

OPERATING AND INDEMNIFICATION AGREEMENT

This Operating and Indemnification Agreement is effective October 1, 2003, by and between Island Park Village Association, Inc. (hereinafter "IPVA") and The Timbers Condominium Owners' Association, Inc. (hereinafter "Timbers"), and is effective until September 30, 2011, or until modified or terminated by mutual agreement of the parties.

RECITALS

- A. The Timbers governs the business and affairs of two condominium and time-shared projects known as Timbers Condominiums and The Timbers Condominiums – Block 2;
- B. The Timbers has entered into a simultaneous Management Agreement with Trading Places International (hereinafter "Manager") effective October 1, 2003, for the management of the said two Timbers' projects;
- C. IPVA governs and is responsible for the business and affairs of Island Park Village including its common elements;
- D. IPVA has also entered into a simultaneous Management Agreement with Manager effective October 1, 2003, for the management of Island Park Village Resort; and,
- E. Pursuant to both Management Agreements and consistent with the level of service to be provided by Manager to both Timbers and IPVA, the parties enter into the following Operating and Indemnification Agreement.

NOW, THEREFORE, in consideration of the promise and the covenants and conditions herein contained, the parties hereto agree, each with the other, as follows:

- 1. The Timbers accepts to be bound by and hereby ratifies the Management Agreement between IPVA and Manager effective October 1, 2003.
- 2. IPVA indemnifies and holds the Timbers, its employees, agents, servants, directors, subsidiaries and affiliates harmless from any and all costs and expenses (including reasonable attorney's fees) pertaining to enforcing both Management Agreements; or to defend claims under said Management Agreements, including all liability for injury, loss, costs, expenses, claims, damages or the like to any

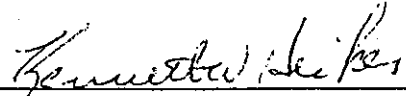
person or property arising from, related to, or in connection with the Timbers' duties herein, with the exception of the gross negligence, misconduct or willful misconduct of the Timbers.

3. Any and all collections and disbursements of receipts and expenditures on behalf of the Timbers shall be jointly held in account in the name of IPVA and dispersed in the name of IPVA.
4. IPVA is authorized to directly assess the members and owners of the Timbers for their appropriate costs of managing the Timbers' projects. Said assessments shall be consistent with the requirements of the Amended and Restated Declaration for the Timbers Condominiums, the Amended and Restated Declaration for the Timbers Condominiums – Block 2, the Amended and Restated Supplemental Declaration of the Timbers Condominiums and Time Share Agreement, and the Amended and Restated Supplemental Timeshare Declaration of Timber Condominium – Block 2, including amendments to any of the documents described in this paragraph.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on this 18 day of July, 2003:

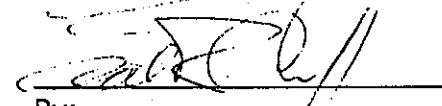
"IPVA"

Island Park Village Association, Inc.
an Idaho non-profit corporation.


By: _____
Its: President

"Timbers"

The Timbers Condominium
Owners' Association, Inc.,
an Idaho non-profit corporation.


By: _____
Its: President

RESOLUTION ON INDEMNIFICATION OF OFFICERS AND DIRECTORS

[Unanimously approved by the Board of Directors of IPVA and Timbers on
July 18, 2003]

Premise: During the term of the 2000-03 management agreement, board authorized signatory officers were requested to provide a "personal guaranty" for certain Merchant Agreements, which, following negotiation, were dropped. However, as a result of that issue, it was determined that officers and directors of the Association need to be assured that they will not have to personally guarantee any account of the association. While it may be understood or implied that individual officers and directors are not responsible individually, (except in cases of negligence, fraud or criminal conduct), it was recommended by legal counsel that a resolution of indemnification be obtained to correspond with the management agreement currently in place, since it is the management company that is responsible for the assessment, collection and disbursement of Association funds. Such an agreement was last adopted on September 21, 2001. The new management agreements will be in place through 2011. This resolution is to be renewed periodically, and specifically with any new management agreements or upon the adoption of modifications to the current management agreements.

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WHEREAS, The Timbers Condominium Owners' Association, Inc. (Timbers), and the Island Park Village Association, Inc., (IPVA), have entered into Simultaneous Management Agreements with Trading Places Management, Inc. (TPI), to manage the Island Park Village Resort for the period October 1, 2003 through September 30, 2011; and

WHEREAS, Timbers has entered into an Operating and Indemnification Agreement with IPVA for IPVA to be the operational business entity for Timbers, and

WHEREAS, certain IPVA officers and/or directors, as part of their elected responsibility, are delegated by the board of directors to be signatories for bank accounts, merchant agreements, and legal agreements, (Authorizations) and

WHEREAS, some of those Authorizations require, either implicitly or explicitly, that the individual officer or board member personally guarantee certain defaulted or over-extended banking transactions; and

WHEREAS, IPVA and Timbers have a comprehensive general insurance policy; now

THEREFORE, BE IT RESOLVED, that the board of directors recognize and understand that, with the exception of gross negligence, fraud or criminal conduct, in addition to the Association's insurance coverage, IPVA and Timbers will be the responsible guarantors for any claim directed toward any officer or director for any irregularity that may have occurred in the regular course of business of the resort.

RESOLUTION ON SALE OF TIMESHARED CONDOMINIUM INTERVALS

[Unanimously approved by the Board of Directors of IPVA and Timbers on
July 18, 2003]

Premise: The boards of directors of Timbers and IPVA wish to record their understanding of the sales of the timeshared intervals and any other real and personal property held in the resort's inventory.

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WHEREAS, *The Timbers Condominium Owners' Association, Inc.* (Timbers), and the *Island Park Village Association, Inc.* (IPVA), have entered into Simultaneous Management Agreements with *Trading Places Management, Inc.* (TPI), to manage the Island Park Village Resort for the period October 1, 2003 through September 30, 2011; and

WHEREAS, Timbers has entered into an Operating and Indemnification Agreement with IPVA for IPVA to be the operational business entity for Timbers; and

WHEREAS, members and former members of Timbers who, through various circumstances, no longer own certain timeshared intervals and have transferred by deed or through legal process, the title to certain timeshared intervals to IPVA; and

WHEREAS, Timbers and IPVA are in the process of selling the aforementioned timeshared intervals to individuals or entities who will become members of both Timbers and IPVA; now

THEREFORE, BE IT RESOLVED, that Timbers authorize and designate IPVA, as Timbers attorney-in-fact, to enter into any and all legal transactions to complete the sale of the timeshared intervals held in the name of IPVA, including conveying a deed of ownership of the timeshared interval to the new member throughout the term of the above stated management agreements.