund that's in place to be drawn upon in the case of any substantial, urgent, and unforeseen repairs that might be required at Holiday Park. For example, if our sewer plant suddenly broke down and required an expensive repair, then Holiday Park would have to bill everyone for their portion of the cost of that repair. Those who had bought into the Voluntary Contingency Fund would have that cost drawn from the fund first, whereas those who opted out would be billed for their full proportionate share of the amount. Buying in also increases real estate values throughout the resort; having a substantial dollar amount in a contingency fund is very valuable to the resort and leaseholders alike.

Leaseholders can OPT IN or OPT OUT of the Voluntary Contingency Fund with the following conditions:

1. The leaseholder **MUST** have the new form of sublease to participate; there will be no exceptions.
2. The VC Fund can only be generated from a surplus of money from our past years' operational expenses (the money leftover when we come in under budget). There will be no separate assessment for this fund.
3. The VC Fund will **ONLY** be used for the operational expenses associated with Holiday Park Resort and in strict accordance with the terms and conditions of the new form of sublease. (In other words, the VC Fund will only cover repairs on items that would typically be covered by maintenance fees.)
4. The money will be proportioned out based on ownership designation (condo, park model site, or standard site), in accordance with the maintenance fee distribution. Specific condo-only expenses will be calculated separately and will not be part of the VC Fund.
5. If the leaseholder wants to opt in, in future years, they must then come up to the current cumulative amount specific to their property designation (standard, park model or condo). This is a one-time buy-in amount.
6. Each sublease will have a separate VC Fund account. It will identify the amount saved and/or spent.
7. It will require **BOTH** the HPLA executive and the HPR management to agree, before **ANY** money can be **ADDED** or **SPENT** from this VC Fund.



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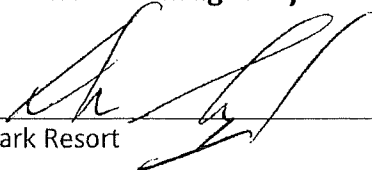
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8. VC Fund will not exceed \$1,000,000 unless both the HPLA executive and HPR management agree to change the amount.
9. VC Fund money will be held in a separate Royal Bank of Canada GIC. It will be restricted cash only and available for use under the terms and conditions of this letter of understanding.
10. Interest earned will be calculated annually and will then be added proportionally to the individual VC accounts for condo, park model and standard sites, once per year subsequent to the annual GIC maturity date.
11. Upon expiration of the sublease term, all money in the leaseholders' individual VC Fund account will be paid out to them directly.
12. Should a sublease be sold, the leaseholder will have a choice to have their individual VC Fund account paid out to them directly or transferred to the new owner as part of the sale.
13. The VC Fund guidelines and processes will be reviewed annually by the HPLA executive and HPR management to ensure they are meeting the current needs of the resort.

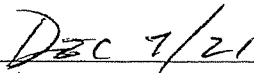
In summary, why buy in to the Voluntary Contingency Fund?

1. Your VC Fund account will be a buffer between you and a surprise bill.
2. Having a sizable contingency fund at Holiday Park helps to increase real estate values.
3. There is no risk to buying in. Should you decide to sell, the amount in your individual VC Fund account will be refunded to you or transferred with the sale.
4. You will receive annual interest proportionate to the amount in your VC Fund account.

Supported and encouraged by:



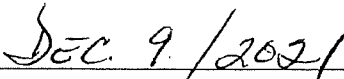
Holiday Park Resort
President



Date



Holiday Park Leaseholders Association
Executive



Date