

GALENA SHORES

CONTRACT OF PURCHASE AND SALE

Date of Contract: _____

Seller: **ALDL GALENA BAY LIMITED PARTNERSHIP**, by its general partner
ARROW LAKES DEVELOPMENTS LTD.
220 Edenvold Drive N.W., Calgary, AB T3A 3S3

Buyer: Name: _____

Address: _____

City/Prov/Postal Code: _____

Telephone: Home: _____ Work: _____

Email: _____ Fax: _____

Property: Parcel Identifier: _____

Proposed Strata Lot ____ of District Lot 8682, Kootenay District

Address: _____

Purchase Price: \$_____ (excluding GST and the Compliance Deposit)

Initial Deposit: \$_____ (payable upon acceptance of this Contract by the Seller)

Second Deposit: \$_____ (payable upon receipt by Buyer of one-year notice to complete)

Compliance Deposit: \$_____ (payable on the Completion Date)

Completion Date: _____

Terms of Agreement

In consideration of the mutual promises and conditions set out in this Contract, the parties agree as follows:

- Purchase and Sale:** The Buyer will purchase the Property from the Seller and the Seller will sell the Property to the Buyer for the Purchase Price (plus GST), subject to the terms and conditions of this Contract.
- Deposit:** The Initial Deposit is payable upon execution of this Contract by the Buyer and the Seller. The Second Deposit is payable within 30 days of the Buyer receiving a one year to completion notice from the Seller. If the Buyer fails to provide the Second Deposit within the 30 days, this

agreement is considered null and void and the initial deposit will be returned to the Buyer. The Initial Deposit and the Second Deposit (collectively, the "Deposit") will be paid to and held in trust by the Seller's lawyers, Davidson Lawyers LLP, as a stakeholder. There will be no interest payable by the Seller to the Buyer on the Deposit. At the Seller's option, the Deposit may be placed in an interest-bearing trust account with interest accruing to the benefit of the Seller as consideration for the Seller permitting the Buyer to enter on to the Property in advance of the Completion Date in order to conduct site preparation works as permitted by the Seller. In no case shall the Buyer receive a credit for any interest earned on the Deposit. If the Buyer fails to complete the purchase of the Property by the Completion Date, the Seller may elect to retain the Deposit on account of damages without prejudice to such other remedies at law to which the Seller may be entitled by reason of the Buyer's failure to complete.

3. **Conditions:** The obligation of the Buyer to complete this transaction is conditional upon fulfilment of the conditions, if any, set out in Schedule A (the "Conditions").
4. **Compliance Deposit:** The Buyer hereby acknowledges the Compliance Deposit Agreement attached as Schedule B (the "Compliance Deposit Agreement") must be executed by the Buyer and delivered to the Seller on the closing and that the \$5,000.00 compliance deposit is payable by the Buyer to the Seller on closing in addition to the Purchase Price.
5. **Design Guidelines:** The Buyer hereby acknowledges receipt of and covenants and agrees to be bound by and comply with the terms and conditions of the Design Guidelines attached as Schedule C.
6. **Completion Date:** The Seller will give the Buyer not less than 30 days written notice of the date the Seller reasonably expects the purchase and sale of the Property to complete. The closing of the purchase and sale contemplated by this Contract shall be on the 5th business day following final registration of the subdivision creating the Property (the "Completion Date") at the Kamloops Land Title Office. The Completion Date is estimated to be _____, 20____. The Seller does not guarantee the completion or possession of the Property on this date. If, on the Completion Date established above, a separate title has not been issued in respect of the Property, then the Seller may delay the Completion Date from time to time as required by the Seller until a separate title has been issued for the Property, by notice of such delay to the Buyer. If the Completion Date has not occurred by December 31, 2010, this Agreement may be terminated by either party and, in such case, this Contract will be null and void as of such date and the Seller will repay to the Are all amounts paid under this Contract as a Deposit and there will be no further obligations as between the parties.
7. **Option to Purchase:** The Buyer shall grant to the Seller an option to purchase the Property (the "Option") for an amount equal to 85% of the Purchase Price. The Seller may only exercise the Option if:
 - (a) the Buyer does not commence construction of a residential dwelling on the Property within 36 months of the Completion Date in accordance with the provisions of the Design Guidelines; or

- (b) the Buyer does not receive a final occupancy permit from the Columbia Shuswap Regional District within 24 months of commencing construction of a residential dwelling on the Property; or
- (c) the Buyer does not comply with the provisions of the Compliance Deposit Agreement or the Design Guidelines.

The form of the Option is attached as Schedule D and shall be registered by the Buyer on the Completion Date as a charge against the Property in priority to any financial encumbrances that may be registered on title to the Property by the Buyer.

The Seller may, in the Seller's sole and absolute discretion, agree to extend, for 12 months, each of the dates set out in sections 7(a) and 7(b) by which the Buyer shall commence and then complete construction of a residential dwelling on the Property. The Seller will exercise this discretion on a case-by-case basis upon receipt of a written request from the Buyer. This provision will not form part of the Option to be registered on title to the Property.

- 8. **Possession:** The Buyer will have vacant possession of the Property at 12:00 p.m. on the day following the Completion Date and after payment of the Purchase Price.
- 9. **Adjustments:** The Buyer will assume and pay all taxes, rates, local improvement assessments, utilities and other charges customarily the subject of adjustment from and including the Completion Date.
- 10. **Tender:** Tender or payment of monies by the Buyer to the Seller will be by certified cheque, bank draft or lawyer's/notary's trust cheque.
- 11. **Title:** Title to the Property will be conveyed to the Buyer on or before the Completion Date free and clear of all encumbrances except conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights of way in favour of utilities and public authorities.
- 12. **Documents:** The Buyer's solicitors will prepare and deliver the required Transfer and Statement of Adjustments to the Seller's solicitors at least five days prior to the Completion Date. All documents required to give effect to this Contract will be delivered in registrable form where necessary and will be lodged for registration at the appropriate Land Title Office on or before the Completion Date. The Buyer will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage, and the Seller will bear all costs of clearing title.
- 13. **Time:** Time will be of the essence of this Contract.
- 14. **Buyer's Financing:** If the Buyer is relying upon a new mortgage to finance the Purchase Price, the Buyer, while still required to pay the Purchase Price on the Completion Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if, before such lodging, the Buyer has:
 - (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage;
 - (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration; and

- (c) made available to the Seller a lawyer's or notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds.
15. **Clearing Title:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but, in this event, the Buyer may pay the Purchase Price to a lawyer or notary in trust, on undertakings to pay and discharge the financial charges, and remit the balance, if any, to the Seller.
 16. **Risk:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:00 p.m. on the Completion Date. After that time, the Property and all included items will be at the risk of the Buyer.
 17. **Representations and Warranties:** There are no representations, warranties, promises or agreements other than those set out in this Contract, all of which will survive the completion of the purchase and sale of the Property.
 18. **GST and Property Transfer Tax:** GST and property transfer tax is payable by the Buyer in addition to the Purchase Price.
 19. **Notices:** Any notice, request or demand provided for in this Contract shall be in writing and sufficiently given if served personally upon the party for whom such notice was intended, or, if faxed to the fax number set out above or to such other address as a party may notify the other in accordance with this section. All notices given by mail under this section shall be deemed to be received seven days following its posting, if posted at Calgary, Alberta, provided that after the time of posting there shall be any slowdown, strike or labour dispute which might affect the delivery of notice by mail, then such notice shall only be effective if actually delivered. Either party may, at any time, give notice in writing to the other of any change of address and thereafter all notices shall be mailed to the new address so given.
 20. **Assignment:** The Buyer may not directly or indirectly assigned the Buyer's interest in this Contract or direct the Seller to transfer title to the Property to any third party without the written consent of the Seller, acting reasonably, and unless the Buyer gives the Seller and the Seller's solicitors not less than 10 days' notice of a proposed assignment. An assignment will not release or discharge the Buyer from any of the Buyer's obligations or duties under this Contract. In the event of any assignment of this Contract prior to closing, the Buyer will pay to the Seller an assignment fee of \$5,000.00 (the "Assignment Fee") unless such assignment is to a spouse, child, grandchild, parent, grandparent or sibling of the Buyer or a company owned or controlled by the Buyer on closing and the Buyer provides the Seller with a statutory declaration in respect thereof. Any assignment by the Buyer for which consent has been received from the Seller will only be effective upon receipt of the Assignment Fee and the execution of an agreement by the assignee agreeing to be bound by the terms and conditions of this Contract.
 21. **Counterparts:** This Agreement may be signed in counterparts or by facsimile and each such counterpart or facsimile will constitute an original document and such counterparts or facsimile, taken together, will constitute one and the same instrument.

22. **Contract:** This Contract will be open for acceptance by the Seller until ___ p.m. on _____ and upon acceptance of the Contract, communicated to the Buyer in writing, there will be a binding Contract of Purchase and Sale on the terms and conditions set out in this Contract.

Witness

Buyer

Witness

Buyer

23. **Acceptance:** The Seller hereby accepts the above noted Contract and agrees to complete the sale upon the terms and conditions set out in this contract.

Seller's acceptance is dated _____.

ALDL GALENA BAY LIMITED PARTNERSHIP,
by its general partner, **ARROW LAKES DEVELOPMENTS LTD.**

Per: _____
Authorized Signatory

SCHEDULE A

Buyers Conditions

SCHEDULE B

Compliance Deposit Agreement

(see attached)

SCHEDULE C

Design Guidelines

(see attached)

SCHEDULE D

Option to Purchase

(see attached)