

WILDERNESS VILLAGE TRANSFER FEES

Transfer fees are charged as part of the transfer process. These fees have been in existence as long as our Articles of Association have been. The transfer fee amounts themselves are determined from time to time by the Board of Directors who are authorized to do so according to our Articles of Association.

There has always been a special consideration given to transfers that take place to direct members of a family, such as to a son or daughter or sister or brother. This fee is currently \$150.00 plus GST however it will be increased to \$500.00 as of January 1, 2019.

All other transfer fees are based upon 30% of the prorated value of a new membership. For example, the **current cost** of a new membership is now \$29,250.00. This provides a lifetime term of membership for the original owner and also a twenty year term to transfer or sell. This valuation is broken down as follows:

\$2,000.00 for the share purchase (par value- never changes in value)

\$13,625.00 for a lifetime term of membership

\$13,625.00 for twenty years term of membership

Determining the Transfer Fee to another family: By breaking down the components of the membership value as above, the value of any existing membership can be determined. In the case of individual years of membership, we take the value of a twenty year term which is \$13,625.00 then divide it by twenty years which yields a value of \$681.00 for each year of term. To determine the value of any term of membership in years, that figure is multiplied by the number of years and then in the case of a shareholding membership, the value of the Share (\$2,000.00) is added. The transfer fee of 30% is then applied to that number and GST is added.

Transfer fees to transfer a membership to a direct family member: are currently only \$150.00, however they will be increased to \$500.00 as of January 1, 2019.

Authorization to Set Transfer Fees: The Board of Directors is authorized to set transfer fee amounts from time to time according to Articles of Association **3.4** and **16.1**.

Why Transfer Fees are Charged: Wilderness Village is a non-profit Association and all monies earned throughout the fiscal year are re-invested in the company. The company relies on various revenue streams to operate the business as efficiently as possible while at the same time maintaining the Member's dues at a reasonable level. As of this date, the annual dues have only been increased nominally over the past several years. Member's dues provide approximately 30% of our operating income while our day to day business operations and business provide the remainder.

Wilderness Village has limited sources of income and each year we are challenged to tap into new revenue streams in order to keep Member's dues reasonable. Our main sources of income apart from Member's dues are membership sales, cabin rentals, site rentals to non-

Members, the operation of the Village Store, oil company leases, secondary storage fees and Transfer Fees.

The Board and management have cautiously controlled the number of new memberships sold each year in order to prevent over selling the campground. Each new membership sold represents a considerable amount of money, however as mentioned, only a limited number of new memberships are sold each year. Members who wish to sell their memberships have an option to transfer to another family providing there is term left to transfer. We permit 40 transfers each year, again to prevent overuse of the campground during the peak season.

Whether a consumer is looking at a new membership or to purchase an existing membership, we provide the same level of information, tours and assistance throughout the entire process. Wilderness Village does not pay commissions on sales, so no effort is made to persuade a consumer to buy a new membership instead of an existing one. All marketing and advertising expenses are incurred by the Association, whether a consumer purchases a new membership or a transferred membership.

Transfer Fees are paid by Members leaving the campground and benefit the Members remaining as these fees are a source of operating income. Fees such as these are a normal business practice in any RV recreational facility where membership titles are changed by transfer and sale. This could be considered a commission paid to the company but not to a salesperson.

Many Members who sell their memberships actually make money on the sale although it was never intended to be this way. Wilderness Village sells investments in recreation, not financial investments. It was never expressed or implied that becoming a Member of Wilderness Village would earn interest or appreciate in value on the original investment. As a matter of fact, our Articles of Association state that no shareholder shall profit from the operation of the Resort.

Our first and foremost obligation is to our existing Members and the successful continuation of the company. While Transfer Fees may not be popular with Members exiting the Association, they remain one of our critical operating revenue streams.