

ENTRY RULES

The following rules govern the entry of units into the Hotel Rental Program.

1. Enrollment

A unit may be enrolled in the Hotel Rental Program upon the following steps being completed:

- a. the Owner has completed a Suite Enrollment Application with the Rental Manager's Owner Relations Manager;
- b. the Unit has been inspected by the Rental Manager and the Rental Manager has affirmed that the Unit meets the Acceptable Standard, and the Unit displays an appearance and finishes at least equivalent to those of other participating units in the Hotel Rental Program as determined in the sole discretion of the Rental Manager. If, after a program wide renovation has been undertaken, the unit does not meet the current Acceptable Standard, the unit owner wishing to enter their unit into the Hotel Rental Program shall be obligated to pay the full cost of bringing the unit up to the current Acceptable Standard;
- c. a Rental Management Agreement has been executed between the Owner and the Rental Manager; and
- d. the Catch-Up Contribution (as defined in section 3 below) to the Capital Expense Reserve Fund has been paid by the Owner to the Rental Manager, or the Owner has made arrangements acceptable to the Rental Manager, in its sole and unfettered discretion, for said payment to be made, pursuant to section 4 below.

2. Property Tax

The Owner acknowledges that the Municipal Property Assessment Corporation (MPAC) has determined that suites participating in the Rental Program are classified "Commercial" for purposes of City of Toronto municipal property tax, and that by June 30th of each year, the Rental Manager is required to submit a list of suites enrolled in the Program to MPAC for it determine the following year's tax classification. Upon entering the Unit in the Program, the Owner authorizes the Rental Manager to disclose this fact to the City of Toronto and MPAC, along with any other information which the City of Toronto and/or MPAC may request or which the Rental Manager is required to disclose pursuant to applicable law.

3. Capital Expense Reserve Fund

Contribution – At time of entry or re-entry to the Hotel Rental Program the Owner shall be required to pay a catch-up contribution to the Capital Expense Reserve Fund (the "**Catch-Up Contribution**") calculated as follows:

- a. All residential units in the Building are divided into classes (each, a "**Unit Class**") based on that unit's Unit Point Factor. For example, all units with a Unit Point Factor of 1.2 are grouped together into a Unit Class;
- b. Determine the contributions to the Capital Expense Reserve Fund which would be derived from each unit within a Unit Class if that unit was continuously enrolled in the Hotel Rental Program (for any given period of time, the "**Unit Class Contributions**")
- c. The Catch-Up Contribution for any unit entering or re-entering the Hotel Rental Program shall be the difference between:

- i. The Unit Class Contributions from the conclusion date of the last round of major renovations to the units enrolled in the Hotel Program (which as of the date hereof was March 1, 2015) to the last day of the month preceding that unit's entry or re-entry into the Hotel Rental Program (the "**Calculation Period**"); less
- ii. The actual contributions to the Capital Expense Reserve Fund derived from that unit during the Calculation Period.

4. Payment of Catch-Up Contribution

The Catch-Up Contribution may be paid either in full or in part at the time of enrollment, at the option of the Owner. Should a partial payment be made, the remainder shall be deducted in equal parts from Monthly Net Rental Revenue during an agreed upon number of months (not to exceed twelve (12) months or such other period as may be determined by the Rental Manager in its sole and unfettered discretion) or it shall be contributed in full at the time of the next renovation if the Rental Manager agrees on this method of Catch-Up. If the Catch-Up Contribution is not paid in full at the time that the Rental Manager wishes to make renovations to participating units in the Hotel Rental Program, no renovations shall be conducted to the Unit, and the Unit may no longer meet the Acceptable Standard and may be removed from the Hotel Rental Program by the Rental Manager.

5. Re-Enrollment After Permanent Removal

An Owner who has withdrawn their unit for a use which is deemed a Permanent Withdrawal (as defined in the Exit Rules), may thereafter re-enroll the unit in the Hotel Rental Program subject to the following terms and conditions:

- a. The Owner shall provide at least thirty-five (35) days' prior written notice to the Rental Manager of the Owner's intention to re-enroll the Unit in the Hotel Rental Program.
- b. The Unit has been inspected by the Rental Manager and the Rental Manager has affirmed that the Unit meets the Acceptable Standard, and the Unit displays an appearance and finishes at least equivalent to those of other participating units in the Hotel Rental Program as determined in the sole discretion of the Rental Manager; and
- c. the Catch-Up Contribution to the Capital Expense Reserve Fund has been paid by the Owner to the Rental Manager pursuant to section 3 above, or the Owner has made arrangements acceptable to the Rental Manager, in its sole and unfettered discretion, for said payment to be made.

EXIT RULES

The following rules govern the withdrawal of units from the Hotel Rental Program.

1. Owner Short-term and Long-term Personal Use

- a. Subject to any other Exit Rules, the Owner may make use of Unit when it is enrolled in the Hotel Rental Program for:
 - i. temporary personal use less than two (2) weeks in duration, upon giving the Rental Manager no less than ten (10) days' prior written notice;
 - ii. long-term personal use greater than two (2) weeks in duration and up to one hundred and eighty (180) days in duration, upon giving the Rental Manager no less than thirty-five (35) days' prior written notice.
- b. Personal use of the Unit by the Owner is subject to the approval of the Rental Manager, which will not be unreasonably withheld.
- c. Any registered bookings for the Unit made prior to the Owner providing notice to the Rental Manager as provided in section 1.a above shall be honoured and the Unit shall be deemed to remain in the Hotel Rental Program for the dates of such bookings (and the Owner shall receive an allocation of Net Rental Revenue only for such days and not for the other days that the Unit is withdrawn from the Hotel Rental Program).
- d. Personal use is not permitted during blackout periods as determined by the Rental Manager, which shall include the Toronto International Film Festival, the Caribana Festival and any citywide conventions. A list of blackout periods can be obtained from the Rental Manager at the beginning of each year.

2. Permanent Withdrawal

- a. Subject to any other Exit Rules, the Owner may withdraw the Unit from the Hotel Rental Program for: (i) personal use of the Unit for a period greater than one hundred eighty (180) days during any twelve month period; (ii) for rental pursuant to a long term lease for a period of one (1) year or more; or (iii) for the sale or transfer of the Unit in accordance with **Error! Reference source not found.** of this Agreement, upon giving the Rental Manager no less than four (4) months' prior written notice. Such use shall be deemed to be a "**Permanent Withdrawal**" from the Hotel Rental Program

3. Personal Use Fees

- a. During periods of personal use of the Unit other than Permanent Withdrawals, the Owner shall pay to the Rental Manager a daily contribution towards the Capital Expense Reserve Fund (the "**Reserve Owner Use Fee**") which shall be calculated annually in advance as follows:
 - i. All residential units in the Building are divided into classes (each, a "**Unit Class**") based on that unit's Unit Point Factor. For example, all units with a Unit Point Factor of 1.2 are grouped together into a Unit Class;
 - ii. Determine the contributions to the Capital Expense Reserve Fund which would

have been derived from each unit within a Unit Class if that unit was continuously enrolled in the Hotel Rental Program for the entirety of the preceding year (the "Annual Unit Class Contributions")

- iii. The Reserve Owner Use Fee for any unit used for personal use shall be the Annual Unit Class Contributions divided by Three Hundred and Sixty Five (365), and then rounded to the nearest dollar.

For the 2017 calendar year, the Reserve Owner Use Fee per day for each Unit Class is set out in the table below.

<u>Unit Class</u>	<u>Reserve Owner Use Fee</u> <u>(per day)</u>
1.0	\$8
1.1	\$9
1.2	\$9
1.3	\$10
1.4	\$11
3.0	\$21

- b. Following each period of personal use of the Unit by the Owner, the Owner shall pay to the Rental Manager the Turnover Fee.
4. **Shorter Notice** – The Rental Manager, at its option, may agree to reduce or waive any notice period required by these Exit Rules, in its sole and unfettered discretion and if forecasted occupancy permits or if the Owner makes suitable arrangements with the Rental Manager for the use of a comparable unit in the Hotel Rental Program during the period that the Unit is withdrawn..
 5. **Alternate Suite** – If personal use of the Unit cannot be accommodated by the Rental Manager, the Rental Manager may, at its discretion, provide the Owner with use of an alternate suite.
 6. **Cleaning and Condition of Participating Unit** – Following an Owner’s personal use of the Unit, the Owner shall leave the Unit in a first class, clean and orderly condition, ready for the next guest, subject to the standard cleaning procedure. To the extent that the Rental Manager's housekeeping staff are required to conduct a thorough clean up of the Unit, beyond the reasonable time and effort of such staff to normally prepare the Unit for another tenant following usual turnover of the Unit from one guest to another, then such additional housekeeping services shall be billed directly to the Owner (and are in addition to the Turnover Fee) with a written explanation from the Rental Manager as to the requirement for such increased service, and the Owner shall pay for such service upon receipt of an invoice. In all other, normal circumstances, the general housekeeping costs (save for the Turnover Fee) shall not constitute a special charge to the Owner and will form part of the general operating costs of the Hotel Rental Program.
 7. **Repair Costs** - Each Unit shall be inspected prior to and subsequent to time periods during which the Owner makes use of the Unit. Any costs related to repairs and replacements necessitated by the Owner’s use will be posted to the Owner’s Debit Account and may be deducted from the Owner’s Share of Net Rental Revenue.