

VACATION CLUB SURETY BOND

BOND NUMBER _____

SURETY BOND OF _____

KNOW ALL PERSONS BY THIS DOCUMENT:

That I (we) _____
(Vacation Club)

of _____
(Complete Address)

as PRINCIPAL, operating a vacation club, as defined in the Kentucky Revised Statutes 367.395

and _____
(Name of Surety)

of _____
(Complete Address)

as SURETY, organized under the laws of the state of _____ and authorized to do business in the Commonwealth of Kentucky, are held and firmly bound unto the COMMONWEALTH OF KENTUCKY for the use and benefit of every person establishing legal rights hereunder in the full penal sum of Fifty Thousand and NO/100 DOLLARS (\$50,000.00) money of the United States of America, to the payment of which we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by this document.

WHEREAS, by Section 367.403 of the Kentucky Revised Statutes, vacation clubs with a membership fee in excess of thirty five dollars (\$35.00) are required to post a surety bond with the Attorney General of the Commonwealth of Kentucky, prior to the making of any membership contract by a club in the Commonwealth of Kentucky to be held for the benefit of any member who suffers loss of prepayment made pursuant to a contract entered into after July 15, 1982, due to insolvency of the club or the cessation of business by the club, or failure by the club to perform under any contract.

Now, THEREFORE, the condition of this obligation is such that if the above-named principal shall faithfully and honestly fulfill all of its obligations to members in accordance with the provisions of its membership contracts, and if the principal, in the course and scope of the business of the principal shall not damage or injure any person by the principal's breach of any obligation arising from any such contract or law, statutes, ordinances, rules or regulations pertaining to such bond, then this obligation shall be void, otherwise to remain in full force and effect.

THE TERM of this bond is continuous; however, the surety shall have the right to cancel this bond at any time by a written notice stating when the cancellation shall take effect and served upon or sent by certified mail to the Office of the Attorney General, Division of Consumer Protection, 1024 Capital Center Drive, Frankfort, Kentucky 40601-8204, at least ninety (90) days prior to the effective date of the cancellation, provided such cancellation shall not release said surety from a liability existing hereunder at the time of said cancellation.

MORE PARTICULARLY, all unexpired membership contracts existing on the effective date of the Surety's cancellation shall continue to be protected by this bond, even though no cause of action has accrued at the time of the cancellation.

This bond is subject to the following conditions:

1. That the aggregate liability of the Surety for any claim arising under this bond shall not exceed the actual damages arising from the Principal's violation of said provisions or from the Principal's breach of any contract subject to said provisions.

2. That in no event shall the aggregate liability of the surety for any and all claims which arise under this bond exceed the penal sum of Fifty Thousand Dollars (\$50,000.00).

Signed, sealed and dated this _____ day of _____, 19_____.

_____(Seal) _____(Seal)
Principal Surety

By: _____ By: _____

Signed and acknowledged by Surety's agent _____

before me this _____ day of _____, 19_____.

Notary Public

My Commission expires _____.