A BYLAW RELATING GENERALLY TO THE TRANSACTION OF THE BUSINESS AND AFFAIRS OF THE

LARCH HOMEOWNERS ASSOCIATION

RECEIVED
DR
SEP 20 2010
Corporate Registry

PART I: INTERPRETATION, DEFINITIONS, AND INCORPORATION OF "RESTRICTIVE COVENANT AND EASEMENT, LEASE AND ENCUMBRANCE AGREEMENT"

1. These Bylaws shall be construed with reference to the provisions of the *Societies Act*, R.S.A. 2000, c. S-14, as amended from time to time (or any subsequent governing legislation), and terms used in these Bylaws shall be taken as having the same respective meanings as they have when used in that Act. Notwithstanding anything else herein contained, these Bylaws shall be read subject to the restrictions upon their scope and effect contained in the *Societies Act* and other applicable statutes and rules of law and equity, and any provisions herein repugnant to such restrictions shall, wherever possible, be severed from these Bylaws, in order that the rest may stand.

2. In the interpretation of these Bylaws (including this Article 2), except where excluded by the context,

   a. words importing the singular number shall also include the plural, and vice-versa;

   b. words importing the masculine gender shall also include the feminine;

   c. words importing persons shall include corporations;

   d. the headings herein are given for convenience only, and shall not affect the interpretation of these Bylaws;

   e. these Bylaws shall be interpreted in a large and liberal sense so as to give effect thereto wherever possible;

   f. "Act" shall mean the *Societies Act* R.S.A. 2000, c. S-14 as amended, and any statute that may be substituted therefor;

   g. "Association" shall mean the Larch Homeowners Association;

   h. "the Board" means the Board of Directors of the Association;

   i. "Bylaws" shall mean the Bylaws of the Association as amended from time to time;

   j. "Developer" means Larix Communities Inc.;

   k. "Director" shall mean any person who has been duly elected or appointed to the Board of Directors by whatever name called;

FILED 211
NOV - 8 2010
Registrar of Corporations
Province of Alberta

RECEIVED
NOV - 8 2010
Corporate Registry

l. "Member" shall mean a member of the Association unless the context requires otherwise;

m. "Registered Office" shall mean the registered office for the Association;

n. "Restrictive Covenant" and "Schedule "A"" shall each mean the Restrictive Covenant and Easement, Lease and Encumbrance Agreement, to be recorded on the titles within the Larch Subdivision, as it may be amended or extended from time to time, the initial form, for the initial subdivided parcels within the Subdivision, of which is annexed hereto as Schedule "A";

o. "Special Resolution" shall have the meaning provided in the Act;

p. "Subdivision" means the Larch subdivision, to be developed on the lands described in Schedule "B" to Schedule "A" hereto and such other lands as may hereafter be added to the Restrictive Covenant hereafter by amendment or extension thereof;

q. "Larix" means Larix Communities Inc.

3. These Bylaws are subject to and to be construed with the Restrictive Covenant, which governs in the event of any conflict with these Bylaws. The purpose and objects of the Association are to carry out the duties and functions provided for in Schedule "A" to be performed or done by the Association and generally to provide for care and maintenance of Subdivision Features in the Larch Subdivision as defined in Schedule "A".

PART II: MEMBERS OF THE SOCIETY AND VOTING RIGHTS

4. Article 3a. in Schedule "A" is incorporated into these Bylaws and is made a part hereof. Without limitation:

a. The Members of the Association shall be those entitled to membership under said Article 3(a) paragraphs 3(a)(i), 3(a)(ii) and 3(a)(iii); provided that until the Developer shall have sold 325 of the Subdivided Lots (as defined in Schedule "A"), the five signatories to the application for incorporation of the Association and substitutions therefor (if any) made by Larix shall, notwithstanding Schedule "A", and notwithstanding anything herein contained, be and continue to be members whether or not they own any interest in any Subdivided Lots. Such signatories shall only cease to be members when the Developer has sold and transferred at least Two Hundred Fifty (250) Subdivided Lots. Save for the said five (5) signatories and substitutions therefor, ownership (which may be beneficial ownership) in fee simple of a Subdivided Lot or Multi-Family Land, or a fractional or joint tenant interest therein, is a prerequisite to membership in the Association. No one (save for the said five signatories or other representatives of Larix appointed hereunder) who is not an owner in fee simple as aforesaid shall be eligible for membership; and everyone who has been but ceases to be such an owner shall *ipso facto* cease to be a Member. An owner shall be entitled to become a Member forthwith on becoming registered (which may include

registration by caveat) as an owner as aforesaid, and his membership shall be recorded by the Secretary upon his providing to the Association's Board satisfactory evidence of such ownership, or the Board otherwise being satisfied of such ownership.

b. Voting rights shall be as set out in said Article 3(a) in Schedule "A".

c. No owner shall be expelled from the Association as long as he continues to be a registered owner of a Subdivided Lot or Multi-Family Land (as defined in Schedule "A") within the Subdivision.

d. A Member may resign from the Association by delivering a signed notice to that effect to the registered office of the Association.

5. Membership Year

Membership year shall be from January 1, to December 31, of each year.

6. Notice of Meeting

A Member shall be entitled to notice of and to attend at all meetings of the Members of the Association. Where two or more persons own a Subdivided Lot, a notice given to one such owner shall be deemed to have been given to all such owners. Notices may be given as provided in Schedule "A".

PART III: MEETINGS OF THE ASSOCIATION

7. The Annual General Meeting

a. An Annual General Meeting of the Association shall be held in each calendar year after 2010 in the City of Edmonton, in the Province of Alberta, on a day to be fixed by the Board from time to time;

b. At least fourteen (14) days prior to the Annual General Meeting the Secretary shall give to Members a notice in manner and by means provided for in Bylaw 8(b) setting forth the date, place and time of the Annual General Meeting;

c. The Annual General Meeting shall consider the report of the President, review of financial statements (which shall set out the Association's income, disbursements, assets and liabilities, and shall comply with the requirements of the *Societies Act*), appoint such auditors or accountants as may be desired, elect the Board, and transact such other business as may be put before the meeting;

d. A quorum for the Annual General Meeting of the Association shall be the attendance of five (5) or more persons collectively entitled to cast five (5) or more votes;

e. Unless any two Members demand a ballot vote, all voting at the Annual General Meeting shall be done by a show of hands;

f. Each Member may vote by proxy. Such proxy should himself be a Member of the Association or an officer or employee of a corporate member, but before voting must produce and deposit with the Secretary a sufficient appointment in writing. The Secretary or in his absence the Chairman of the meeting shall have complete discretion to determine whether an appointment or proxy is valid and sufficient;

g. Except as to a Special Resolution, each issue and Resolution shall be decided by a majority of the votes of the Members present or in person or represented by a proxy;

h. Accidental omission to give any notice to any Member or the non-receipt of any notice by any Member or any error in any notice not affecting the substance thereof shall not invalidate any action taken at a meeting held pursuant to such notice or otherwise founded thereon; and

b. At the Annual General Meeting there shall be elected as many Directors as shall be required to fill the vacancies of the Board.

8. Special Meetings of the Association

a. Special meetings of the Association shall be called at the direction of the President or upon request in writing of any fifteen (15) Members in good standing, stating the object of the special meeting;

b. At least seven (7) days prior (and if a Special Resolution is proposed at least twenty-one (21) days prior) to the special meeting, the Secretary shall mail or deliver to each Member or give by newspaper advertisement a notice setting forth the date, place, time and purpose of the special meeting. Notices may be delivered or mailed to the addresses of members' properties within the Larch Subdivision. Alternatively notice may be given by advertisement in a local newspaper (which may be a newspaper such as the Edmonton Examiner);

c. The method of voting, the use of proxies and the quorum required for any special meeting shall be the same as for the Annual General Meetings;

d. Accidental omission to give any notice to any Member or the non-receipt of any notice by any Member or any error in any notice not affecting the substance thereof shall not invalidate any action taken at a meeting held pursuant to such notice or otherwise founded thereon.

9. Proceedings at General Meetings

a. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of the Members, shall be dissolved, but in every other case it shall stand adjourned to the same day in the following week at the same time and place;

b. The President, or in his absence, a Vice-President, shall preside at every general meeting of the Society. If neither the President nor a Vice-President is present within a half an hour from the time appointed for the holding of the meeting, the Members present shall choose one of the Members to preside at such meeting;

c. The person presiding may, with the consent of the meeting, adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business unfinished at the meeting from which the adjournment took place;

d. At every general meeting every question shall be decided in the first instance by a show of hands, unless before or upon the declaration of the result of the show of hands, a ballot be demanded by at least two (2) Members personally present and entitled to vote. A declaration by the person presiding that a resolution has been carried or carried by a particular majority, or lost, shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour or against any such resolution. If a ballot be demanded in the manner above mentioned, it shall be taken at such time and place and in such manner as the person presiding may direct, and the result of the ballot shall be deemed to be the resolution of the general meeting at which the ballot was demanded. A demand for a ballot may be withdrawn;

e. In case of any dispute as to the admission or rejection of any vote, the person presiding shall determine the same, and such determination made in good faith shall be final and conclusive;

f. Notwithstanding anything to the contrary in these Bylaws a resolution assented to and adopted in writing under the hands of sixty-five (65%) percent of all the Members entitled to vote thereon, though not passed at a General Meeting, shall be of the same force and effect as if it had been duly passed at a General Meeting duly convened, and no previous notice, or convening of any General Meeting for the purpose of passing such resolution shall in such case be deemed to have been necessary, whether the business transacted thereat is special or not, and a Member may signify his assent to such resolution in writing under his hand or by letter or facsimile, and such resolutions shall be deemed to have been passed on any date therein stated to be the date thereof.

g. Co-owners may vote by proxy jointly appointed by them, and in the absence of such proxy are entitled to vote on a show of hands; but on any vote by ballot each co-owner is entitled to such part of the vote applicable to the Parcel he co-owns as is proportionate to his interest in the Parcel.

10. In determining the identity or addresses of members the Secretary shall be entitled to rely upon either (or both) title searches and notifications of ownership given to the Board by Members or their representatives.

PART IV: THE GOVERNMENT OF THE ASSOCIATION

11. <u>The Board of Directors</u>

a. Until the first Annual General Meeting of the Association, the following shall constitute the entire Board:

i. Peter Daly - 900, 10310 Jasper Avenue, Edmonton, Alberta, T5J 2W4;

ii. Chris Nicholas - 900, 10310 Jasper Avenue, Edmonton, Alberta, T5J 2W4;

iii. Brett Halford - 900, 10310 Jasper Avenue, Edmonton, Alberta, T5J 2W4;

iv. Naomi Stefura – 900, 10310 Jasper Avenue, Edmonton, Alberta, T5J 2W4;

v. Karen Albarda – 900, 10310 Jasper Avenue, Edmonton, Alberta, T5J 2W4;

b. Those persons listed in paragraph a. above shall be entitled to continue to be Board Members as long as Larix shall continue to be an owner of at least one Subdivided Lot, provided that Larix shall be at liberty from time to time to select and designate other persons to replace those (or some of those) listed above, and on its so doing the replacement persons shall take the place of those above-named who are so replaced;

c. If an owner of a Subdivided Lot or Multi-Family Land is a corporation, any one officer, director or other designatee of the corporation is eligible to become a member of the Board, except in the case of Larix, who shall have the right to designate five (5) members to the Board so long as Larix remains owner of at least one Subdivided Lot or Multi-Family Land parcel, as aforesaid;

d. With the exception of paragraphs a., b. and c. above, each Board member must be a Member (or designatee of a corporate Member) in good standing of the Association at the time of his election and throughout his term of office; and a Board member shall *ipso facto* cease to be a Board member if he dies, is convicted of an indictable offence or is declared mentally incompetent by a court of law, or if he ceases to be a Member (or designate of a corporate Member);

e. Board membership shall commence upon election or appointment to the Board and shall expire at the next succeeding Annual General Meeting, unless prior thereto the Board member resigns, becomes disqualified under clause (d) hereof or is removed under clause (f) hereof. Board members may be re-elected, but no member shall sit on the Board for longer than three (3) successive terms of office. The signatories to the application for incorporation are hereby appointed as, and shall form, the first Board of Directors of the Association; and their term of office shall expire on the date of the next Annual General Meeting of the Association (unless, and to the extent that, any are then re-elected);

f. Casual vacancies in the Board may be filled by appointment by the remaining Board members to serve until the next Annual General Meeting; provided that a Board member (other than a Larix representative) may be removed prior thereto by resolution of the Members of the Association at any Special Meeting of the Members duly called for such purpose;

g. The affairs of the Association shall be managed by the Board consisting of not less than three (3) nor more than seven (7) persons;

h. The Officers shall consist of a President, Vice-President, Secretary and Treasurer, and they shall be appointed by the Board from amongst Board members; and the Board may appoint one person to more than one position, and the Board may also remove any officer from office;

i. The number of Board members shall be five (5) for the initial Board and thereafter the number (not to be less than three nor more than seven) shall be fixed at each Annual General Meeting;

j. The Board, at any Board meeting following the Annual General Meeting of the Association, may appoint not more than two (2) persons to the Board in the event that at the Annual General Meeting of the Association there are an insufficient number of persons elected to the Board;

k. Any member of the Board shall be eligible for re-election to the Board, subject to the limitation set out in Section 4(a);

l. The Board shall, subject to these Bylaws and any directions given it by majority vote at any General Meeting properly called and constituted, have full control and management of the affairs of the Association, and meetings of the Board shall be held as often as may be required, but at least once every twelve months, and shall be called by the President or on the instructions of any two (2) members of the Board provided they request the President in writing to call such meeting, and state the business to be brought before the meeting;

m. Meetings of the Board shall be called by seven (7) days notice in writing and mailed to each member or by three (3) days notice by telephone unless waived by all of the members of the Board;

n. A majority of the members of the Board, personally present, shall constitute a quorum at any meeting of the Board; provided that as long as Larix is a Member, attendance of at least one (1) of its representatives is necessary for there to be a quorum;

o. Subject to Article 2(a), each member of the Board including the President shall have one (1) vote. In the case of an equality of votes, the President shall not have a second or casting vote and the motion will be deemed defeated;

p. A resolution of the Board in writing signed by all of the members of the Board shall be as effective as a resolution passed at a meeting of the Board duly convened and held.

12. Duties and Powers of the Board

a. Except as provided in the Act and otherwise in these Bylaws, the powers of the Association shall be exercised by the Board, and without restricting the generality of the foregoing, the duties of the Board shall include the responsibilities set out in Section 3(b) of Schedule "A" together with the following:

i. To facilitate and promote the objects of the Association;

ii. To create and define categories of Members;

iii. To engage, hire and discharge any employees including administrative employees, in respect to the operation of the Association;

iv. To maintain and properly protect the assets and properties of the Association;

v. To prepare and approve an annual budget consistent with the good management of the Association;

vi. To pay all expenses of and incidental to the operation and management of the Association;

vii. To remunerate or indemnify any persons for services rendered or liabilities incurred in connection with the affairs of the Association;

viii. To maintain all accounting and financial records of the Association;

b. In addition, the Board shall have the following powers:

i. To invest and deal with the monies of the Association not immediately required in such securities and in such manner as from time to time may be determined by the Board;

ii. To finance the operations of the Association and to borrow, raise or secure the payment of moneys in such manner as the Board may, from time to time, think fit; provided that no borrowing in excess of $20,000.00 shall be made without prior authorization of the Members in General Meeting, and no debenture shall be granted unless authorized by Special Resolution;

iii. To appoint legal counsel and auditors from time to time;

iv. To make rules and regulations for the operation of the Association and the use of its facilities and assets;

v. Without in any way abrogating or limiting the general responsibility of the Board, to delegate its powers and duties to any person engaged as a manager of the Association in accordance with Article 3(b), paragraph 3(b)(ii) of Schedule "A", and without limitation to retain Larix as Manager; and to delegate functions to community leagues or associations as contemplated in paragraph 3(b)(iii) of Schedule "A";

vi. To set, levy, issue and collect levies for the Rent Charges provided for in Schedule "A";

vii. To enter into the leases and easements provided for in Schedule "A";

viii. To issue certificates as to Member's position with regard to Rent Charges, any such certificate to be signed by at least two members of the Board;

and any certificate so issued shall estop the Association and all Members from denying the accuracy of such certificate as against any mortgagee, purchaser or other person dealing with the owner of the parcel of land to which the certificate relates (but shall not be an estoppel as against the owner of such parcel); and

ix. To place and maintain third party liability insurance in such amounts and on such terms as the Board may from time to time select, insuring the Members and Board members in respect of the actions and omissions of the Association.

13. Board Committees

a. The Board may appoint committees to advise the Board from time to time in respect to the various duties and responsibilities of the Board;

b. Each committee created by the Board shall be headed by one of its members appointed by the President to be Chairman of that committee;

c. Each committee created by the Board shall meet at the call of the Chairman, record minutes of its proceedings, and distribute such minutes to the members of the committee and to the Chairman of all other committees and furnish reports at the request of the President prior to each Board meeting. Unless waived by all of the members of the committee, not less than two (2) days prior notice of the date, place and time of a committee meeting shall be mailed or delivered to each member of the committee;

d. A majority of the members of any committee personally present at a meeting shall constitute a quorum; and

e. Each member of the committee including the Chairman shall have one (1) vote at the meeting of the committee but in case of an equality of votes there shall be no casting vote.

14. Officers

a. President: the President shall supervise the affairs of the Association, and be ex-officio a member of all committees. He shall, when present, preside at all meetings of the Association and of the Board. In his absence the Vice-President shall preside at any such meetings, and in the absence of both a chairman may be elected by the meeting to preside thereat;

b. Vice-President: the Vice-President shall assist the President and preside at meetings in the absence of the President;

c. Secretary: it shall be the duty of the Secretary to attend all meetings of the Association and of the Board, and to keep accurate minutes of the same. He shall have charge of the Seal of the Association. In case of the absence of the Secretary, his duties shall be discharged by such person as may be appointed by the Board. The Secretary shall have charge of all the correspondence of the

Association and be under the direction of the President and the Board. The Secretary shall also keep a record of all the Members of the Association and their addresses, send all notices of the various meetings as required, and shall collect and receive the rent charge assessments levied under Schedule "A" hereto or annual dues levied by the Association, such moneys to be promptly turned over to the Treasurer;

d. Treasurer: the Treasurer shall receive all moneys paid to the Association and shall deposit the same in whatever chartered bank, treasury branch or trust company the Board may order. He shall present a full detailed account of receipts and disbursements to the Board whenever requested and shall prepare for submission to the Annual Meeting a statement duly audited as hereinafter set forth of the financial position of the Association;

e. The officers of the Association shall be appointed for a term of one (1) year or until the next Annual General Meeting whichever first occurs; and

f. Any vacancy arising in any office shall, except as otherwise provided herein, be filled by the appointment by the Board of another member of the Board who shall hold such office until the next Annual General Meeting of the Association.

PART V: BOOKS AND RECORDS AUDITING

15. The books and records of the Association may be inspected by any Member of the Association at the annual meeting provided for herein or at any other time upon giving reasonable notice and arranging a time satisfactory to the officer or officers having charge of the same. Each member of the Board shall at all times have access to such books and records.

16. The books, records and financial statements shall be audited once a year by an auditor, if requested by the Board appointed from time to time by the Board. Such auditor may be a Member and need not be a Chartered Accountant; but he shall not be a member of the Board.

PART VI: VOTING

17. Any Member shall have the right to vote at any meeting of the Association. The number of votes available to Members is to be determined in accordance with Schedule "A" and these Bylaws (Schedule "A" to take precedence in the event of conflict).

PART VII: MINUTES OF THE PROCEEDINGS

18. The Secretary shall maintain and have charge of a copy of the Minute Books, the original Minute Books being maintained at the Registered Office of the Association and shall record in the copy or cause to be recorded in the original, minutes of all proceedings of all meetings of the Members and of the Board.

19. The Board shall see that all necessary books and records of the Association required by the Bylaws of the Association or by any applicable statute or laws are regularly and properly kept and filed.

PART VIII: SEAL OF THE ASSOCIATION

20. The Board may, in the name of the Association adopt a seal which shall be the common seal of the Association and which shall be under the control of the Board and the responsibility for its custody and use from time to time shall be determined by the Board, but in the absence of any specific determination, the Seal shall be preserved by the Secretary who together with the President shall execute and affix the seal of the Association on all contracts of the Association required to be executed under the Seal of the Association.

PART IX: REMUNERATION

21. Unless authorized at any general meeting and after notice of same shall have been given, no Director, Officer or Member of the Association shall receive any remuneration for services performed in his or her capacity as a Member, Officer or Director. Nothing herein shall derogate from or affect the right of Larix to receive compensation as manager for the Association or in respect of Larix's performance of any Association duties or transactions.

PART X: INDEMNITY

22. Each member of the Board, officer and employee shall be indemnified by the Association against any and all liability and reasonable expenses in connection with or resulting from any claim, action, suit or proceeding in which he may become involved as a party, or otherwise, by reason of his having been a Director of the Board, officer or employee of the Association except in relation to matters as to which he shall be adjudged with respect to such claim, action or proceeding to be liable for gross negligence or wilful misconduct in the performance of his duty to the Association.

PART XI: BYLAWS

23. The Bylaws may be rescinded, altered or added to by a Special Resolution of the Association, at a general or special meeting of which at least twenty-one (21) days written notice specifying the intention to propose the resolution as a Special Resolution has been duly given.

PART XII: WINDING UP

24. In the event the Association is wound up or dissolved, any surplus of funds shall be paid to such registered and incorporated charitable organizations as the Members by Special Resolution may from time to time determine. In no event shall the Members or any of them become entitled to any of the assets of the Association.

PART XIII: SIGNATORIES

25. The signatories to the Association are hereby ratified and confirmed as subscribers to the incorporation of the Association.

PART XIV: NOTICES

26. Notices to Members may be given by delivery to, or by prepaid ordinary mail addressed to, the address of the Member's Parcel; and Notices to Board members may be given by delivery to, or, by prepaid ordinary mail addressed to the Board member's last known address notified to the Association. Notices to the Association shall be given by personal delivery to a member of the Board.

DATED at the City of Edmonton, in the Province of Alberta, this 30 day of Aug, 2010.

Witness
Printed Name: Chris Nicholas (Chris Nicholas)

PETER DALY
900, 10310 Jasper Avenue
Edmonton AB T5J 2W4
Businessman

Witness
Printed Name: Monica Brown

CHRIS NICHOLAS
900, 10310 Jasper Avenue
Edmonton AB T5J 2W4
Businessman

Witness
Printed Name: Chris Nicholas (Chris Nicholas)

BRETT HALFORD
900, 10310 Jasper Avenue
Edmonton AB T5J 2W4
Businessman

Witness
Printed Name: Chris Nicholas (Chris Nicholas)

NAOMI STEFURA
900, 10310 Jasper Avenue
Edmonton AB T5J 2W4
Businessman

Witness
Printed Name: Chris Nicholas (Chris Nicholas)

KAREN ALBARDA
900, 10310 Jasper Avenue
Edmonton AB T5J 2W4
Businesswoman

EASEMENT, LEASE AND ENCUMBRANCE AGREEMENT

MADE AS OF THIS _____ day of _____, 2010.

BETWEEN:

LARIX COMMUNITIES INC.,
a body corporate incorporated under the laws of the Province of Alberta
(hereinafter called "Larix" and the "Developer")

OF THE FIRST PART

- and -

LARCH HOMEOWNERS ASSOCIATION,
a society incorporated under the *Societies Act* of Alberta
with registered office at 3200 Manulife Place
in the City of Edmonton, in the Province of Alberta
(hereinafter called the "Homeowners Association")

OF THE SECOND PART

WHEREAS:

a. The Developer is registered as owner of lands in the City of Edmonton, in the Province of Alberta described in Schedule "A" hereto (each lot within the said lands other than the Feature Parks lands being hereinafter referred to as a "Subdivided Lot" or a "Multi-Family Parcel" and all the said lands collectively being hereinafter described as the "Phase 1 + 2 Lands");

b. The Phase 1 & 2 Lands are part of a planned development in stages of lands that are herein described as the "Larch Subdivision", being lands described in Schedule "B" hereto;

c. The Developer wishes to develop on the Phase 1 + 2 Lands a residential development for single-family homes and multi-family developments, and on later stages of development of the Larch Subdivision wishes to develop single-family homes and multi-family homes or condominiums, special aspects of which are to be the sharing of maintenance of Subdivision Features by and through the Homeowners Association; and

d. The Homeowners Association is (and will hereby become) the holder of leases, easements and other rights in, to and over the Feature Parks lands and portions of the Subdivided Lots within the Larch Subdivision, including:

   i. easements and leases for Perimeter Fences on Subdivided Lots on the outside perimeter of and along walkways in the Larch Subdivision;

   ii. easements or leases for the following subdivision common elements:

(1) entrance gateways walls,

(2) park parcels,

(3) flankage walls and fences,

(4) interpretive and directional signs,

including without limitation the lease and easement provided for in Article 2 hereof;

iii. easements and other rights for maintenance of Subdivision Features; and

iv. such other leases and easements as the Homeowners Association deems appropriate for the overall benefit of the Larch Subdivision and its owners;

e. The lands encompassed in the Homeowners Association's functions may in future be extended to lands adjacent to the lands described in Schedule "B" (whether owned by Larix or any other developer of Lands), and such lands as may be added in from time to time are herein referred to as the "Added Lands".

NOW THEREFORE THE PARTIES HERETO AGREE AS FOLLOWS:

1. DEFINITIONS

IN THIS INSTRUMENT the following items have the following meanings:

a. "**Added Lands**" means any and all lands adjacent to or near to the lands described in Schedule "B" hereto that fall within the Magrath Community Area Structure Plan on file with the City of Edmonton and that may at any time or from time to time hereafter be included in the functions of the Homeowners Association and within the operation of this agreement.

b. "**Approving Authority**" means:

i. The Developer if the Developer shall remain the legal or beneficial owner of any Subdivided Lots or other parcels within the Larch Subdivision or any Added Lands;

ii. If the Developer shall no longer legally or beneficially own any Subdivided Lot or other parcel within the Larch Subdivision or any Added Lands, the Homeowners Association.

c. "**Duplex Lots**" means Single Family Building Lots within the Larch Subdivision that are zoned for duplex development and bare-land condominium lots.

d. "**Feature Lands**" means the lands and improvements to land identified in Schedule "C" hereto that are or are planned to become Homeowners Association Land Interests.

e. "**Feature Parks**" means Lots 25 and 42 in Block 2 Plan _____ and appurtenant landscaping and lighting constructed (or hereafter constructed) on portions of such Lots.

i. "Flankage Walls" has the meaning stated in paragraph 2(a) hereof.

f. "**Homeowners Association Land Interests**" means:

i. The Feature Parks land interest;

ii. The lease and easement held by the Homeowners Association and the Developer on some of the Subdivided Lots within the Phase 1 + 2 Lands (being those identified in Schedule "D" hereto as bearing Homeowners Association Land Interests), being the lease and easement provided in Article 2 hereof;

iii. The lease, easements and other rights granted, or to be granted to the Homeowners Association by, the Developer or the City of Edmonton for any other entrance gateways, fences, walkways, parks, signage and other features in the Larch Subdivision; and

iv. Such other leases and easements within the Larch Subdivision as the Homeowners Association hereafter acquires.

g. "**Larch Subdivision**" means lands described in Schedule "B" hereto and includes the Phase 1 +2 Lands, and such other Subdivided Lots as may hereafter become subdivided parts of the subdivision known as Larch, and includes Added Lands, if any (the extent and boundaries of which shall be determined by the Homeowners Association).

h. "**Medians and Boulevards**" means such landscaped medians, boulevards environmental or municipal reserve areas within the Larch Subdivision now or hereafter coming within the management or control of the Homeowners Association.

i. "**Multi-Family Land**" means the parcel or parcels of land within the Larch Subdivision that are now or may in future be developed as multi-family housing properties.

j. "**Multi-Family Land Factor**" for a Multi-Family Land parcel is:

i. Fifteen (15) multiplied by the number of acres of land within the Multi-Family Land parcel if the Multi-Family Land is not subdivided further into Single-Family Building Lots, and

ii. The number of Subdivided Lots created within the Multi-Family Land if it is so further subdivided or condominiumized.

k. "**Parcel**" means any one of the lots described in Schedule "A" hereto.

l. "**Parks**" means lands now or hereafter owned or leased or licensed to or assigned as to maintenance to the Homeowners Association now or in future for the purposes of park use, including the Feature Parks;

m. "**Perimeter Fence**" means the perimeter and flankage fences and walls constructed or to be constructed along various boundaries of the Larch Subdivision and the flankage walls and fences provided for in Article 2 hereof, as well as over certain other parts of the Larch Subdivision and Added Lands (if any).

n. "**Phase 1 + 2 Lands**" means all those lands described in Schedule "A" hereto.

o. "**Public Lands**" means public roadways, medians, public utility lots, municipal reserves lands, school sites, environmental reserve, lakes, dry ponds and other lands from time to time dedicated to the City of Edmonton for public use.

p. "**Rent Charge Proportion**" means:

i. As to all Subdivided Lots that are Single-Family Building Lots, a fraction equal to one (1) divided by the Rent Charge Total, and

ii. As to any Multi-Family Land parcel:

(1) If the Multi-Family Land remains unsubdivided into Single-Family Building Lots the fraction equal to the Multi-Family Land Factor divided by the Rent Charge Total, and

(2) If the Multi-Family Land is further subdivided into Single-Family Building Lots then for each lot or residential unit within such further subdivision the Rent Charge Proportion shall be equal to one divided by the Rent Charge Total.

q. "**Rent Charge Total**" means the aggregate of the sum of:

i. 1 times the number of Single-Family Building Lots, plus

ii. The aggregate Multi-Family Land Factors for all Multi-Family Land parcels that remain unsubdivided into Single-Family Building Lots,

situate from time to time within the Larch Subdivision and Added Lands (if any), as determined by the Homeowners Association from time to time.

r. "**Single-Family Building Lot**" means:

i. A detached single-family residential lot,

ii. A semi-detached (duplex) residential lot, or

iii. A bare-land condominium unit suitable for a single-detached, semi-detached or townhouse residence.

s. "**Special Treatments**" includes patterned sidewalks, lighted stone structures, stone walls, fencing, decorative street lamps, landscaped cul-de-sac islands, walkways, electrical power and lighting, Medians and Boulevards, flower beds and landscaping and other facilities now or hereafter constructed in the Larch Subdivision or the Added Lands the care or maintenance of which may be undertaken from time to time by the Homeowners Association.

t. "**Subdivided Lot**" means a Single-Family Building Lot or Multi-Family Land Parcel.

u. "**Subdivision Features**" means the Perimeter Fence, the Parks, the public utility lots, and the Medians and Boulevards.

v. "**Term**" means the period commencing on the date hereof and expiring on the 100th anniversary of the date hereof.

2. LEASE, EASEMENTS AND RESTRICTIVE COVENANTS

a. Lease to Homeowners Association

The Developer, as owner of the lots more particularly described in Part 1 of Schedule "D" hereto annexed hereby grants to the Homeowners Association a lease of all those portions (the "Flankage Walls") of the said lots more particularly described in Part 1 of Schedule "D" hereto shown outlined in red on plate 1 of Schedule "D" for a term of Forty (40) years, commencing June 1, 2010, and expiring on May 31, 2050, but subject to the renewal rights herein provided, for the exclusive use of the Homeowners Association and its successors and assigns. The lease of the Flankage Walls shall be subject to the following terms and conditions:

i. The Homeowners Association shall pay as rent for the whole of the said term a prepaid rental of Eighty ($80.00) Dollars, being $1.00 per annum for each year of the term (receipt of which sum the Developer hereby acknowledges);

ii. The Flankage Walls lease and the premises granted hereby shall be used only for placement, construction, maintenance, repair and replacement of Flankage Walls and entrance gateways for portions of the Larch Subdivision;

iii. The lessor, that is the Developer and its successors in title to the said lots, over which the said Flankage Walls and entrance gateways lease is granted, shall be responsible for and shall pay any and all property taxes, local improvements charges, school taxes and other levies and assessments whatsoever made from time to time on or in respect of the said respective lots;

iv. The Developer shall at its own cost and expense, construct the initial Flankage Walls and entrance gateways. The Homeowners Association as lessee shall, at its sole cost and expense well and truly maintain and keep

always in good repair and condition any Flankage Walls and entrance gateways now or hereafter constructed upon the lands leased hereby. The Homeowners Association may delegate such obligation but shall in all events remain personally responsible for the same;

v. The Homeowners Association, for itself and its agents, contractors, successors and assigns, shall have the right to access to and egress from the Flankage Walls over the grounds within the said lots adjacent to the Flankage Walls for the purposes of maintenance, construction, reconstruction and repair; and for that purpose is hereby granted an easement over the portions of the said lots being all those portions thereof within one (1) metre of the Flankage Walls;

vi. If subdivision approval shall for any reason be required or claimed by anyone to be required to validate or render enforceable the within Flankage Walls lease, then the Homeowners Association at their own expense shall take all such steps, file and complete and do all such applications and other steps, and do such other things that are commercially reasonable, as are necessary to seek and secure such approval. The Developer agrees in all respects to co-operate with the Homeowners Association in securing such approval;

vii. The Developer agrees that upon the Homeowners Association performing and observing the covenants hereinbefore on its part contained the Homeowners Association may peaceably possess and enjoy the Flankage Walls for the term hereby granted and any renewals of the term exercised hereunder without interruption from the Developer or from any other person or persons lawfully claiming by, from or under it; and

viii. If the Homeowners Association is not in default hereunder at the time of exercise (or deemed exercise) by it of the options hereby granted, then the Homeowners Association shall have and is hereby granted six (6) successive ten-year options to renew the lease of the said Flankage Walls areas, each such option to be deemed without more to have been exercised by the Homeowners Association unless the Homeowners Association gives a written notice to the Developer (or its successors in title to the said respective lots) stating its wish <u>not</u> to renew, by notice given not later than six (6) months prior to the expiration of the principal term or of the extended term (as the case may be for each such option); and each such renewal term shall be on the same terms and conditions as the principal term including the annual rental rate of $1.00 per lot.

b. <u>Easement to the Developer and the Homeowners Association</u>

i. The Developer, as owner of the lots more particularly described in Part 2 of Schedule "D" hereto, for itself and its successors and assigns, hereby grants to itself as owner of all the Phase 1 + 2 Lands, and its successors and assigns, and further grants to the Homeowners Association as holder of the Parks Lands interest and the lease provided for in section 2(a)

hereof, and its successors and assigns, an easement in fee simple over all those portions of the lands described in Part 2 of Schedule "D" hereto, being the portion along the boundaries shown in red on the plan in Part 2 of Schedule "D", being 2 metres throughout (the "Fence Right of Way") for the purpose of constructing, placing, maintaining, repairing and replacing a fence in such form and of such construction and design as the Developer may determine. Such easement shall be held for use in common by the respective owners of the respective lands described in Schedule "D".

ii. The Developer shall have the right to construct and maintain fences over and on the Fence Right of Way of such type, construction and design as the Developer may determine; and the Homeowners Association shall have the right to and shall be responsible to maintain and keep such fences at all times in good and substantial repair and condition.

iii. The Developer and the Homeowners Association shall also have, and are hereby granted, an easement for access to the said fences over all those portions of the lands described in Part 2 of Schedule "D" hereto immediately adjacent to and within one (1) metre of the Fence Right of Way for access for construction, maintenance, repair and reconstruction purposes.

iv. In exercising their rights of access as permitted by ss. 2(b)(iii) and 2(a)(v) hereof, the Developer and the Homeowners Association shall cause as little damage as reasonably possible to the lands and landscaping accessed and will restore and repair damage caused.

Nothing herein, in either section 2(a) or 2(b), shall prevent eaves of buildings situate on the lots over which easements are granted hereby from encroaching over the Flankage Walls or the Fence Right of Way or the walls or fences provided that the eaves are at least 8 feet above ground.

3. THE HOMEOWNERS ASSOCIATION

a. Membership and Voting Rights

i. Every owner in fee simple of a Subdivided Lot within the Larch Subdivision (including Added Lands, if any) shall be entitled to be a member of the Homeowners Association, subject to and bound by the Homeowners Association's Application for Incorporation, Bylaws, Rules and Regulations, and this Agreement. The Developer shall be and is entitled to be a member in respect of each Subdivided Lot as to which the Developer is and remains the registered or beneficial owner until such time (in respect of each Subdivided Lot respectively) as the Subdivided Lot is transferred to a purchaser who buys the Subdivided Lot from the Developer. The Developer shall also be entitled to be a member in respect

of such of the lands within the Larch Subdivision as remain owned by the Developer, including both Subdivided Lots and unsubdivided portions of the Larch Subdivision. The foregoing does not include persons or entities who hold a leasehold interest or interest merely as security for the performance of an obligation. Ownership, as defined above, shall be the sole qualification for membership. When any Subdivided Lot is owned by two or more persons or other legal entity, all such persons or entities shall be members but they shall have voting rights limited as herein set out. An owner of more than one Subdivided Lot shall be entitled to membership in respect of each Subdivided Lot owned by him. Save as provided in paragraph 3(a)(iii) hereof, membership shall be appurtenant to and may not be separated from ownership of any Subdivided Lot, and entitlement to it shall be automatically transferable by conveyance or other transfer of that Subdivided Lot. Anyone who ceases to be an owner of a Subdivided Lot shall *ipso facto* cease to be a member. This provision shall not apply to the Developer who shall also be a member so long as the Developer legally or beneficially owns one or more Subdivided Lots or unsubdivided lands within Larch Subdivision or Added Lands (if any).

ii. The Homeowners Association shall have three classes of voting membership, Class A, Class B and Class C. All votes shall be cast in the manner provided in the Bylaws. When more than one person or entity holds an interest in any Subdivided Lot, the vote for such Subdivided Lot shall be exercised (as between them) as provided for in the Bylaws; but in no event shall more than the number of votes hereinafter designated be cast with respect to any such Subdivided Lot. The three classes of voting memberships, and voting rights related thereto, are as follows:

(1) Class A. Class A members shall be:

(a) The subscribers to the Homeowners Association's incorporation and charter documents (and substitutions therefor made by the Developer); and

(b) All owners other than the Developer of Subdivided Lots, excluding the Multi-Family Land as long as it is not subdivided or condominiumized; and

(c) If any Multi-Family Land is subdivided into Single-Family Building Lots all owners (other than the Developer) of such residential lots or condominium units.

Class A owners shall be entitled to one (1) vote for each subscriber and one (1) vote for each Subdivided Lot owned;

(2) Class B. The Owners of Multi-Family Land shall be the only Class B members. As long as the Developer owns the Multi-Family Land, the Developer shall be the Class B member. Such Class B members shall, for as long as the Multi-Family Land

remains unsubdivided into Single-Family Building Lots, be entitled to a number of votes in respect of each Multi-Family Land parcel equal to fifteen (15) multiplied by the number of acres within the Multi-Family Land parcel. If a Multi-Family Land parcel shall be subdivided into Single-Family Building Lots, then there shall be no Class B members for such parcel but the said Single-Family Building Lot owners shall be entitled to be Class A members (or Class C members as to the Developer relative to the lots owned by the Developer);

(3) Class C. The Developer shall be the only Class C member. Class C members (the Developer) shall have Fifty (50) votes for each Subdivided Lot (excluding the Multi-Family Land) which the Developer owns legally or beneficially and one hundred fifty (150) votes for each Multi-Family Land parcel which the Developer owns legally or beneficially, and Two Hundred (200) votes for that portion (if any) of the Larch Subdivision that remains unsubdivided and owned by the Developer from time to time;

iii. Notwithstanding the foregoing, the subscribers to the Homeowners Association's incorporation and charter documents are entitled to be and shall be members, whether or not they shall own any Subdivided Lots, until such time as the Developer shall have subdivided and sold and transferred at least 250 Subdivided Lots in the Larch Subdivision. Further, the Developer may select and designate and retain as members substitutions for such subscribers (who may be officers, directors or employees of the Developer) who shall be eligible to be members even though they do not own any Subdivided Lots. Such persons who are members pursuant to this clause 3(a)(iii) shall each and all be entitled to continue to be members until the Developer shall have sold and transferred to purchasers at least 250 Subdivided Lots. They shall automatically cease to be members after the Developer's transfer of the 250 Subdivided Lots. They shall, notwithstanding their ceasing to be members, nonetheless be entitled to serve as members of the Board of Directors and/or officers of the Homeowners Association until the Developer no longer owns any land in the Larch Subdivision. After the transfer of 250 Subdivided Lots by the Developer as aforesaid, the said five (5) members shall not have any power to vote in their own right; but any one (or some or all of them) may act as proxies for and cast votes for the Developer.

b. <u>Rights and Obligations of the Homeowners Association</u>

i. Responsibilities. The Homeowners Association, subject to the rights of the Owners set forth in this Article 3(a), shall be responsible for the management and control of all Subdivision Features, and shall keep the same in good, clean and proper condition, order and repair.

ii. Manager. The Homeowners Association may obtain, employ and pay for the services of any entity or person (hereinafter called the "Manager") to assist in managing its affairs and carrying out its rights and obligations hereunder to the extent it deems advisable, as well as such other personnel as the Homeowners Association shall determine to be necessary or desirable, whether such personnel are furnished or employed directly by the Homeowners Association or by the Manager. Without limitation, the Homeowners Association may contract with or employ the Developer or an associated company to perform and exercise (and in the Homeowners Association so contracting the Developer and the representatives it elects under paragraph 3(a)(iii) hereof shall be free to exercise the Developer's voting right in the Homeowners Association) its rights and obligations or to act as Manager for any period not extending past December 31, 2012. Any management agreement must be terminable for cause upon thirty (30) days notice, be for a term not to exceed three years, and be renewable only upon mutual consent of the parties.

iii. Without limiting Section 3(b)(i) or (ii) hereof, the Homeowners Association may, in its sole discretion, delegate some or all of its duties and functions to community leagues or associations from time to time operating within the Larch Subdivision.

iv. Implied Rights. The Homeowners Association may exercise other rights or privileges given to it expressly by this Agreement, its Articles or Bylaws, or by law, and every other right or privilege reasonably necessary to effectuate the exercise of any right or privileges granted herein or therein.

4. COVENANT FOR MAINTENANCE ASSESSMENTS

a. There shall be payable to the Homeowners Association from time to time, as assessed and levied by the Homeowners Association from time to time, by the registered owner in fee simple of each Subdivided Lot including each parcel of Multi-Family Land, a sum equal to such Subdivided Lot's or Multi-Family Land's (as the case may be) Rent Charge Proportion of the Homeowners Association's Costs, as and by way of a Rent Charge. If a Multi-Family Land parcel is hereafter subdivided into Single-Family Building Lots from and after the registration of the plan for such subdivision or condominium, the Rent Charge Proportion applicable to such Multi-Family Land parcel shall become equal to the number of Single-Family Building Lots created by such plan, and the Rent Charge Proportion applicable to such Multi-Family Land parcel will thereafter be the same for each Single-Family Building Lot so created as it is for any other Single-Family Building Lot.

b. The Developer hereby, as registered owner in fee simple of each of the Subdivided Lots within the Phase 1 + 2 Lands (as described in Schedule "A" hereto) subject to such liens, encumbrances and interests as are endorsed hereon, grants to the Homeowners Association a Rent Charge as against and in respect of

each such Subdivided Lot, equal as to each such Subdivided Lot within the Phase 1 + 2 Lands, to the lesser of:

i. In each case an amount equal to:

(1) $400.00 for each Single-Family Building Lot per annum during the Term or such other amount as is determined by Ordinary Resolution pursuant to paragraph 4(c); and

(2) $3,000.00 per acre for Multi-Family Lands per annum during the Term or such other amount as is determined by Ordinary Resolution pursuant to paragraph 4(c);

ii. the Rent Charge Proportion of the Homeowners Association's Costs applicable to such Subdivided Lot, from time to time during the Term hereof determined as herein provided for;

and encumbers, mortgages and charges each such Subdivided Lot as security for payment of the Rent Charge applicable to each such Subdivided Lot (respectively).

c. "Homeowners Association's Costs" for any period shall mean any and all costs incurred or to be incurred in such period (including without limitation reasonable reserves for future maintenance, repair and replacement costs) by the Homeowners Association in and in respect of carrying out and exercising its rights, duties and obligations hereunder, as determined by the Board of Directors of the Homeowners Association from time to time. Notwithstanding the foregoing, and notwithstanding Paragraph 4(b) hereof, the Homeowners Association's costs for any Subdivided Lot except the Multi-Family Land (unless the latter is subdivided or condominiumized as aforesaid) shall not exceed the amount per annum applicable for such Lot under section 4(b)(i)(1) hereof (and as to the Multi-Family Land as long as it remains unsubdivided as aforesaid shall not exceed $3,000.00 per acre per annum) unless authorized by Ordinary Resolution of the members of the Homeowners Association.

d. The registered fee simple Owner from time to time of each Subdivided Lot shall pay the Rent Charge applicable to his Subdivided Lot as and whenever required by the Homeowners Association. The Board of Directors of the Homeowners Association shall from time to time estimate the Homeowners Association's Costs (including without limitation reserves for maintenance, repair and replacement costs) for such period as it deems convenient to its administration and shall notify each Owner of the amount of such estimate and the Owner's share thereof (that is, his Rent Charge) by notice in writing given in accordance with paragraph 6 hereof. Each such estimate shall state the amount of the Rent Charge payable for the period. The Rent Charge for each Subdivided Lot shall be the sum so notified by the Homeowners Association as applicable to the Subdivided Lot and such Rent Charge for such period shall be due and payable on or before the 30th day following notice of the Rent Charge. If a Multi-Family Land Parcel is condominiumized by a condominium plan that does not create Single-Family

Building Lots then the Rent Charge applicable to the Multi-Family Land Parcel shall be notified to the condominium corporation created on such plan registration and such Rent Charge notification shall be binding upon all owners of units in such condominium as if each owner had been separately and specifically notified as of the date of notification to the condominium corporation. Further, the Rent Charge applicable to such Multi-Family Land Parcel shall be and remain a charge and encumbrance on all units and common property within the said Parcel.

e. The Rent Charge shall be and is hereby made an encumbrance upon each respective Subdivided Lot within the Phase 1+2 Lands and the Homeowners Association shall have and be entitled to enforce such Rent Charge against each such (respective) Subdivided Lot in the same manner as provided for an Encumbrance under the *Land Titles Act* of Alberta.

f. The said Rent Charge shall run with and bind the title to each such respective Subdivided Lot and to each condominium unit and related common property interest.

g. Notwithstanding anything herein contained no Rent Charge shall be levied, assessed or payable for any period prior to January 1, 2012; and the Developer shall provide all duties and functions of the Homeowners Association at the Developer's sole cost and expense to such date. The Developer shall, as shall all Owners, be subject to all Rent Charges levied on Subdivided Lots owned by them (respectively) from and after the date of the date of sale of the Subdivided Lot by the Developer (as determined by the Developer) or October 15, 2009. Each owner acquiring a Subdivided Lot from the Developer, must pre-pay to the Developer, to be received by the Developer in trust for the Homeowners Association and accounted for by the Developer in its management function as above provided, a sum equal to $400.00 for each Subdivided Lot acquired, or $3,000.00 per acre for each acre in a Single-Family Building Lot that is a Multi-Family Land Parcel. No Rent Charges shall be payable in respect of unsubdivided remainder parcels owned by the Developer or against any commercial (non-residential) lands or lots.

h. The Board of Directors of the Homeowners Association shall (subject to the limitation stated in paragraph 4(c) hereof) be the sole determiner of the Homeowners Association's Costs, the Rent Charge Proportion, the amount of the Rent Charges from time to time and the dates on which they are payable; and a certificate stating the same and signed by two or more Directors of the Homeowners Association, or signed by an officer of the Developer if the Developer is then a member of the Homeowners Association, shall be conclusive and binding on all owners within the Larch Subdivision and Added Lands (including without limitation the owners of the Subdivided Lots in the Phase 1 + 2 Lands). The Board of Directors of the Homeowners Association shall, for and on behalf of the Homeowners Association, determine the Subdivided Lots including Multi-Family Lands in addition to the Phase 1 + 2 Lands that fall within the Larch Subdivision from time to time; and the foregoing certificate provisions shall apply as such determination.

i. Without limiting the foregoing, the Homeowners Association hereby confirms that the Rent Charge for each Subdivided Lot within the Phase 1+ 2 Lands for the period commencing January 1, 2012, has been set at the sum of:

(a) $200.00 per annum for each Single-Family Building Lot, and

(b) $1,200.00 per annum per acre for each parcel of Multi-Family Lands,

within the Phase 1 +2 Lands and such Rent Charge shall be payable on or before January 2, 2012. Notwithstanding the foregoing, the Homeowners Association shall have the right in its sole discretion to defer the levy start date to any date after January 2, 2012 and before January 1, 2014. If the Homeowners Association or its Board of Directors fails or omits to determine or notify Owners of the Rent Charge for any portion of the Term hereof after January 1, 2013, or if the Rent Charge for any portion of the Term shall otherwise not be ascertained or ascertainable then the Rent Charge for such portion of the Term shall be and be deemed to be the sum per annum set out in subsections 4(i)(a) and 4(i)(b) (respectively) payable in one instalment for each Subdivided Lot within the Phase 1 + 2 Lands.

j. Any Rent Charge not paid when due shall bear interest (and the Owner of the Subdivided Lot in default shall pay interest on the Rent Charge in default) at the rate of SIXTEEN (16%) per cent per annum calculated monthly, not in advance, from the date due until paid; and such interest shall be and is hereby made a charge upon the said Subdivided Lot.

k. The Homeowners Association shall be at liberty, in its sole discretion, to postpone the Rent Charge and Encumbrance herein provided for, in respect of any Subdivided Lot, to a registered first mortgage of such Subdivided Lot, on such terms and conditions as the Homeowners Association may require, which may include (without limitation) a requirement for payment of a fee for and expenses incurred (including solicitor-and-his-own-client fees and disbursements) in connection with same.

5. TERM

This Agreement and the rights, licences, interests, privileges and charges hereby granted (other than the lease term described in paragraph 2(a) hereof) shall be for a term of one hundred (100) years commencing on June 1, 2010 and expiring May 31, 2110.

6. NOTICE

Notices hereunder may be given to an Owner of a Parcel by delivery to, or by prepaid ordinary mail addressed to, such Owner's Parcel, or by publication in a local newspaper circulating in Edmonton, Alberta. Notices to the Homeowners Association may be given by personal delivery to the registered office of the Homeowners Association or by personal service on a member of the Board of Directors of the Homeowners Association. Notices to Parcel Owners may be addressed to "Members" or "Occupants" or "Owners" or "Residents" or any similar designation, and do not need to state the Members' names. If a Parcel is part of a condominium property, notices to all owners of units in such

condominium will be deemed to be given on delivery or posting by ordinary mail to the registered address of the condominium corporation, or on newspaper publication as aforesaid.

7. MISCELLANEOUS

a. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

b. If any part of this Agreement shall be void, unlawful or unenforceable for any reason whatsoever, such part shall be severable from this agreement without affecting or derogating from the validity and enforceability of the remainder hereof.

IN WITNESS WHEREOF the parties have each hereunto affixed its respective seal as witnessed by the hands of its proper officers duly authorized in that behalf as of the day and year first above written.

LARIX COMMUNITIES INC.,

Per: _____

Per: _____

LARCH HOMEOWNERS ASSOCIATION

Per: _____

Per: _____

SCHEDULE "A"

TO EASEMENT, LEASE AND ENCUMBRANCE AGREEMENT

The Phase 1 + 2 Lands are legally described as follows, all being lots shown on the subdivision plan registered as Plan No._____, namely:

Block 1, Lots1 to17, inclusive

Block 2, Lots 1 to 22, inclusive

Block 2, Lots 26 to 41, inclusive

RESERVING OUT OF ALL LOTS ALL MINES AND MINERALS

and lots in the subdivision plan registered as No. _____, namely:

Block 7, Lots 1 to 11 inclusive

Block 6, Lots 1 to 73 inclusive

Reserving Out of all Lots All Mines and Minerals

SCHEDULE "B"

TO EASEMENT, LEASE AND ENCUMBRANCE AGREEMENT

The Larch Subdivision is located within the lands legally described (prior to the subdivision referred to in Schedule "A" hereto) as follows:

FIRSTLY:

MERIDIAN 4 RANGE 25 TOWNSHIP 51
SECTION 36
WEST OF THE FOURTH MERIDIAN
CONTAINING 32.4 HECTARES (80 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

SECONDLY:

THE NORTH HALF OF LEGAL SUBDIVISION TWO (2) OF
SECTION THIRTY-SIX (36)
TOWNSHIP FIFTY-ONE (51)
RANGE TWENTY-FIVE (25)
WEST OF THE FOURTH MERIDIAN
CONTAINING 8.09 HECTARES (20 ACRES) MORE OR LESS.
EXCEPTING THEREOUT ALL MINES AND MINERALS.

THIRDLY:

LEGAL SUBDIVISION SEVEN (7) OF
SECTION THIRTY-SIX (36)
TOWNSHIP FIFTY-ONE (51)
RANGE TWENTY-FIVE
WEST OF THE FOURTH MERIDIAN
CONTAINING 16.2 HECTARES (40 ACRES) MORE OR LESS.
EXCEPTING THEREOUT ALL MINES AND MINERALS

SCHEDULE "C"

TO EASEMENT, LEASE AND ENCUMBRANCE AGREEMENT

The Feature Lands comprise parks and gardens to be developed on the lands described in Schedule "B" comprising entrance gateways, fences, false bridges and other features, including without limitation:

a) The Feature Parks lands as defined
b) The Flankage Walls

SCHEDULE "D"

TO EASEMENT, LEASE AND ENCUMBRANCE AGREEMENT

PART 1:

Lots shown on Plan _____:

Lots	Area Affected
1 in Block 1	Most northerly 3 feet in uniform width throughout
17 in Block 1	Most southerly 3 feet in uniform width throughout

PART 1

Lots shown on Plan _____:

Lots	Area Affected
26-41 inclusive in Block 2	All those areas 3 feet in uniform width along the easterly boundaries of the lots shown marked in red on the Plate attached to this Schedule as Plate 1

PART 1

Lots shown on Plan _____:

Lots	Area Affected
Lot 1 in Block 7	The most south-easterly 2 meters in uniform width.
Lot 45 in Block 6	The most north-westerly 2 meters in uniform width.

PART II

Lots shown on Plan _____:

Lots	Area Affected
1, 2, 9 and 10 in Block 7 Lots 1, 14 to 26 inclusive, 34 to 48 inclusive and Lot 73, in Block 6	Those areas on the perimeter boundaries of each lot, each being 3 feet in uniform width throughout, as more particularly shown marked in red on the Plate attached to this Schedule as Plate II. RESERVING ALL MINES AND MINERALS